



16 July 2013

Import of Processed Fruit Products
Productivity Commission
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To whom it may concern

PRODUCTIVITY COMMISSION INQUIRY – SUBMISSION

Moira Shire Council provides the following submission to the Productivity Commission's inquiry into whether safeguard action is warranted against import of processed fruit and tomato products of the Australian Customs Tariff.

On June 21 2013 the Australian Government announced that it would refer to the Productivity Commission, the request by SPC Ardmona to introduce 'safeguard' tariff measures to protect Australian produce from the flood of cheap foreign imports of processed fruit and tomatoes.

The World Trade Organisation (WTO) Agreement on Safeguards (and the Commonwealth of Australia Special Gazette No. S297, as amended by No.GN39) stipulates that interested parties, other than the domestic industry, must be given an opportunity to present their views, including as to whether the imposition of a safeguard measure would be in the public interest. In this regard Council's submission relates to Question 7 of the issues paper outlining the public's interest in imposing safeguards and economic impacts that would be felt by the Goulburn Valley region in general and Moira Shire in particular if SPC Ardmona were forced to withdraw from Shepparton.

SPC Ardmona (SPCA) plays a significant role within the region and is one of the most established and pertinent food manufacturers in Shepparton and the Goulburn Valley. SPCA contributes to the region's local economy by employing 360 full time equivalent (FTE) staff in the Goulburn Valley region, while additionally hiring approximately 1,050 seasonal workers who are employed on a temporary basis during peak processing.

Council's submission highlights that if SPCA were forced to withdraw from Greater Shepparton, the region would experience significant job losses in supporting sectors (agriculture, transport and logistics, retail etc). Moira Shire has a large number of orchards that support the canning fruit production processed at SPCA. The recent announcement by SPCA that it will reduce fruit intake by approximately 50%, has resulted in a significant number of orchardists losing total farm income as they have supplied SPCA exclusively with processing varieties of fruit. Many suppliers are second and third generation. This will have serious social and economic impacts in the Shire.

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A tariff safeguard measure will enable SPCA to work with the fruit production industry to transition to a sustainable industry. It is Council's view that safeguard protection (along with antidumping measures) are crucial to the viability of the region's well known and respected icon, SPCA.

At this present time, local fruit growers are left with no option but to destroy their once useful fruit trees at significant cost due to the significant reductions, which have placed their livelihoods in jeopardy.

Already this tree removal is evident in Cobram where thousands of fruit trees have been removed.

The cause of this reduction in intake is mainly due to a high Australian dollar which has impacted SPCA's export market and enhanced opportunity for cheap imports, which replace Australian product improvements in yield from improved production technique has also led to this demise.

Department of Foreign Affairs and Trade data identifies that over the period of 2006-2012, the value of imported processed fruit and vegetables in Australia has increased by approximately \$402 million per annum, while exports have declined by approximately \$37 million per annum over this same period.

In general the higher costs of manufacturing processed fruit products within Australia compared to its competing countries, positions Australia on an uneven playing field placing the future of the nation's food processing industry in serious danger.

The application of safeguard protection in the form of temporary tariffs will provide SPCA and the community with breathing space and a fair and even market, allowing the company to transition to a new range of products it can compete in and allow the community to adjust to a new environment.

Please do not hesitate to contact me should you require additional information. I would welcome the opportunity to speak to this submission on behalf of Council.

I would like to take this opportunity to wish the Productivity Commission all the very best with its endeavours in regard to this very important issue.

Yours sincerely



Gary Arnold
Chief Executive Officer