



Submission to Senate Rural and Regional Affairs and Transport References Committee inquiry into the effect on Australian pineapple growers of importing fresh pineapple from Malaysia

Golden Circle Limited

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Introduction

Golden Circle welcomes the opportunity to make a submission to the Senate Rural and Regional Affairs and Transport References Committee inquiry into the effect on Australian pineapple growers of importing fresh pineapple from Malaysia.

This submission addresses the “consequences of the importation possibly resulting in the introduction of pest species” as outlined in the Terms of Reference (b). It does not address the scientific, technical or procedural aspects of the IRA which are covered extensively in Growcom’s submission.

Summary

The provisional final Import Risk Analysis (IRA) released by DAFF Biosecurity in June 2012 recommended that imports of fresh, decrowned pineapple should be allowed from all commercial production areas of Malaysia, subject to a range of quarantine conditions. Golden Circle supports the industry’s position that DAFF Biosecurity has significantly underestimated the risk posed by the potential introduction of a bacterial pathogen that causes serious fruit disorders and crop failure.

The flow through effect of the introduction of this bacterium will be significant for Golden Circle. For example, severe crop losses would threaten the viability of our suppliers, increase the cost of production at our Northgate facility, threaten our ability to meet the market demand for Australian-grown pineapple, increase canned pineapple imports and damage the \$200M Golden Circle brand (including across non-pineapple product categories).

Golden Circle supports the work Growcom and our suppliers have done on the industry's response to the IRA. Golden Circle recommends DAFF Biosecurity Australia repeat the IRA, following an expanded process to facilitate rigorous scientific scrutiny of the evidence and where the 'stop the clock' option is applied if necessary to enable additional research to be conducted.

About Golden Circle

Golden Circle has been synonymous with Australian-grown pineapple for 65 years. Established initially as a growers' cooperative, the pineapple cannery opened in 1947. The business was acquired by Heinz Australia in 2008 and was inducted into the Queensland Business Leaders Hall of Fame in 2010.

Through its history of close connection with pineapple growers and the local community, Golden Circle has become an iconic Australian brand known and loved for being "full goodness from the Australian sun". Market research recently conducted confirmed that Australian-grown pineapple is as critical to the integrity of the Golden Circle brand as it has been for the last 65 years, and that this influence extends across all of the product categories which carry the Golden Circle logo.

The Golden Circle brand now covers more than 200 products across processed fruit, vegetable and fruit juice categories, worth more than \$200M per year. Golden Circle sells its pineapple and fruit juice products domestically, and in some export markets across the Asia Pacific region.

Golden Circle canned pineapple accounts for \$42M annual sales. Beverage products which contain pineapple juice account for an additional \$28M annual sales.

The Northgate factory produces approximately 150,000 tonnes of fruit and fruit juice products per annum. Canned pineapple, fruit salad and beverage products containing pineapple juice account for 63.8% of Northgate's production volume.

Approximately 138 of Northgate's total 430 employees (plus seasonal employees) work on the pineapple processing and juicing lines. An additional 65 employees support the pine and processing and juicing lines, including QA, engineering, maintenance, procurement, human resources, planning and logistics personnel. The rest of Northgate's employees operate the site's beverages lines, across which 10,000 tonnes of juiced pineapples are utilised in a range of products.

Golden Circle purchased 41,000 tonnes of pineapple in 2011/2012, or approximately 48% of the total crop, from three main regions – Sunshine Coast (60%), Wide Bay/Bundaberg (25%) and Yeppoon (15%).

Smooth Cayenne is the dominant variety used for processing with only 1300 tonnes of hybrid varieties purchased specifically for juicing (Smooth Cayenne is also used for juice).

Impact of crop losses on Golden Circle

If Golden Circle growers become unviable due to severe crop losses, the business may need to supplement grower incomes to ensure future volumes, while also supporting the cost of eradication programs. Contaminated fruit would also result in higher rejection rates, further reducing income for growers.

Infection of a single farm with the pathogen could risk cross-contamination to other farms across a growing region through the sharing of fruit bins for delivery of pineapple to the Northgate facility. Costly risk management procedures will need to be implemented to ensure cross-contamination between farms via the Northgate facility does not occur.

Reduced volumes of Australian-grown pineapple for Golden Circle would increase the cost of all products made at Northgate by increasing the overhead cost burden across the site and further decreasing the competitiveness of Golden Circle canned pineapple against imports.

Reduced volumes would also reduce the number of employees required at Golden Circle, including those dedicated to pine processing, as well as support functions such as QA, engineering, maintenance, human resources, planning and logistics.

If sufficient volumes could not be sourced locally due to crop losses, Golden Circle may be forced to import pineapple for retail supply. Synonymous with Australian-grown pineapple for 65 years, the appearance of imported Golden Circle pineapple on supermarket shelves would irrevocably damage the Golden Circle brand, impacting not only the canned pineapple category but also the ambient and chilled juice ranges – across which Golden Circle's brand attributes are fundamentally important to consumers.

Conclusion and Recommendations

If introduced, the bacterial pathogen would have a devastating effect on not only on the fresh pineapple market, but also on Australian-grown canned pineapple, all of the other fruit, vegetable and juice products sold under the Golden Circle brand, and all of Heinz Australia and Golden Circle's employees who support the sourcing, production, marketing and distribution of Golden Circle products in Australia and overseas.

Given the potential flow on effects from the introduction of the bacterium to Australia's pineapple crop, Golden Circle is extremely concerned about the scientific, technical and procedural weaknesses of the Import Risk Analysis outlined by Growcom. Golden Circle strongly supports the industry's recommendation that the IRA be repeated following an expanded process to facilitate rigorous scientific scrutiny of the evidence and where the 'stop the clock' option is applied if necessary to enable additional research to be conducted. (See Growcom submission for more details)

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