

**ADDITIONAL SUBMISSION TO
PRODUCTIVITY COMMISSION POSITION PAPER**

CITRUS GROWING AND PROCESSING

Following the Commission hearings in Mildura on the 13th and 14th March, growers have contacted SCG and asked us to submit a follow up on the following points:

Scope

The Inquiry has wandered away from its Terms of Reference, which we believe were focussing on growing and processing, into export marketing. Evidence of this can be found in the use of export FOB prices as a measure of growers' income. Conclusions about citrus growing should be based on farm gate prices. Growers have submitted the information required.

2. Assistance Precedents

The Commission requested evidence of assistance granted to other Australian businesses:

- Industries which the Federal Government has assisted, through structural Assistance packages include Dairy (\$1.7 billion), Pork (\$24 million) and Sugar (\$83 million). Appendix A attached, details assistance measures provided through these programs.
- The Wine industry has a concession from the Tax office to allow for accelerated depreciation of redevelopment costs (Section 387.300 of the Income Tax Assessment Act). This allows for 25% per annum, for four years. A similar ruling would allow for a much quicker restructure of our industry but should be limited to existing growers only so as not to "overheat" our industry.

3. USA Marketing Arrangements

SCG strongly believe that the Inquiry has exceeded its Terms of Reference by inquiring into this arrangement. The recommendation may be a result of tile strong ideological position on economic theory held by the Commissioners. However, it has no place in this Inquiry. Because of the pre-held position, SCG believe the Commission Inquirers have been quick to accept the unsubstantiated position of some exporters while dismissing grower observations. (Refer to John Irwin's submission). None of those who submitted a pro commission position on the U.S. presented a business or marketing plan with enough detail to be an effective alternative to the current arrangements. Also the U.S. arrangements recently withstood an Administrative Appeals Tribunal Inquiry and were maintained on the net Public Benefit test.

4. Government Policies

Under the terms of reference (d) SCG maintains that the Government policy of reducing tariffs has impacted on growers' incomes as the switching costs and switching lead times were underestimated.

5. Rural Partnerships

The Kick start pilot program conducted in Sunraysia assisted vine growers to make the transition from dried vine fruit to wine grapes. A citrus Kick start is required to assist citrus growers in the same way.

From the above surely the Commission Inquiry can find some measure(s) to recommend to the Treasurer that will assist in the future prosperity of Australia's Number Two export earner.

For your consideration

P. Crisp

Chair, Sunraysia Citrus Growers Inc.