

From: Jamie Erceg [REDACTED]
Sent: Thursday, 4 April 2024 1:37 AM
To: Supermarkets
Cc: [REDACTED]
Subject: Supermarkets Inquiry - J & A Erceg

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To Whom It May Concern

My family operates a table grape vineyard in the Swan Valley called J & A Erceg (ABN 46 478 934 143). We are pleased ACCC is conducting an inquiry into pricing and competition in Australia's supermarket sector.

Tania Lawrence MP, our local federal member of Parliament for Hasluck, has urged us to make written submissions as part of your inquiry. We understand the date for submissions closed yesterday, 2 April 2024 - but we would be very grateful if you could please consider our submissions nonetheless.

By way of background, J & A Erceg has supplied table grapes to Coles and other major supermarket chains for around 50 years via various fruit merchants, including, more recently, Fruitico. By way of background, Fruitico has significant power in the WA grape industry as it is the leading supplier to Coles, Woolworths and other major supermarkets in WA. It is also one of three merchants in Australia that are authorised by Sun World to sell certain newly developed "private varieties" of grapes. The other two are Perfection Fresh and Costa Exchange, both of which are located over East, and do not have a significant market presence in Western Australia. Up until this year, Perfection Fresh only represented one grape grower in Western Australia. Costa Exchange doesn't even have a market floor in Western Australia. Fruitico is also the largest grower of table grapes in Western Australia by a huge margin, and the biggest Australian exporter to Asia, with its own large scale vineyards in South-West Western Australia and Broome.

Up until this year, at least a third of our annual produce was purchased by [REDACTED]. Our relationship with [REDACTED], like many growers in the Swan Valley, has been a key part of our business and longevity.

Unfortunately, this season has been a particularly catastrophic one for J & A Erceg and other growers in the Swan Valley. There are at least 6 of us in total.

The first blow we encountered was back in December 2023, when, less than a month out from picking, we were verbally advised by our market representative that [REDACTED] would no longer be accepting a variety of grapes called "Dawn Seedless" as part of its market offering for 2024. Three years' notice would have been reasonable as this is the time it takes to replant grapes and yield a new crop. At the time we received this notice, J & A Erceg had already invested more than \$70k in anticipation and reliance that Dawn Seedless would be consumed in comparable numbers to the previous year. [REDACTED] failed to comply with clause 19(5) of the Food and Grocery Code of Conduct, requiring a retailer or wholesaler to provide reasonable written notice to a supplier prior to delisting a supplier's product. In the light of this, on 20 December 2023, I asked [REDACTED] to confirm whether it was, indeed, delisting Dawn Seedless, and if so, whether it could delay the implementation of its decision by a further 12 months, to alleviate some of the damage to growers. By return email on 21 December 2023, [REDACTED] confirmed Dawn Seedless was included in its "varietal reduction plan" for 2024. [REDACTED] also advised me it had notified [REDACTED] of this initiative back in August 2023. Again, I asked [REDACTED] to reconsider its position on 29 December 2023, and delay the varietal reduction plan by a further 12 months, but [REDACTED] was firm in its resolve, despite the inevitable damage to Swan Valley grape growers.

J & A Erceg and other Swan Valley growers were dealt a further blow. In December 2023, our market representative advised us that Fruitico had ceased acting as our distributor. Accordingly, our access to Coles and the other major supermarkets was blocked. Overnight, we also lost our distributor for Autumn Crisp and any other licensed varieties of Sun World table grapes in our vineyards. After dumping us, [REDACTED] proceeded to prioritise the supply of its own table grapes to the major supermarkets, over fresher fruit from the Swan Valley. As a result, J & A Erceg was unable to sell 60 pallets of Autumn Crisp for weeks. There were around another 27,000 cartons of grapes from other Swan Valley growers that were held up due to [REDACTED] conduct. In the end, the bulk of these grapes sold, but for drastically reduced prices, with:

- around 50% of sales being approximately \$4 to 5 per kg; and
- the remaining 50% of sales being approximately \$1.60 to \$3.30 kg per kg.

(*These prices are before subtracting commissions, Sun World royalties and other levies).

This was considerably below the estimated average forecasts of \$5 to 6 per kg. Autumn Crisp is considered a premium variety and historically, has commanded a much higher price. Last year, despite higher volumes of Autumn Crisp being available on the market, \$5 per kg was the lowest price Autumn Crisp sold for.

Our experience demonstrates the Food and Grocery Code needs to have mandatory application to both retailers and wholesalers of fruit, including the major supermarkets and leading distributors of fruit, such as [REDACTED]. Further, provisions such as clause 19 dealing with the delisting of products, need to be broadly drafted so the obligation to provide reasonable written notice of a delisting extends to ensuring such notice extends all the way down the supply chain and is received by the actual grower. Otherwise, such provisions are meaningless. There also needs to be strict enforcement of the Code, and the Competition and Consumer Act 2010, to ensure that any anti-competitive business practices in the agricultural industry (such as that we've encountered with [REDACTED]) are stamped out. Otherwise, there is no future for small farmers in Australia.

Please let me know if you require any further information. Our experience is documented in email correspondence with [REDACTED] which I am happy to share with you. I am also available on my mobile [REDACTED] if you wish to discuss at any stage. My father, [REDACTED], is also copied on this email. [REDACTED].

This is a priority for us.

Thanks and kind regards
Jamie Goode (nee Erceg)