

**Submission from The Australian Processing Tomato Research Council Inc,
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Submission Number: 120

Public Submission received by Email to Drought Policy Review 08/08/08:



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**Assessment of the social impacts of drought and related
government and non-government social support services**

Impact of the drought on an industry and wider community

The Australian Processing Tomato Industry has been greatly affected by the current ongoing drought. The industry is all based in Southern NSW and Northern Victoria and is reliant upon irrigation water from the Murray Darling Basin. As shown in figure 1 the Australian Processing Tomato Industry has declined in size over the past few years. Prior to the first low irrigation allocations in the region during 2002/03 the industry was worth over 35 million dollars at the farm gate, with 33 growers involved across northern Victoria and Southern NSW. The industry was also expanding at the rate of 6.5% per annum (figure 2),. The total tonnes processed has decreased since that time at a rate of - 11% per year.

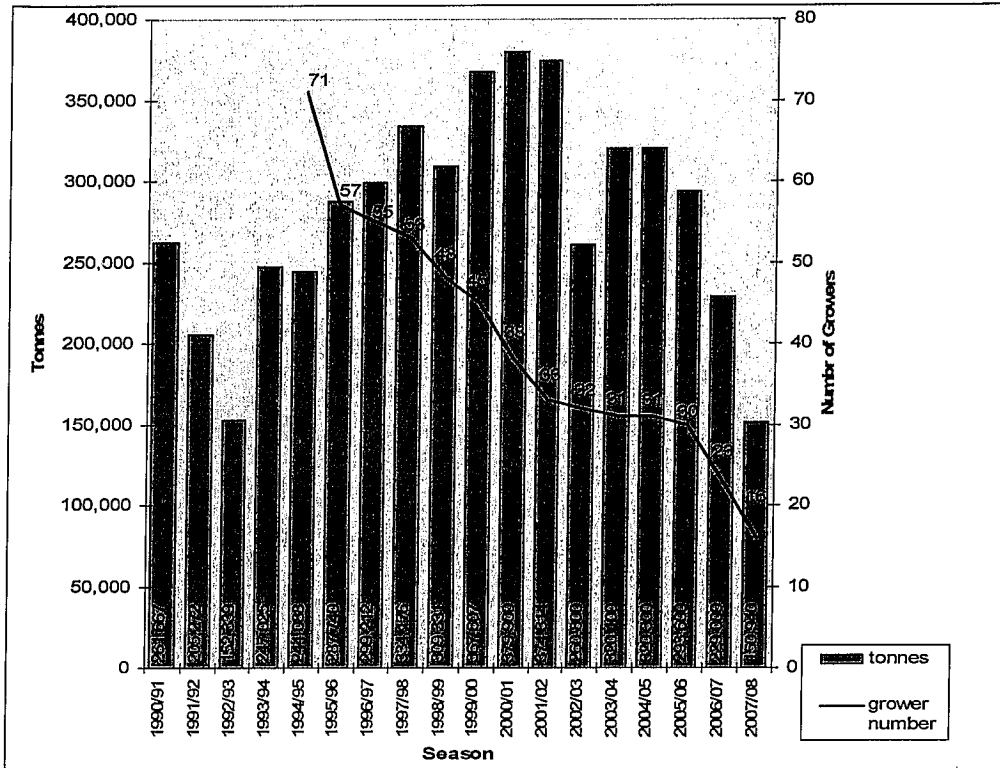


Figure 1: Total tonnes processes and grower numbers in the Australian Processing Tomato Industry

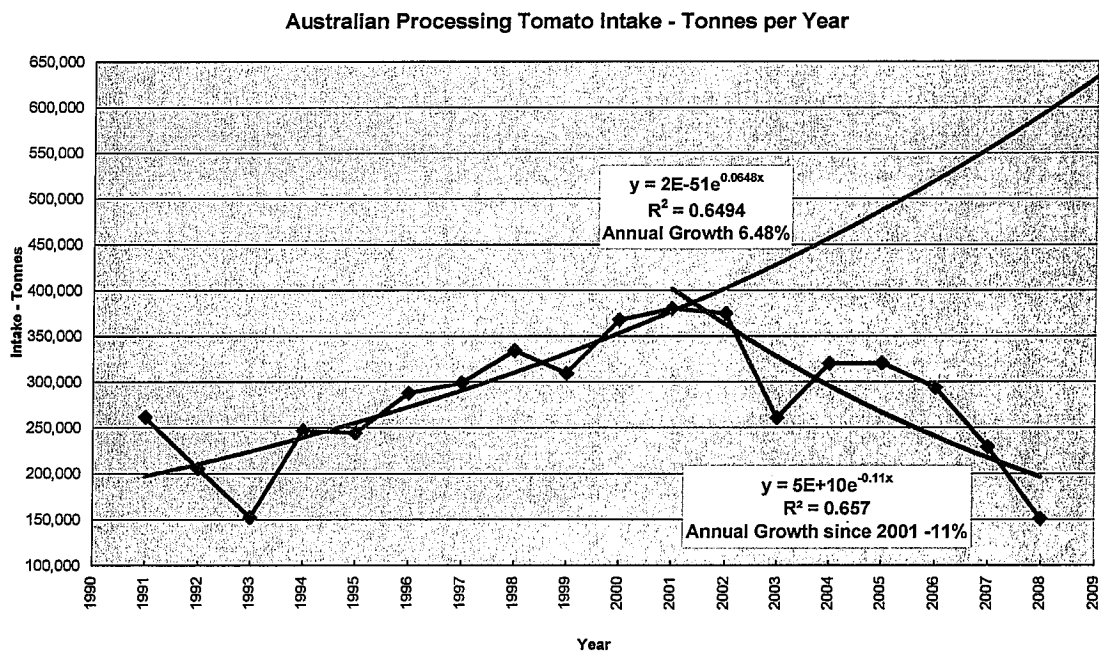


Figure 2: Annual growth and decline of the industry

As the Australian production has decreased the domestic demand for processed tomato product has increase as demonstrated in figure 3 by a rate of 2.4% per year. This short fall in processed tomato product has been satisfied by an increase in exports as shown in figure 4.

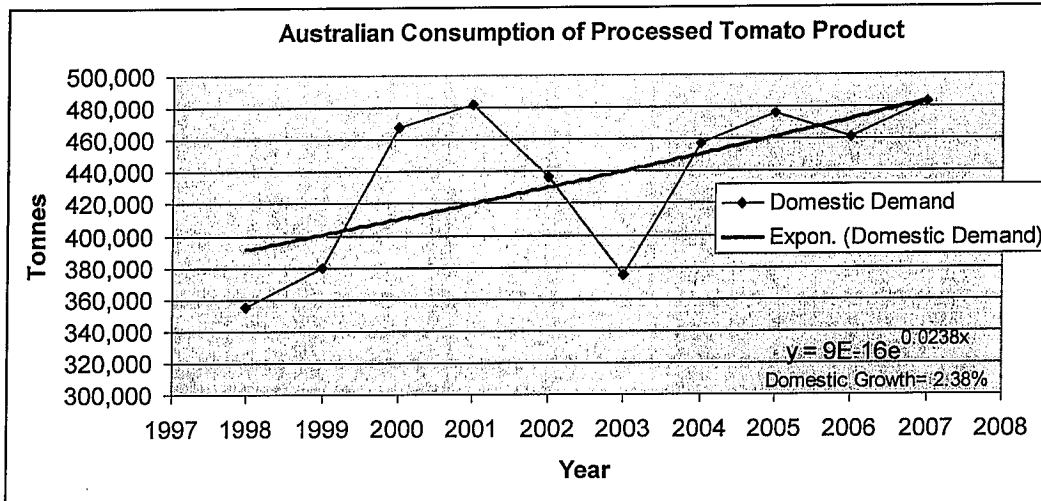


Figure 3 Australian Consumption

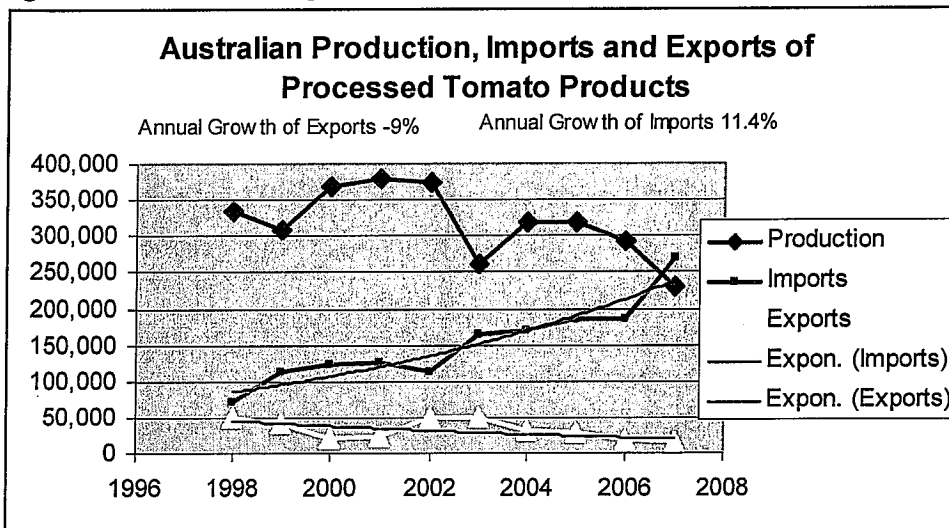


Figure 4: Australian production, imports and exports

The decrease in production as detailed above has had a significant impact on the industry and wider community. During the first drought, with the view that the following year would return to normal the largest processing tomato company in Australia expanded their processing capacity to enable further growth of the industry. During the past seasons this company has operated at a maximum of one third of their capacity.

To supply the market demand the level of imports of processed tomato product has been required to increase since the drought and low irrigation allocations. This has resulted in an increase in imports of canned tomato product, bulk past and aseptic dice for remanufacturing in Australia by secondary processors based in Australia.

The impact of the drought on the industry is expected to continue even when the drought breaks.

The Australian Processing Tomato Industry was deregulated during the 1990's. At this time a number of growers exited the industry, with those remaining becoming mechanised and highly efficient producers. Efficient sub surface irrigation systems were implemented at this time and crop yields increased. As growers have exited the industry they have not returned in the past. The growers remaining in the industry prior to the drought have been considered

efficient operators and are considered to be amongst the world's best in processing tomato growing (producing similar crop yields to processing tomato growers in California). The drought has resulted in a large exodus from the industry and it is feared that these growers will not return.

The largest processing company in Australia has been operating at a maximum of one third of their capacity during the drought, it is unsure how long the company can remain in the area operating inefficiently. If the processing company leaves the region growers will be forced out of the industry as they will no longer have sufficient processing capacity in the area. This will have longer term impacts on the region.

The total number of processing tomato growers in the region is considered small by many, but processing tomatoes are a high value crop with high costs of production. The \$35 M farm gate value of the industry supports a number of other agricultural businesses (fertiliser, chemical suppliers, irrigation dealers, agronomists etc) and the local community. In addition processing tomato growers and processing companies through the region are employees of local people. As a result of the drought employment opportunities in the processing tomato industry have declined.

Prior to the drought the Australian Processing Tomato Research Council employed an Industry Development Manager on a full time basis, and an Executive Officer on a casual basis. In addition the research levy was used to undertake various research programs, using local research staff. Now the industry employs an Industry Development Manager on a 0.5 PTE basis, with the assistance of a state government program supporting agricultural industries affected by the drought. The Executive Officer has left the industry and the industry research program has decreased to approximately one quarter of its size due to the reduction in tonnes and the research and development levy. The number of field staff employed by the processing tomato companies has also declined during the drought.

The low irrigation allocations have also created a level of uncertainty throughout the industry. A couple of years ago Southern NSW growers were left in a situation where they had purchased irrigation water and planted crops to then find out that the water they thought they had was taken away from them by Murray Irrigation and they were left with crops in the ground that they were unable to irrigate and take through to harvest. Processing tomato growers also begin ordering transplants in early to mid August for planting in mid to late September. During the past years this has been difficult as growers do not know if an allocation will be available in September to enable them to irrigate their crop.

These factors during the drought have resulted in a large portion of the ground available for processing tomato production remaining fallow. This ground is not just left fallow but is left fallow containing a highly efficient sub surface irrigation system.

The impact of the drought on the Australian Processing Tomato Industry will remain for some time and will be felt by not only growers and processors but also other agricultural supplies, employees in the local communities and general local businesses.

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