



Strawberry Growers Association of N.S.W. Inc.

PRESIDENT

Jim Hickey
336 Deepfields Road
Catherine Field NSW 2171
Ph/Fax (02) 9606 6783

SECRETARY

Lawrence Ullio
PMB 8
Camden NSW 2570
Ph (02) 4640 6408

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Review of Non-Forestry Managed Investment Schemes
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam,

The Strawberry Growers Association of NSW would like to express its concerns, on behalf of its members, on the impact of Managed Investment Schemes (MIS) will have not only on the NSW strawberry industry but that of whole Australian industry.

Given the experience of other horticultural industries where MIS's have undertaken large plantings the resulting are excess production on the domestic market with declined net returns within the affected industries.

MIS in horticulture have an advantage over traditional family run farms by having different motives for entering farming. The traditional Australian farm is mostly owned and run by families with the main objective to run an economical, sustainable and viable business with no special government assistance and compete on a level playing field with other growers.

On the other hand MIS's schemes main objective, for entering into such enterprises, is tax driven with Australian tax payer having to subsidise.

This can be compared with governments farm subsidies in the EU and USA : both distort market forces. Given that the Australian Government has argued for decades for the abolition of such government assistance that distorts market prices it's hypercritical for this government to allow and indirectly subsidise MIS's.

The recent strawberry MIS in Queensland will result in grater production of fruit that will mostly be shipped to southern markets and cause a drop of prices on the Sydney markets. This will affect NSW growers particularly early on in the season.

Current cost of production for a 250g strawberry punnet in NSW is around \$1.20. The average gross return for a punnet has been declining over the last decade with the average prices per punnet now around \$1.45 leaving a net return of \$26,250/ha (with 35,000 plants per ha). An