

ALH

18 July 2013

Processed Tomato Safeguards Inquiry
Productivity Commission
LB2 Collins St East
Melbourne VIC 8003

To whom it may concern,

Re: Submission to the Productivity Commission's 'Safeguards Inquiry'

The Shire of Campaspe understands that the Commission is tasked by the Australian Government to undertake an inquiry into the matter of whether safeguard action is warranted against the imports of processed tomato products. Council wishes to make submission to this inquiry by way of this letter.

Council has reviewed the Productivity Commission's Issues Paper dated July 2013. Council recognises that the key questions contained therein assist to demonstrate alignment of the inquiry to the current framework of the World Trade Organisation safeguard investigations procedures. Whilst Council's submission is not framed around the structured questions contained in this Issues Paper, I believe that the matters raised herein are directly relevant to those under consideration.

Council wishes to advise that it has been given the opportunity to review a comprehensive submission prepared through a consortium including:

- Australian Processing Tomato Research Council (APTRC)
- Australian Processing Tomato Growers (APTG)
- Billabong Produce
- KAGOME Australia

Council congratulates this consortium on the preparation of their submission and draws your attention to their document.

Further to this, Council wishes to provide the following overview of tomato growing and processing in our municipality to give better context to our submission.

- The Shire of Campaspe is located in Northern Victoria and centrally in the Murray Valley. With a population of 36,357 the combined industries of agriculture and manufacturing represent the most significant employers in the municipality.



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- This region has optimum tomato growing conditions, having long hot summer days, cooler evenings and minimal rainfall.
- Process tomatoes are generally grown in the municipality between Echuca and Rochester and around Colbinabbin. Growers in these areas have developed progressively larger and more innovative farming enterprises over time and despite many environmental and industry challenges have maintained general tomato crop productivity. As detailed in the joint submission, Australia compares favourably in yield with the best growing areas in the world and notably at a lesser cost than Italy.
- Many growers have recently invested in sub-surface drip irrigation technology and infrastructure; predominantly funded through the Federal Government's Water for the Future initiative. This creates a platform upon which to quickly increase tomato growing productivity in our region.
- Processing in our region is located at Echuca (KAGOME Australia) and Shepparton (SPC Ardmona). In addition to the strongly synergistic relationship with the local growers, these facilities are important employers for communities across the municipality.

The Shire of Campaspe has experienced a number of industry-related social and economic impacts in the municipality and region over recent years:

- In 2011 the closure of the Heinz plant at Girgarre and the downsizing at the SPC Ardmona plants in Kyabram and Shepparton resulted in about 300 manufacturing jobs lost to this district. The loss of jobs in the agriculture industry cannot be quantified as easily but it is known that these events impacted local growers as well as manufacturers.

This loss of employment is yet to be offset by new initiatives or industry and therefore Campaspe has a vulnerable community that cannot afford further detrimental impact to tomato growers or processors at this time.

- There is a decreased level of confidence experienced by tomato growers across the region. Growers are reluctant to build upon enhanced infrastructure and technology with any significant level of private investment. Perhaps worse than this is the indication that some growers with improved irrigation are choosing to plant alternative crops due to the uncertainty about the future of local processing facilities and exacerbated by unreasonable dominance of imported processed tomatoes.

This lack of grower confidence may lead to delayed realisation of benefits to growers as well as result in delayed tomato production in future seasons, having a further impact on local processors. Introduction of safeguards will assist in maintaining and building grower confidence.

- Kagome Australia has made significant investment in its Echuca plant and facilities as well as taking a lead role in innovative improvements in their tomato growing operations and that of their contracted growers across our municipality. SPC Ardmona is an important customer for KAGOME Australia and has been negatively impacted by the rise in cheap imported cans of diced tomatoes. If the marketplace does not reasonably provide a level playing field for Australian products to compete on an equivalent price, then it is likely that an important manufacturer and employer in our municipality may be significantly impacted.

In summary, Council believes that the prevalence of imported processed tomato products is one of the factors causing or threatening to cause serious injury to the domestic tomato growing and processing industry and is therefore in favour of the introduction of safeguard action against specific imported products.

Council appreciates the opportunity to provide these comments on Productivity Commission's Safeguards Inquiry into Imported Processed Tomatoes. The Shire of Campaspe looks forward to outcomes of the inquiry that are in the best interest of the communities of this region.

Yours faithfully

ANNE HOWARD
PROSPERITY GENERAL MANAGER