



K. Besim & Co.

ORCHARDS COOLSTORES FRUIT MERCHANTS & EXPORTERS

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

25th October 2013

SUBMISSION TO THE AUSTRALIAN PRODUCTIVITY COMMISSION
SAFEGUARDS INQUIRY FOR THE AUSTRALIAN FRUIT INDUSTRY

Dear Sir,

I am a third generation fruit grower based in Kyabram, Victoria. My parents migrated from Europe in 1937 and finally settled in Kyabram to become a founding member of the Kyabram Preserving Company (a fruit cannery in Kyabram),

Due to rationalization the Kyabram Preserving Company closed its canning fruit operations in 1980.

We then became a supplier to Berri fruit Co-operative in South Australia until it closed its doors a few years later. We then supplied the Letona fruit co-operative with canned fruit until they closed their doors in 1994. We also supplied Golden circle briefly until they ceased their canned fruit operations.

We then supplied Ardmona fruit Co-operative until it merged with SPC becoming SPC/ARDMONA which is now the last sole remaining fruit processor left in Australia.

I am very upset at the response that the Australian Government and other related bureaucratic departments have handled the industries mayday call for assistance.

It is the Australian Government who should be held accountable for the current state of Agribusiness in this country. Due to our high dollar and high labour and input costs, no subsidies and no tariff protection we are at a disadvantage.

On the other hand our competitors have lower input costs, have tariff protection and receive subsidies they have an advantage in the global marketplace.

When a country faces so much hindrance to trade, it should have been an automatic application for the introduction of permanent tariffs for the protection of the local industry and related supporting industry and infrastructure.

Most importantly tariffs need to be implemented for the security of Australia's food supply.

WHY TARRIFFS SHOULD BE APPLIED TO CANNED FRUIT

1. Australia now has only one cannery remaining in the fruit processing industry. This cannery is under threat to close if the factory cannot trade competitively.

Australia needs to compete with countries that pay \$1.00 per hour to harvest fruit and general labor costs. They donot have to pay overtime, weekend rates or holiday pay or superannuation.

2. If SPC/ARDMONA is forced to close its doors the devastation will cause many supporting industries to collapse such as all the supply partners including Cans, Cartons, orchardists and so on. There will also be many thousands unemployed because of this closure.

3. All the major retail chains are sourcing imported product because they can source it at a much lower cost than the Australian product and they need this to compete with each other on these products. The products in question are much cheaper than the Australian equivalent and thus will provide incentives for the public to purchase a similar but cheaper product.

Australian fruit growers have to adhere to strict chemical use and regulations and are subject to random audits and quality checks each year.

Overseas farmers and processors are not subject to such vigorous testing and as proven do use banned chemicals that go unnoticed in Australia. The banned chemicals that are used by the overseas countries are much cheaper to use than what Australian farmers are required to use.

Due to the fact that Australian farmers and processors cannot compete with overseas competitors in terms of costs and subsidies – there is a clear disadvantage.

Given the fact that the Australian dollar has been so high during the past 3 years and continues to remain high this is another disadvantage to Australia.

Given there is no level playing field - It is absolutely imperative that the Australian government apply a permanent tariff on imported canned fruit and tomatoes immediately.

The tariff amount should reflect the cost of production of the Australian product less the cost of the imported product resulting in a tariff of 50 % to be applied.

It is time that the Australian Government take a stand on this matter and actually do something about protecting the local industry and to save thousands of Australian jobs that will be lost in the event of a closure of SPC/ARDMONA.

The productivity commission should note that the fruit industry was developed over many generations of farmers building their lively hoods from all walks of life. From the farmers came the factories and all the infrastructure associated with developing a fruit industry. If a devastation was to occur from a closure of the last remaining fruit processor – it would only take a few months to destroy orchard plantings, factories and supporting industries.

It requires a lifetime to grow an orchard and only days to destroy it. The Australian government needs to comprehend this.

Yours Faithfully

Sali Besim
Partner