



# Victorian Peach & Apricot Growers' Association INC

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2nd February 2012

Committee Secretary  
Select Committee on Australia's Food Processing Sector  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary

Ref: - Select Committee on Australia's Food Processing Sector.

The Victorian Peach & Apricot Grower's Association represents Fruit Growers in Cobram, Invergordon, Katunga and surrounding districts who produce stone fruit - fresh and canning, apples and pears - fresh and canning and citrus.

The Food Processing Industry is a very import sector of the industry as a whole as it assists in keeping the balance available on the fresh markets. This simply means that the canning industry as a food processing manufacturer is very important to the fruit industry for many reasons.

Whilst I am only portraying the situation for the fruit industry, almost every producer of basic products would be placed in survival mode if the processing industry is not maintained as a very viable asset to Australia and its "Food Security" for future generations.

Terms of Reference:

**Competitiveness** - Competing in a Global Market, against low cost manufactures with no tariff on entry into Australia, together with our high cost of production and the high Australian dollar is just not possible. The majority of countries that have received entry into Australia are countries with a low cost of manufacture due to wages and in most cases much less regulation than Australian manufacturers have to meet, e.g. quality assurance and OHS regulations.

The free trade agreements have further added to the problem by allowing almost every country entry to our markets without tariff, whilst entry into their country is usually on a tariff reducing over a ten year period, with the exception of the USA which was granted permission to reduce their tariff by 1% for 18yrs – where is the "Level Playing Field"?

**Taxation** – Pay roll tax is a very large cost to Industries providing employment – this tax if removed and left in the Industry would assist in ensuring the their plants were up to date and working in the most efficient manner possible. Why are businesses, many of which are owner operated, taxed for providing employment which in turns supplies taxation income to the Government?

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**Taxation cont:** - Government needs to consult with all Food Processors as quickly as possible or their will be more following the action of Heinz and moving off shore – “Food Security for Australia”?

**Research & Development** - The Food Processing Industry rely on supply of product from all types of food producers and both sectors need to be considered when decisions are made on research and development. Food producers need to be supported with R & D to ensure they produce the best product in the most efficient manner to supply to manufacturers with a product that can be processed and provide an A grade product to the public. The Food Manufacturing industry cannot operate without producers so in fact it is a partnership that needs to be supported. Food Security relies on both sectors.

**Food Labelling** – NEEDS TO BE VERY CLEAR – “made from local and imported products is not satisfactory – needs to state what is local and what is imported.

**Cross-jurisdictional regulations** – If this means our quality controls such as MRL testing on products supplied to manufacturers and produce markets then we believe that there are questions to be asked on frozen and canned imported products.

**Security and export arrangements** - A prime example of poor Bio-security is the arrangements recently made with New Zealand. Other countries seem to be able to set their own regulations, even New Zealand can keep our products because of fruit fly, which can be controlled, but we are forced to take product that could and will eventually bring fire blight into Australia a disease that can never be eradicated.

**Export arrangement** – need to ensure that any deals with other countries no not leave us in a position where we cannot compete with other products in that country – and the reverse for products coming into this country – many products are being sold in Australia for less than the cost of production.

**The impact of Australia’s competition regime and the food retail sector, on the food processing sector, including the effectiveness of the Competition and Consumer Act 2010.**

Supermarkets are taking advantage of the high \$ and importing processed food products. Due to the fact that Supermarkets sell their shelf space only the most profitable can purchase the prime space which is the middle rows. Country of Origin is also an important factor. Fresh fruit and vegetables are labelled, in most instances, with country of origin. However the same is not shown for processed products – WHY NOT?

**Anti- Dumping rules** – It takes too long to prove that an imported product is being dumped into Australian markets. By the time evidence is collated, considered and debated the products are sold and the Australian manufacturer has missed out on sales. We do not believe that a can of tomato’s for instance, can be grown, picked canned, freighted and a make a profit for the producer and processor when it can be sold in Australia for less than \$1.

**Cost of production inputs including raw materials, labour, energy and water. As mentioned previously Food processing is a two way street so the costs of the producer as well as the processor need to be considered.**

The carbon tax as an instance is going to increase the costs of every producer as it will be added on to every product they purchase including power and water to produce the raw products as well as wage increases. – will they be able to survive as they are not able to set prices, but have to take what is offered. The processor also faces the increased costs of the carbon tax, increased wages, meeting all the regulation requirements but this can be passed on to the general public - that is if the final cost of product to be sold to the public does not put them out of business – again the partnership between producer and processor comes to the fore. Who will be the first to go the producer or processor – “Food Security?”

**Access to efficient and quality infrastructure, investment capital and skilled labour and skills training.** - All these are available at a cost- which has to be born by the producer and processor – they need to be able to operate on level which allows them to meet the cost of improving labour skills, purchasing modern and up to date equipment etc.

An example for producers is that the cost of netting to protect fruit from hail is prohibitive in most cases.

**Other related matters** - It quite obvious that unless some changes are made to ensure processors in Australian can successfully compete in the Global and Australian markets they will slowly disappear and we will be reliant on imported products – at what cost – “Food Security”

The flow on effect of the closure of food processors is very high. There is not only a loss of employment the producers of these products will be unable to sell their products. Should all the products destined for processors end up on the fresh market every producer will be out of business. The effect on local country towns etc has been well documented in regard to the MDB plan so the effect of the closure of processors would further add to the decline. Look at what has happened in the area where Heinz has closed down.

The Federal Government has established a Food Security Department and should they wish to maintain “FOOD SECURITY for the Australian population serious consideration needs to be given to retaining Processors and their suppliers of products.

Australians do not need nor should they have to be reliant on imports of food, fresh or processed. What is needed is the opportunity to compete in a fair and equitable manner.

Many other countries value and support their producers and processors of food as they do not want under any circumstance to lose their access to local food. It is most important that Australia remains in a position to feed its population under any circumstance without the need for imported products.

**FOOD SECURITY** – Without local products fresh or processed the products imported into Australia would have no competition – the result –

**WHAT WOULD THE COST OF FOOD UNDER THIS CIRCUMSTANCE?**

**WHERE WOULD BE “FOOD SECURITY”?**

Yours Sincerely

Barbara Coleman  
Secretary