



Improving market transparency in perishable agricultural goods industries

Horticulture industry first workshop 12 October 2021: Workshop communique

Background

In late 2020, the Australian Competition and Consumer Commission (ACCC) conducted an inquiry into bargaining power imbalances in supply chains for perishable agricultural goods (PAG) in Australia. The inquiry recommended that the government explore measures to increase price transparency in PAG industries to increase competition in those industries.

In response to this recommendation, the Australian Government, through the Department of Agriculture, Water and the Environment (DAWE) has committed \$5.4 million to improve price and market transparency in PAG industries by:

- delivering co-design workshops with PAG industries to understand their market transparency issues, opportunities and requirements
- delivering a grants program to develop and implement tailored mechanisms to improve price and market transparency.

The workshops provide an opportunity for participants to discuss price and market transparency issues in their sector, brainstorm ideas to improve transparency and co-design the details of solutions going forward.

Workshop outcomes

Thirty-one industry and government representatives attended the first horticulture price and market transparency workshop ([Appendix A](#)). The objective of the first workshop was to discover and analyse the issues, barriers and opportunities to increase market and price transparency in the horticulture industry.

Participants worked in small groups that explored:

- Issues – Negative characteristics within the horticulture industry that decrease price and market transparency.
- Barriers – Negative characteristics external to the horticulture industry that decrease price and market transparency.
- Internal opportunities – Positive characteristics that exist within the horticulture industry that can potentially increase price and market transparency.
- External opportunities – Positive characteristics outside the horticulture industry that can potentially increase price and market transparency.

Throughout this process, issues and barriers (and consequently, opportunities) were categorised as either legislative, regulatory, industry specific, general process, technology driven, consumer driven informational or environmental.

Table 1 identifies and categorises the key themes of issues, barriers and opportunities from the workshop discussions.

Table 1 Issues, barriers and opportunities

Category	Issue/Barrier	Opportunity
Legislative/ regulatory	<p>Horticulture Code of Conduct:</p> <ul style="list-style-type: none"> • Definition of actors in sector • Contracts between suppliers and retailers • Role and status of the Food and Grocery Code. 	<p>Enhance data provisions in code.</p> <p>Review use and application of contracts to improve issues around transparency.</p> <p>Introduction of a Fresh Produce Ombudsman to adjudicate over the code and pricing in the sector.</p>
Specific to horticulture industry	<p>Inherently complex industry with a range of specific issues, including:</p> <ul style="list-style-type: none"> • Written contracts or verbal arrangements • Level of perishability • Diversified farm businesses, for example, red meat • Different interpretations of quality from buyers that change with supply and demand • Pooling and price averaging across different growers • Competition between growers, and a lack of understanding who is supplying what produce in any given timeframe • Competition with imported produce and knowing the timeframes of coming into the market • Variations between oversupply and undersupply – cyclical and seasonal • Need to better understand demand and fluctuations in the market. <p>Horticulture industry is quite resilient</p>	<p>Collaboration across the supply chain to meet supply and demand.</p> <p>Mapping the supply chain and price drivers/influences at each point.</p>
General to PAG industries	<p>No timely price signals to allow decision making.</p> <p>Not everyone in the supply chain values transparency.</p> <p>Labour supply – no visibility of available labour and exacerbated by pandemic.</p> <p>Larger growers get lucrative contracts and small growers get less experienced agents.</p>	<p>Collaboration across the supply chain to meet supply and demand.</p> <p>Mapping the supply chain and price drivers/influences at each point.</p>

Category	Issue/Barrier	Opportunity
Technology driven	<p>Lagging technology in Australia – data/information – which impacts:</p> <ul style="list-style-type: none"> • Access and adoption of technology across supply chain • Reliance on paper-based systems • Supply chain lacks digitisation • No mechanism to gather and publish meaningful information – accurate, timely, relevance, cost, price and volume • Disparate systems are used across the sector which are not compatible to one another • Lack of education on interpreting and understanding pricing and market data. 	<p>Explore technology to capture, analyse and report accurate & timely data and educate the supply chain on how to use. This includes, but is not limited to:</p> <ul style="list-style-type: none"> • Timely data on central platform • Improve current platforms with better technology • Transitioning from paper-based processes to digital <p>Empowering people to make better decisions, by introducing:</p> <ul style="list-style-type: none"> • Better analytics for existing data • Quality, accessibility and consistency of data • Better use of tech to access data and info • Applying consumer data right to improve competition • Sharing data from central markets • Capacity and skill building to use data
Information	<p>Information is fragmented making it difficult to interpret and understand the impact of real-time information, due to:</p> <ul style="list-style-type: none"> • Different channels in the supply chain • Quantity of produce at any given time • Capturing variability in quality • Reporting mechanisms and data reliability. 	<p>Investigate and document best practice and learnings from domestic and international PAG industries.</p> <p>Establish a feedback loop that makes it easier for growers to see what consumers want faster.</p>
Consumer/market driven	<p>Consumers demanding more information about products, including provenance and ethical sustainability.</p> <p>Growers are price-takers with retailers' loss-leading by price matching. Prices differ from day to day and there is little transparency on how they are set.</p> <p>Difficult to brand and apply IP to produce. Also, Country of Origin labelling on processed produce needs looking at.</p>	<p>Mechanism to enhance traceability, including linking to price reporting.</p> <p>Improving marketing farmgate prices by exploiting new and emerging markets.</p>
Environmental	<p>Environmental factors have a significant impact on this industry, including:</p> <ul style="list-style-type: none"> • The seasonal variation of produce • Level of perishability of produce • Ability to meet market leads to oversupply in a collaborative manner across the supply chain • Natural disasters and weather impacting viability of crops • Pandemic changing consumer buying behaviours – this can positive and negative. 	<p>Improved information and data.</p>

Priority opportunities

The opportunities identified by participants at the workshop will be prioritised via a survey to be distributed and finalised prior to the next workshop to establish the top priorities for further work.

Next steps

The outcomes of the first workshop provide the basis for developing potential solutions to improve price and market transparency in the red meat industry. Potential solutions will be co-designed by participants in Workshop 2 on 4 November 2021.

Appendix A: Participant list

- ALDI
- Alfred E. Chave
- Apple and Pear Australia Ltd
- Australian Banana Growers Council
- Australian Macadamia Society
- Australian Nut Industry Council
- AusVeg
- Avocados Australia
- Berries Australia
- Fresh Markets Australia
- Australian Fresh Produce Alliance
- Fresh State Ltd
- Growcom
- Horticulture Innovation Australia
- Melons Australia
- National Farmers' Federation Horticulture Council
- NSW Farmers Association
- Optomni
- Qualipac
- Summerfruits Australia
- Vegetables WA
- Australian Competition and Consumer Commission
- DAWE Agricultural Policy Division

© Commonwealth of Australia 2021

Unless otherwise noted, copyright (and any other intellectual property rights) in this publication is owned by the Commonwealth of Australia (referred to as the Commonwealth).

All material in this publication is licensed under a Creative Commons Attribution 4.0 International Licence except content supplied by third parties, logos and the Commonwealth Coat of Arms.

The Australian Government acting through the Department of Agriculture, Water and the Environment has exercised due care and skill in preparing and compiling the information and data in this publication. Notwithstanding, the Department of Agriculture, Water and the Environment, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying on any of the information or data in this publication to the maximum extent permitted by law.