

Without the WTO Emergency Provisional Safeguard Action being invoked, I fear that the canning fruit industry in Australia will struggle to remain viable.

Since 2010 there has been a flood of dirt cheap imports snapped up by our supermarket retailers who have either put the finished product directly on their shelves or have imported the very cheap ingredients to fill their generic or home brand offerings. SPCA has stated in their initial application for a Safeguard Action that the prices for imported multi-serve fruits are on average 45% below SPC Ardmona products while prices for imported canned tomatoes are on average 30% lower than SPC Ardmona products.

The big two supermarkets, Coles and Woolworths (who together have some 80% of the retail grocery market share) have informed their shareholders that their generic brands give them the highest returns, and Woolworths has contended that their aim is to have some 80% of their offerings in generic brands as soon as possible.

The high Australian dollar that has persisted since 2010 has meant that these supermarkets were able to import huge volumes of preserved fruit and tomato product at prices substantially cheaper than home grown. The source of the products is often not disclosed to the discerning shopper given our food labelling laws allow the key identifier of source to be simply stated as "made from local and imported ingredients". The product then competes on price alone, given the home brand labelling is used and this price is very much cheaper than home grown, or below the costs of production in the case of canned Australian tomatoes.

As a consequence of this extraordinary price competition and hence the catastrophic drop in demand for locally grown preserved fruit and tomatoes, SPCA had to write down some \$100million in unsold product in the last two years. Their capacity to export preserved fruit, once some 30% of the business of their enterprise, has now also dropped to where it is expected to be zero in 2014, given the high dollar making our prices less competitive.

The growers of preserving variety fruit in the Goulburn and Murray Valleys have been shocked to be individually informed by representatives of SPC Ardmona that they have either lost their entire contract to supply the factory with fruit in the future, or they have had their contracts halved.

As a consequence of the loss of market for their canning variety fruit, most of the 200 contract growers have now had to make full time staff redundant, and have cancelled contracts with the pruners who are usually hard at work at this time of the year. With the 150,000 tonnes of fruit and vegetable products no longer to be annually purchased, thousands of pickers and cool store workers will also have to find alternative work next season. In the past, this area has been a magnet for newly arrived migrants and refugees who have had their first experience of the Australian workforce through the picking, pruning, packing and factory work the industry has provided.

There are also many employed in the transport sector and farm supply sector who will have demand for their small business services significantly reduced.

There are some 2700 jobs directly associated with cannery fruit growing in this region, not including 870 full time equivalent staff at the SPC Ardmona factories at Shepparton, Mooroopna and Kyabram.

The company pays some \$63million in wages into the local economy annually. In the past it has offered apprenticeships and traineeships to up skill the local workforce. Growers were paid some \$32million for their processing output.

Since 2010, we have seen a major contraction in the general retail, real estate and building sectors in the Goulburn and Murray Valley towns as the impact of lower returns from the orchards and the shrinking workforce in the sector has had a serious impact. There are now over 100 empty shops in Shepparton, for example. Small business liquidations, in particular amongst tradespeople as well as in the retail sector have become common place.

Even though the drought in the region broke some three to four years ago, and a bumper season in fruit tree yield was experienced last year in near perfect conditions, the supermarkets persist in buying in the cheap imports. Given the region has a secure irrigation supply, the orchardists did not fail to supply their contracted volumes during the 8 year drought, however, the supermarkets still chose to import the huge volumes of so much cheaper preserved fruit and tomato product, in particular from China, South Africa and from Italy.

The imposition of Provisional Safeguards with tariffs of at least 45% of multi-serve fruits and 30% on canned tomatoes would give SPC Ardmona a level playing field on price, and would also provide the time for them to further invest in cost saving technologies, and innovations in offerings. The overwhelming temptation for the supermarkets to replace home grown product with the dirt cheap imports would be gone. The supermarkets would be able to better live up to their claims that they prefer Australian grown, and provide it at every opportunity.

Urgent Action is Needed

There is an extreme urgency, given in a few weeks the blossoms will open. Orchardists with no or reduced contracts who can no longer afford to spray their trees to prevent pests and diseases will have no other options other than to bulldoze and burn hundreds of hectares of healthy prime aged fruit trees. Unsprayed trees pose a biosecurity hazard to the fresh fruit industry that surrounds them. The reputation of the area (which grows 80% of Australia's pears and 80% of Australia's kiwifruit) will be domestically and internationally destroyed as a clean, green, world best place to grow world class fruit and vegetables.

Growing fruit trees is not a seasonal business. It will take three to five years for new or the current varieties to be replanted if help comes too late for these current plantings to survive. The need for immediate emergency safeguard action is therefore essential if the preserved fruit and tomato processing industry of Australia is to survive.

Hon Dr Sharman Stone

Federal Member For Murray.