

Say **NO** to the Farm Gate to Plate Bill

We are citrus growers in the Riverland region of South Australia and direct suppliers to the supermarket chains.

We are very concerned that the new Farm Gate to plate Bill will actually mislead consumers.

Farm gate value

From Wikipedia, the free encyclopedia

The **farm gate value** of a cultivated product in [agriculture](#) or [aquaculture](#) is the net value of the product when it leaves the [farm](#), after [marketing](#) costs have been subtracted. Since many farms do not have significant marketing costs, it is often understood as the [price](#) of the product at which it is sold by the farm (the **farm gate price**).

The farm gate value is typically lower than the retail price consumers pay in a store as it does not include costs for packing, shipping, handling, storage, marketing, and profit margins of the involved companies.

If this bill goes through it is not going to show consumers the truth because farm gate does not include many other costs involved – in citrus at any rate. It is not truthful because it is NOT “showing the consumers “how much profit each retailer earns for each product”

	Example only
Sale Price at Store	\$1.89
Sale Price to retailer from packer/ marketer– 15kg carton	\$20 = \$1.33/kg
Less Rebate	
Less Commission	
Less Transport	
Less Packing Costs	
Farm Gate Price Paid	\$9.00
To Grower	15kg = \$600 / Tonne
	\$0.60c/kg

If the retailer had to show that the farm gate value was \$0.60c / kg and the fruit was selling for \$1.89 – then consumers are going to say that the retailer is ripping the farmer of and they possibly will stop buying fresh produce. Where in fact the supermarket brought the carton at \$1.33 and has put 40% on top. This would also not be pure profit as they have many of their own costs to cover.

Also segregating the smaller retailers is also unfair as they are often the bigger culprit in putting higher prices on the fruit than is necessary.

Why also is only fresh produce being targeted in this Bill? Why not canned, frozen and juice also being targeted or every product on a supermarket shelf. This is not fair trading.

The citrus industry is struggling this year - it would have to be the worst year in history. Many of the returns we have received will not even pay for the fruit to have been picked let alone the costs of irrigating, fertilising, weediciding.

This is actually NOT the fault of the supermarkets though. This is due to the high Australian Dollar and limited export markets which have caused an incredible oversupply of produce needing to be sold locally.

The amount of fruit we can sell on the local market has been so important this year because of the high Australian Dollar. Every sale has counted. Our industry has spent a lot of time and money this year trying to help increase the local sales. Without sales the grower will get nothing.

This Bill will frighten consumers away from the fresh produce section – it will scare them as they will think – “the supermarket is ripping the grower off so I will not buy this produce” – they may go to canned or frozen instead.

This will undo all our efforts to get consumers to buy more local fresh produce! This will hurt the growers even more.

Most Growers in our region sell their fruit to a packing shed whom will then pack, market and transport the fruit and then determine what the grower will return. The grower has no input into it and depending on the packing shed, will depend on how much the grower knows about where their fruit is going.

The citrus packing sheds need a good marketer and a good marketing strategy to sell the amount of citrus it puts through the packing shed. This year has seen a couple of larger packing sheds panicking because of the amount of fruit they needed to sell and the very limited markets they could supply. Their strategy seemed to be to drop the prices to ridiculous levels to gain more market share. All this did was create a price war with no extra product being sold and the grower suffering because of it.

At no time did Woolworths or Coles demand these ridiculous prices – they were offered to them by the packing shed marketers or the wholesale marketers trying to sell either fruit coming in to be packed or packed stock sitting in their coolrooms.

What a lot of citrus growers have asked in the past is transparency but what this farm gate bill is doing is not transparent. The Packing Sheds and marketers is where transparency lies – how much are they offering the growers fruit out to their customers? How much commission do they take off? What are their packing charges?

We can not afford to drop fresh produce prices. Everyone takes a cut and everyone has to survive and make a profit. Unfortunately at the end of the line the growers are the hardest hit. If retail prices do not remain strong the grower returns even less.

Prices fluctuate with supply and demand but the prices for fresh produce does not seem to increase with the rising costs of production and transport. Therefore this again just takes a little bit more out of the grower return.

As a consumer, a grower and a marketer I believe this Bill is wrong.

As a consumer I want the growers that supply the produce I buy to get a fair return for their produce. I believe that most consumers would in theory like this but they are also looking at how much they have to pay to buy the produce. If they feel that they are being ripped off this will play more of an important decision in their purchases than “supporting the unknown grower”.

As a grower and marketer I would like to receive a fair return for our produce that allows us to be able to afford to continue running our business and supplying great Australian produce to the consumer at an affordable price. We can not continue to run a business at a loss or by “breaking even”!

How to do this? I would suggest that industry bodies worked to find a “minimum” return for their growers. This would need to be set for different sizes of the produce and for the different quality requirements the produce would be packed to.

This minimum price would need to be paid to the grower by the packing shed. This would then help to stop the packing shed from selling produce to wholesalers and retailers at levels that are too low for the grower to be able to afford.

If the retailers are not being offered ridiculous low prices for the growers produce they will sell at affordable levels to help move stock through their stores. Minimising the risk of a “huge” gap between the purchase price and sale price at store level.

We need to work within our industries to ensure all our facts are correct so that we can help each of our fresh produce industries to become profitable to their growers. We do not need to scare the consumers that we rely on away or give false and misleading information out that will hurt both the growers and the supermarkets!