

Mr Ian Armstrong

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Response to the Citrus Growing and Processing Position Paper

I wish to address the two issues below relating to the financial performance of citrus growing enterprises.

1. Power Costs

Citrus is a large consumer of water therefore pumping costs are higher than many other commodities.

Power costs are due to increase by an estimated 30%.

Draft Report quotes power as 2% of production cost.

It should be noted that the 2% only relates to water supplied by one of the many irrigation schemes which provide pressurised water to the grower. The 2% is the additional cost of pumping through the grower's own irrigation system.

Power cost to the many private irrigators (pumping direct from the river) is approximately 10% of production cost.

Private irrigators generally irrigate at night or weekends when power cost is half of that during the day. Unfortunately the demand does not allow everyone the opportunity to access the lower tariff times.

Cost of power/water:

Private irrigators

Provides own pressure pumping, infrastructure	\$495 per ha
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Irrigation Schemes

Pressurised water (inc. power cost), infrastructure, (<i>Power is a hidden cost in the delivery of water</i>)	\$650 per ha
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When power costs increase ultimately so will the cost of water.

2. Labour Costs

Citrus is a very labour-intensive commodity. It cannot be mechanised as in other commodities, eg. wine grapes, almonds, olives.

We are disadvantaged against our competitors who have access to cheap labour without the additional on-costs such as superannuation, WorkCover and OH&S compliance.

Superannuation paid by the employer is very often never seen by the employee (absorbed by fees, government contributions tax).

- Superannuation eligibility should be raised from \$450 to at least \$1,000 per month. *Note:* our industry argued strongly for a higher amount prior to the introduction of SGL.
- Payments to working holiday makers should be exempt from the SGL requirement.

Reliable harvest labour is often difficult to access.

Working holiday makers are a good source of reliable labour and the government should consider increasing numbers of visas for specific use in horticultural industries.

Ian Armstrong,

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- Citrus Growers of SA Committee Member
- Chair, Riverland Horticultural Council Industrial Committee