



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Constitutional Corporations (Farm Gate to Plate) Bill 2011

About the TFGA

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

With our purpose being to promote the sustainable development of Tasmanian primary industries, the TFGA is committed to ensuring that the agriculture sector in Tasmania is profitable and sustainable. We are also committed to promoting the vital contribution the agricultural sector makes to the environmental, social and economic fabric of the Tasmanian community.

Comments to the Farm Gate to Plate Bill

We welcome the opportunity to comment on the Constitutional Corporations (Farm Gate to Plate) Bill 2011.

The TFGA supports the intent of the Bill, which is to enable consumers to understand the pricing practices of grocery retailers – meaning the Bill would require grocery retailers to display the farm gate price of fresh fruit and vegetables next to the retail price.

Our support is based on the lack of transparency in the fresh fruit and vegetable supply chain where farmers have no way of determining whether the returns they receive for their produce are fair and reasonable. This enables price gouging and other forms of unfair activity to flourish. Because farmers are the bottom of the food chain in this environment, and are price takers rather than price makers, they have no ability to influence outcomes or insist on fair returns for their produce.

However, in its current form, the Bill would be almost impossible to implement.

The Bill takes no account of the fact that the major supermarkets buy some of their produce from wholesalers. Who would then be responsible for determining what the wholesaler has paid each of the individual growers who provided the produce supplied?

Even when major retailers' source produce directly from growers, there is always more than one supplier; and suppliers are rarely paid the same price, even for the same produce on the same day. Often produce is consolidated, graded, packed or processed by an intermediary (a category manager or packhouse, for example) which sources produce from multiple growers. So, again it would be near impossible for there to be a clear chain of transactions to determine what was paid to any one grower.

On top of these challenges, fruit and vegetable prices change daily (or even more frequently) depending on supply and demand, so the task of monitoring and updating prices would be unimaginable.

TFGA believes that, rather than address inequities evident in the marketplace, the Bill in its current form would place farmers in an even worse position than they currently are. Inevitably, supermarkets would simply push compliance costs back on to farmers, as they have in the past for both mandated requirements and also for changes the retailers choose to implement themselves (eg standardised black cartons, everyday low pricing etc.) This is what causes the most concern for farmers, whose ability to pass on additional costs through the supply chain is non-existent. So they'd be expected to absorb these significant costs from already thin margins.

For these reasons, we do not support the Bill in its current form.

Yours sincerely

Jan Davis

Chief Executive Officer

28 October 2011