

Grocery Inquiry Submission

I take the main elements of an efficient competitive market to be: a large number of buyers, a large number of sellers, good market information and low barriers to entry. When I entered this industry as a fruit grower over 25 years ago the fresh fruit and vegetable industry could be broadly classified as 'competitively efficient'. I no longer believe this to be the case.

One major change has been the increased market power of two very large fresh fruit and vegetable buyers. I support the view that the market power of the major supermarkets is excessive (inefficient and unfair) and (from the perspective of a grower) seems to be ever increasing. However I suggest that too little attention has been given to the role of access to good market information.

Twenty-five years ago the daily fresh fruit and vegetable prices in the major markets were broadcast on ABC radio. Many regional daily newspapers published this information. The Qld DPI had a very useful (and free) booklet on historical and seasonal market prices for major fruits and vegetables. ... Then came privatisation of fresh fruit and vegetable market price collection and distribution and 'user pays'.

Today the technology (web / computing) to collect, interpret and distribute this price information is very much cheaper and more effective. But access to useful price information has markedly deteriorated. The price information for fresh fruit and vegetables now seems to be 'owned' by a few entities each with a monopoly in a major market. This information is regarded as so precious that (for example) the Queensland Country Life lists only the weekly percentage price changes not actual prices. This is virtually useless and is in stark contrast to the widely available price information for most other agricultural commodities.

A Google search on various combinations of: "Market prices" "daily" "historical" "fruit and vegetables" "Australia" "USA" will illustrate just how poor is our access to useful price information compared to the USA (and many other countries)

Widely available and cheap access to daily market prices in all of the major markets enables more efficient produce distribution and makes the best use of the competitive central markets. It also acts as a fair price guide in agent - grower transactions.

If this price information were put on a web site and interpreted for the benefit of both producers and consumers. (Eg for consumers, summarised / averaged and put on a per kilo basis) this would also make it more difficult for the major chains to claim that drought (for example) has caused some particular high price when the grower knows that (for example) a 70% markup is the cause. (The 'consumer' may be a journalist or consumer advocate) This information in conjunction with grocery price surveys would provide a guide to progress toward market efficiency and fairness. And help in controlling inflation. And provide Australians with a cheaper healthy diet.

Access to good historical market information would encourage more efficient investment in horticulture. Access to good seasonal price information likewise.

My suggestion is that HAL, DAFF or some other national body take over the collection and distribution of fresh fruit and vegetable market prices and throughput in all major markets. And that this information be put on the internet in a form that is useful to the producer, marketer, and consumer of fresh fruit and vegetables. The USDA website (<http://www.marketnews.usda.gov/portal/fv>) is an example of a starting point.

The Australian Bureau of Meteorology website is an example of just how valuable a role the public sector can play in the collection and distribution of information that is vital to the entire nation.

I am certain this fruit grower is not alone in feeling the ever increasing cost / price pressures on the Australian horticultural industry. It would be some comfort to feel that fruit and

vegetable consumers gained the benefit of this pressure to produce fruit and vegetables at the lowest possible cost, not the most powerful retailers.

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