Good morning

My name is Grant Saler

I am currently a fresh produce manager in a Foodland supermarket in South Australia. The owner of the supermarket I work at owns only the store I work in. He employs most of his family and around 100 other staff within the store. I have previously worked as a store manager and a fresh produce manager in the Coles chain.

In the past I have been a passionate supporter of Mr Xenophon. Maybe I should have looked at the big picture on some of his other campaigns also.

On the surface Mr Xenophon and Mr Katters latest campaign may look to have great merit. There are (on some products) very large markups from the price farmers receive. Some products have a larger markup to cover those products that have a smaller markup. Bananas, for example, with the recent disaster in Queensland have for several months had a much smaller profit margin. However the average gross profit for fresh produce departments in supermarkets (including at Coles stores) is around 25%. This is before tax, work cover, wages, refrigeration costs, and all other costs are apportioned. The fresh produce, meat and deli departments within supermarkets can be the most profitable departments within stores. They can also have the most waste, be expensive to operate, require more staffing, refrigeration etc.

Woolies do buy quite a lot of lines directly from farmers and therefore lower their costs on these products. Coles buy some directly from farmers but also buy from local markets like the Adelaide produce markets.

At the markets there are wholesalers who purchase stock directly from farmers. These wholesalers basically gamble on the stock they buy. They buy the large amounts that the farmers offer them. Wholesalers then compete with other wholesalers within the FREE MARKET to sell this stock to their customers. If there is a shortage of a particular product, competition for that stock forces the price that the wholesaler sells it for, higher. Conversely, if there is an oversupply of a product, lack of competition for that stock forces the wholesaler to lower his price, sometimes quite considerably to try to sell it. Any stock that can not be quickly sold is going to mean a loss due to the cost of maintaining that stock in storage and deterioration. They must then on sell these lines. These are sold directly to Woolies and Coles (Coles and Woolies own distributors) or in the case of many smaller supermarkets, country fruit shops and in our case to a PROVIDOR.

The providor receives their orders from their customers (like us) and collates them in order to approach a wholesaler and negotiate a price for the stock concerned. The providor must buy from the wholesaler for all their customers and then separate them into their individual deliveries and distribute them, via whatever transport is required, to their retail customers.

If Mr Xenephon and Mr Katter get their wish for Coles and Woolies to provide farm gate pricing for all their products to the public they may result in a small (short term) drop in some prices to the public but the flow on effect will be devastating for many small businesses.

Woolies and Coles being very large companies can split the added cost of providing, and keeping up to date, farm gate pricing information to the public between all of their stores. In most small businesses this will simply add extra staffing costs and either drive prices higher or make margins smaller, forcing some out of business. Woolies and Coles will simply move the added expense and drop in profits to another area of their business, (petrol, liquor, gambling, optical, banking). Eventually when they have forced enough of their small competitors out of business, they will thumb their nose at everyone and charge whatever they like and no one will be able to stop them.

Thanks for listening
Regards
Grant Saler