

## Pricing Tactic & Supply

Pricing is not included in the contracting process. The contracting process is a supply agreement, and the supermarkets issue commitment letters each season. Supermarkets do not advise other suppliers of their pre-existing commitments and the industry overall is not aware of the total supply that the supermarkets are committing to and whether they are committing to more than what can be sold.

Upon receipt of the commitment letters, growers plant to that commitment. Supermarkets, then look to their preferred central market agent to find who will match or better (less than) the current central market pricing. Central Market Agents do not have a commitment from the supermarkets, however they do not communicate this to their growers. Central Market Agents believe they are a preferred supplier to the major supermarkets. Those suppliers with commitment letters from the supermarkets, who do not match this central market price, do not have their commitment from the supermarkets honoured. This ultimately leads to wholesalers with commitments reducing prices to below the grower's production costs to empty cold rooms and move old stock.

The oversupply of fruit from growers, based on lack of transparent information, and the utilisation of Central Market Agents is a tactic used by the supermarkets to keep supply high and prices low. Supermarkets are committing to growers for supply they need for the season, which means there is no need for further and therefore oversupply through Central Market Agents. The retail price of the fruit ensures every supplier in the chain has a profit margin, except for the growers. Ultimately, there is a lack of transparency from the supermarkets in relation to supply requirements, which affects pricing.

## A specific example of their conduct

My orders were cut dramatically, and product taken from the open market even though we had plenty of supply and a commitment letter from them. This was highlighted to the supermarket team because this was unconscionable act by the supermarket. They had purchased from an agent from the markets because we would not agree to their price and the market was in dramatic oversupply and the agent would want to be getting rid of old stock but we were expected to keep going out and harvesting for crazy prices.