Public submission RE Horticulture Code by Peter Place SAFPL - 4th June 2008

Issue: Should transactions between growers and grower-owned co-ops/pack houses be excluded from regulation by the code where the co-op markets the growers produce (ie act as agent)? Should dealings between the co-op and traders be regulated by the code?

The transactions between growers and grower owned co-ops / grower trusts should be excluded by the code. These entities, by nature, act in the best interest of the grower. They essentially are owned by the grower.

This could be achieved by changing the classification of co-operative / growers trust from trader to "grower", or making the co-operatives / growers trust exempt.

Dealings between the co-op and the traders should not be regulated as the trader can structure the terms of trade in such a manner so that he is extremely well protected. The price of the produce received would be less than if there was no code. The cost of compliance and the need to protect itself against price variations decreases returns to the grower.

Issue: Should the code be amended to provide greater flexibility within the industry for pooling and price averaging to enable growers to continue to manage their risk in circumstances where there are significant fluctuation in produce prices over time and across various markets throughout Australia. On the other hand, if the code were to permit pooling and price averaging, producers of high quality produce may not be treated fairly and as a result there may be less incentive to produce high quality produce. What protections should the code provide to growers who choose to join a pool and receive an average price?

The code should be amended to cover pooling.

The pooling process combines "like" fruit – for example first grade count 113 oranges over a weekly pool. The first grade count 113 oranges, may be sold to a number of markets in the week of the pool – export, domestic sales to Perth, Brisbane, Sydney Melbourne, Adelaide etc. The value of the first grade 113 oranges (less pack charges, marketing fees, insurance etc) is then divided against those growers who had this count / grade fruit (in direct proportion to what was provided by the grower). This method does give the growers incentive to produce a quality grade and a saleable size piece of fruit.

This method of pooling is transparent, as sales of 1st grade 113's are recorded and growers contribution to the pool for 1st grade 113's are recorded.   Price received for each grade and count is recorded.

The agent acts in the grower's best interests when selling their produce.

It does not remove the ability to trace crop disease (I question why that should that be covered by the code anyway, as it is already covered by Quality and HACCP programmes that retailers insist upon. These programmes have their own set of rules and regulations and are regularly audited).