



CANNED FRUITS INDUSTRY COUNCIL OF AUSTRALIA

26th November 2010.

Productivity Commission,
Level 28,
35 Collins Street East,
Melbourne, Vic, 8003.

Dear Commissioner,

We are pleased to submit a response to the Commission's draft inquiry into Rural Research and Development Corporations. This submission is made on behalf of the Canned Fruit Industry Council of Australia (CFICA).

CFICA is supportive of the response of Horticulture Australia Limited (HAL) to the Productivity Commission's draft report on Rural Research and Development Corporations.

In this submission CFICA seeks to provide additional comment on a key issue that is of particular concern to the canned fruits industry:

- Voluntary Contributions

The Productivity Commission has questioned the continued matching of voluntary contributions on the basis that these contributions are more to subsidize R&D that is heavily oriented to the particular needs of the individual commercial entity.

We believe that the Productivity Commission has overlooked the importance of voluntary contributions to industries such as canned fruit. The canned fruit industry relies entirely on voluntary contributions to support its R&D program.

CFICA is the peak industry body for canned fruit and is comprised in equal part by grower association and processor representatives. Canned Fruits is a mature and resilient industry that has been operating successfully in the Goulburn Valley for more than ninety years. During this time both growers and processors have shared a willingness to work co-operatively for the benefit of the industry.

Since CFICA's inception in 1989, all canning fruit growers have contributed to a voluntary levy that is based upon their deliveries of fruit to the processors. The levy rate is set annually by the Australian Canning Fruit Growers Association (ACFGA) and the levy is collected from growers by the processor at no cost.

Canning fruit growers believe that they are receiving good value for their levy contributions, and consequently the voluntary ACFGAs levy has been paid by 100% of growers in every season since its introduction in 1989. The processors also contribute their own funds to support R&D projects of importance to the industry, and over the period the processor voluntary contributions have multiplied the ACFGAs grower levies by a rate of almost three to one. The ACFGAs levy and the processor contributions are managed by CFICA, and are allocated to worthy industry R&D projects in line with the industry strategic plan with matching funding provided by HAL.

CFICA does not need to transition to a statutory levy. The industry has for many years maintained an effective levy collection system that receives voluntary levy contributions from a supportive grower base at no cost, adds significant processor voluntary contributions, and then applies the funds to R&D projects that benefit the entire industry.

Since the inception of CFICA, the industry has maintained an effective R&D program that has been funded by the voluntary contributions and matched by HAL that include the following industry specific projects:

- Variety Improvement Breeding Program for Yellow Fleshed Canning Peaches
- Control of Oriental Fruit Moth through mating disruption
- Integrated management of Carpophilus Beetle
- Water use efficiency for fruit trees
- Ethylene inhibitor ReTain to extend storage life of canning peaches
- Goulburn Valley Orchard Census – Web based digital mapping database
- Development of improved chemical thinning practices for canning peaches
- Apricot breeding lines for processing
- Development of Controlled Atmosphere storage conditions for canning peaches
- Improvement in Orchard Soils
- Development of a Carbon Foot Printing Tool for Deciduous Orchards

In addition, CFICA has contributed to many across-industry and a large number of smaller industry specific projects.

The canned fruits industry, including the sole remaining processor SPC Ardmona, is a significant contributor to the economy of the Goulburn and Murray Valleys. As in all horticulture, canned fruit is a labour intensive industry with more than 6,000 people being employed in harvesting and processing at the peak of the season. There are significant benefits that flow to the wider community.

It is only with a well funded, targeted and ongoing R&D program can the canned fruits industry maintain its international competitiveness.

We believe that the current RDC model, as managed by HAL is effective, and that the support provided by government matched funds is vital the sustainability of our industry.

Yours sincerely,



Simon Mills,
Chairman.

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