

Submission No: ..... 22 .....

Box 875 N.I.

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3.9.05

Dear Sir,

Secretary ..... *John* .....

I am writing to put forward the position of the local producer, in case no one else does. It does not appear to have been considered.

I produce fresh vegetables for the local market which are sold by foodlands & other outlets. The market is very small & so I must produce small quantities of many varieties to make a living. Because of the small quantities all work is handwork & prices are consequently high. The competition is frozen or canned vegetables which mainly sell at about the same price. My prices are limited by the fact that if frozen vegetables become much cheaper people stop using fresh vegetables & I sell less volume. I must balance my prices against the volume of sales & so profitability is marginal.

If an NSL is introduced at 10% with no input credits the following will happen: The cost of my inputs will increase at the same time as my living costs also rise & my basic price will have

To me. To this will be added 2 or more  
lots of NSK making my products uncompetitive.  
As an example a product which I now  
sell at \$5 per kg + which retails at \$7 per kg  
(The equivalent frozen product also  
retails at \$7 per kg) will be affected as  
follows

10% increase in electricity + fuel +  
a probable increase of 10% in labour,  
added to my higher cost of buying,  
my base price is now going to be  
probably \$5.150

2. To this I must add 10% NSK when I  
deliver to feedlarks. Their buying price  
is now  $\$5.50 + 5\% = \$6.05$

3. They will then add their 40% markup  
making their selling price \$9.47  
4. To this they must add 10% NSK  
to the price to the customer is \$9.35

The same product frozen will have as  
follows 1. The 10% custom will be removed, however  
the landed price from \$5 to \$4.50.  
2. Add 40% markup + the selling price  
becomes \$6.30

3. Add 10% NSK to the price to the customer  
is \$6.93

While I don't believe for a moment that the frozen product will actually fall in price, despite assurances that it should, I don't believe it

should rise by more than 10% which still leaves me totally uncompetitive.

Without any form of input credits I don't see any chance of my business surviving this tax. Since

I am over 70 this will turn me from a tax payer to a welfare recipient, hardly good for the economy.

yours truthfully  
John M Smith