



26th November 2010

Productivity Commission
Level 28
35 Collins Street East
Melbourne, Victoria 8003

Submission to the Draft Report on Rural Research & Development Corporations

Thank you for providing the opportunity to make a submission to the Productivity Commissions enquiry into Rural Research and Development Corporations. This submission is made on behalf of the Australian Processing Tomato Research Council Inc. (APTRC).

The current R & D Corporation model has worked well in our industry. The APTRC became a voluntary contributor to HRDC/HAL in 1991, and has since continued as a “B Class” member of HAL with a voluntary levy in place. This levy currently has 100% participation from all growers with the levy collected by the processing tomato companies, at no cost to the APTRC.

The growers sign supply contracts with a processing company, this contract also contains a clause detailing the amount of the research and development levy payable by both the grower and processor. Upon completion of the season the processing company forwards the collected levy to the Australian Processing Tomato Research Council Inc. (APTRC).

This process has proved to be a very efficient and cost effective mechanism of collecting a voluntary levy from all Australian Processing Tomato Growers.

The APTRC consists of a skills based committee consisting of 4 grower and 4 processor representatives. This council meet 3 times per year to determine the annual R & D investment plan in conjunction with HAL, based on the Industry 5 Year Strategic Research and Development Plan

The industry, though acting as a voluntary contributor to HAL, has achieved a number of significant milestones, including the following:

- National Processed Tomato consumption has increased from 375,000t, in 1997, to 500,000t in 2008. This has occurred through a combination of population growth, new products and commercial advertising and promotion;
- Due to the improved yields, and therefore lower production costs, the price of processing tomatoes at the field gate has remained at 10 cents per kilogram for approximately 20 years, and has only increased recently due to the cost of obtaining water because of the crippling drought.

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- A 100% increase in field yields, from 45t/ha to 90t/ha, and the re-attainment of long-run soluble solids above 5%. These performance indicators are now equal to those of California and have been driven by:
 - Industry consolidation. The remaining growers have gained a lot of experience;
 - The increased use of drip irrigation, thus improving water use efficiency. The adoption rate was 80% in 2010;
 - The increased use of transplants. The adoption rate was 65% in 2010; some growers still prefer seed as an economic choice;
 - The evaluation and adoption of more productive and higher solids varieties;
 - A better understanding of agronomic factors, including IPM and crop nutrition;
 - Sustainable management of soils;
 - Reduced sub-soil post-harvest nitrate levels, thus reducing the potential of nitrate leaching into water ways
 - Adoption of the best practices from California, Italy and Israel.
- Annual industry surveys are conducted, through which industry development can be effectively measured;
- A total change from delivering tomatoes in half-tonne bins to ten-tonne tubs, a 10 fold reduction in handling costs. This has reduced transport and handling costs;
- The development of human capital and leadership:
- Australia is a founding member of World Processing Tomato Council and has provided two chairmen;
- The industry planned and conducted a successful world conference in 2004;
- The small grower base includes a Churchill and 2 Nuffield scholars;
- The industry has conducted formal courses on IPM, chemical management and financial management.

Through acting as a Voluntary Contributor to HAL the Australian Processing Tomato Research Council has been able to ensure the success of the Australian Processing Tomato Industry in a global environment.

It is of great concern to the industry that the question has been raised whether matched public funding should continue for non-levy contributions – i.e. voluntary contributions and the proposal to reduce the cap on matching contributions for levies from 0.5% to 0.25% over 10 years.

Without continued support from the federal government through HAL, it is envisaged that the industry research and development program would be significantly reduced, thus impacting upon the long term sustainability of an Australian Processing Tomato Industry.

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The Processing Tomato Industry faces stiff competition from low cost tomato paste producers such as China; and for peeled tomato from Europe, where they receive subsidies for production, and subsidies for exports.

Australia has the highest hourly labour cost in the world in the tomato and deciduous fruit industries, and to remain competitive with the rest of the world, we must become the most efficient producers and processors in the world.

In the next 50 years, as the world population increases, there will be less and less arable land to grow our crops to feed the world, there will be less water of course, and there will need to be a dramatic increase in tonnes/hectare in all agricultural industries to feed the world.

We can only do the above by continually researching the way we produce and process tomatoes, and put that knowledge into practice in the field and in the factories.

Yours sincerely

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