
Public Submission to ACCC Grocery Inquiry

Northern Territory
Horticultural
Association

March 2008



Northern Territory Horticultural Association

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Grocery Prices Inquiry - Submissions

Australian Competition and Consumer Commission

GPO Box 520

Melbourne Victoria VIC 3001

Dear Commissioners,

The Northern Territory Horticultural Association is the peak representative body for horticulture in the Northern Territory and represents producers, primarily in Darwin and Katherine and surrounding regions.

Firstly we welcome the Federal government's decision to commission an inquiry into grocery prices, however time constraints and a lack of human resources have prohibited us from developing a submission as comprehensive as the inquiry deserves.

We will in the first instance briefly outline points that we believe warrant investigation and although, at this point they will be submitted as anecdotal, it is our intention to support these points with data during the public hearings.

While we welcome the inquiry, we are equally disappointed that we have not been allocated reasonable time frame to consult with our diverse and dispersed constituency.

We look forward to having the opportunity to participate and contribute in the public inquiry.

Kind regards

Tracey Leo

Chief Executive Officer

Northern Territory Horticultural Association

Production and post production costs

The Northern Territory Horticultural Association submits that over the past 10 years, production and post production costs and supply chain costs have steadily increased.

However, irrespective of increased production and post production costs, it does not necessarily mean that these costs are translated to increased retail prices because producers (and in some cases, supply chain participants) absorb these increased costs.

Returns to producers in most commodities have not increased and certainly not with any correlation to inflated prices at the point of retail.

Transport

Transport costs have increased considerably due to fuel and other cost increases such as driver fatigue management.

Transport costs are more significant for Northern Territory (and other remote) farms as not only is produce transported out of the region to Central Markets and Distribution Centres, but production inputs (fertilisers, chemicals , etc) ,and post harvest production items such as packaging etc are also transported into the region.

In most parts these costs are absorbed by the producer and in some cases the transporter but they are not being recovered by prices achieved for produce supplied to the retail chains.

An additional cost factor is the practice of transporting produce out of the region, to South Eastern distribution centres and back to the retail chains in Darwin and Katherine.

This practice not only effects the shelf life of fruit as it can take up to three weeks to reach the point of retail after it is despatched from the farm , it also adds significant costs , both fiscal and environmental.

Packaging

Major retailers are driving change in packaging that ultimately restricts the producers' ability to interface with a range of prospective buyers. It also adds cost to production as packing lines need to be adjusted to accommodate the various packaging requirements.

The proposed returnable crate scheme is another cost impost on producers as the cost of hiring and transporting crates is transferred to the producer. In logistically challenged regions where access to transport to move produce is under pressure in peak harvest, returnable crates need to be transported and stored well in advance of harvest. Where there is a hire charge for these crates, producers are charged for crates that are in storage. In effect the crate hire business becomes an additional business of the retail chains. Again, these costs are absorbed by the producer.