

Rural Research and Development Corporations

Productivity Commission Questions

The following are two questions for the Productivity Commission Hearing in Canberra on the 8th & 9th of November 2010.

1. It is our understanding that the Australian Apple and Pear Industry collect a compulsory Levy on processing fruit (juice, canning and other products), but to our knowledge none of this money is currently being spent on research and development for this sector of the industry. Our question is why?
2. It is our understanding that in 2004 Apple and Pear Australia Limited and Horticulture Australia Limited invested apple and pear levies and tax payers' money in a New Zealand based apple and pear breeding program known as Prevar. In 2006 Apple and Pear Australia Limited reported in its Annual Report that it had written down its Prevar asset value by \$2,389,438.00. In its 2007 Annual Report it again wrote down the value of Prevar by \$635,208.00, in its 2008 Annual Report it wrote down Prevar's value by \$186,262.00 and in its 2009 Annual Report it has written down its investment by \$286,316.00; a total write-down of \$3,497,224.00.

In APAL's 2009-2010 Annual Report to Industry it states in Note 9. page 22 that "On 1 April 2010 APAL acquired an additional 12% interest in Prevar Limited, a joint venture for the development and commercialisation of innovative apple and pear products with the issue of 12,000 ordinary shares for a cash payment of \$19,852.00. This takes APAL's interest in Prevar Limited to 45%. Through Horticulture Australia Limited (HAL), on behalf of the Australian apple and pear industry, APAL has committed to second cycle funding to the value of \$10.5m matched (\$5.17m HAL investment) over a period of 5 years commencing 1 April 2010. A breakdown of funding is located at Note 14 - Capital Commitment on page 13."

Our three Questions are as follows;

- a. How will the investment in Prevar Ltd. benefit Australian Apple and Pear Growers?
- b. How will the investment in Prevar Ltd. benefit the Australian Taxpayer?
- c. Why aren't the millions of dollars that are being invested in Prevar Ltd. being invested in Australian apple and pear breeding programs that have the advantage of creating Australian jobs and breeding apples and pears that suit Australian conditions (like the Western Australian breeding program that developed the Pink Lady apple)?