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SUPERMARKET PRICING SELECT COMMITTEE

Members present:

Mr TJ Smith MP—Chair
Ms A Leahy MP
Ms JE Pease MP
Ms JC Pugh MP

Staff present:

Mr T Horne—Committee Secretary
Ms K Guthrie—Inquiry Secretary

PRIVATE HEARING—INQUIRY INTO SUPERMARKET PRICING

TRANSCRIPT OF PROCEEDINGS

Tuesday, 23 April 2024

Cairns

TUESDAY, 23 APRIL 2024

The committee met at 9.34 am.

CHAIR: I declare open this public hearing for the committee's inquiry into supermarket pricing. My name is Tom Smith. I am the member for Bundaberg and chair of the committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past, present and emerging. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people whose lands, winds and waters we all share. With me here today are: Ms Ann Leahy MP, the member for Warrego and deputy chair; Ms Joan Pease MP, the member for Lytton; and Jess Pugh MP, the member for Mount Ommaney.

This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I do remind witnesses that intentionally misleading the committee is a serious offence. There may also be an opportunity later for witnesses to be called from the floor. I also remind members of the public that they may be excluded from the hearing at the discretion of the committee. These proceedings are being recorded and a transcript will be published on the parliament's website.

Media may be present and are subject to the committee's media rules and the chair's discretion at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. If you could please turn your phones on to silent or off.

MALONE, Ms Vonda, Chief Executive Officer, Torres Strait Regional Authority (via teleconference)

CHAIR: Joining us via teleconference this morning from the Torres Strait Regional Authority I welcome Ms Vonda Malone. Good morning. Would you like to make an opening statement before taking some questions?

Ms Malone: On behalf of the Torres Strait Regional Authority, thank you for the opportunity to appear at the Supermarket Pricing Select Committee's inquiry. I am coming to you today from Waibene—Thursday Island—the land of the Kaurareg people. I pay my respects to their elders past, present and emerging and also to all of our traditional owners across the Torres Strait. I would like to acknowledge the committee chair, Tom Smith, and thank the members who are present for today's hearing.

The Torres Strait Regional Authority remains a model for Indigenous community and local leadership, decision-making, self-determination and understanding and meeting the needs of our people. We are committed to working closely with Torres Strait communities to ensure we continue to deliver meaningful Closing the Gap outcomes for our region. The TSRA administers programs across a broad range of areas, including cultural arts and heritage, economic development, environmental management, fisheries, governance and leadership, community health and safety, and regional infrastructure. With the guidance of elected board members, the TSRA aspires to deliver and serve the communities of the Torres Strait and Bamaga and Seisia in the Northern Peninsula Area. It is a broad and diverse set of responsibilities and it is an immense privilege to administer, but it is also a significant responsibility for TSRA as a small Indigenous portfolio body under the Commonwealth government to deliver these vast and complex matters across our region.

We are situated in one of the most remote, vulnerable and hard-to-reach regions of Australia where 83 per cent of our residents are in the highest quantile for socioeconomic disadvantage and living costs are up to 40 per cent higher than for urban areas. In many cases a single provider is responsible for delivering essential goods and services to the Torres Strait region, including for shipping and freight services, food and retail goods, fuel supply and passenger transport. Community choice is limited, thereby increasing risks in terms of access, affordability of goods and services, and minimising competitive incentives for businesses to lower costs. Research indicates that basic goods and services in remote Queensland can cost 35 to 40 per cent more than the same goods and services in urban areas. The cost of freight alone adds more than 14 per cent to the cost of goods

sold. Freight costs to the outer islands of the Torres Strait total \$9.2 billion annually, adding to the household bills of some of Australia's most disadvantaged people. Residents travelling back to the Torres Strait from Cairns often resort to buying extra checked baggage for groceries to be carried back because they are cheaper to buy in Cairns and other places on the mainland.

Other factors that lead to higher prices in the region include small economies of scale due to small populations, highly dispersed communities and high operating costs due to the unique nature of our environment. Seasonal challenges unique to our environment such as floods, cyclones, king tides and very low tides disrupt the supply chain, leading to higher prices and food insecurity. Inadequate infrastructure, including poorly maintained roads and end-of-life essential infrastructure such as jetties and barge ramps, also exacerbates the problems we have in the region. We have limited access to affordable and nutritious food, which perpetuates food insecurity, leaving individuals and families having to resort to cheaper, often less healthy alternatives. TSRA is focused on working with our communities, key partners and stakeholders and its mission is to drive down living costs for our people.

In December 2023, TSRA entered into an historic MOU with remote supermarket operator Community Enterprises Queensland to enhance community living in the Torres Strait region. The new three-year MOU solidifies the commitment of TSRA and CEQ to collaborate effectively to achieve the shared goal of promoting healthy communities and improving access to fresh, affordable and healthy food. TSRA welcomes the Queensland government's freight subsidy funding package and commitment to a freight subsidy. We are engaging with the Queensland government and departments to explore other options to alleviate freight costs in our region, including collaborating with Health and Wellbeing Queensland and representation on the national Indigenous Australians Remote Food Security Working Group.

These are all starting points in the focus to drive positive change in food security in our region; however, much more work needs to be done in advocacy efforts. We continue to push for full freight equalisation and investment in infrastructure to improve supply chains as a matter of social justice. Torres Strait Islander and Aboriginal people in the regions face a life expectancy gap as a result of the inequities. That is why TSRA is determined to continue to shine a spotlight on these inequities for our region. We welcome today's inquiry and look forward to supporting the committee to better understand our region and the challenges and opportunities to drive down supermarket pricing for our regions and our residents. Thank you.

CHAIR: Thank you very much for that opening statement. I was wondering if you could provide a broader picture around the supply chain. The beginning of your submission talks about the 17 inhabited islands and two mainland communities and their reliance on air and sea transport. Can you paint us a bigger picture in terms of the supply chain? Are we sourcing from distribution centres in Brisbane and then it is coming through? Are there greater connection lines with growers in the Far North and North Queensland? What does the overall picture look like in terms of farm to distribution in those communities?

Ms Malone: A lot of our food is sourced through, obviously, Community Enterprise Queensland and IBIS, as it is commonly known. They are our suppliers from Brisbane. In terms of the season, where possible they have been sourcing some of the goods from Far North Queensland in order to have food distributed to our region that still has nutritional value. The shelf life of an order is three weeks out, so there is quite a complex process that retail stores enter into in order for those goods to be on our shelves and so that supply is not diminished. It also means there is a lot of food coming from markets in Brisbane, so there is obviously a cost to the consumer when it reaches our shelves here in the Torres Strait and even more so when it goes out to the more remote communities—for example, Saibai is the furthest island before our international border. There are warehouses in Cairns where the supermarket does store their transferred goods to go into the region, but there is no storage facility on Thursday Island, for example, in order for us to continue to maintain our supplies. The existing major retailer does have some capacity to store goods in Cairns prior to distributing them, but at the same time we are relying on only one provider to bring the majority of goods into our region, which is Sea Swift.

Sea Swift operates twice a week into our communities. With the huge backlog into Thursday Island—which is the administration centre for our region—where the majority of the activity occurs, we have a lot of building activity so it is a challenge for the provider to get goods for other local businesses. There is a six- to eight-week backlog at times for things to come through from Cairns because we only have one provider that operates the shipping company. There have been great moves to progress and seal the last part of the Peninsula Developmental Road, but that is not an option for us in the Torres Strait. It may be an option up to Weipa, but from that point onwards for the

Northern Peninsula area of Bamaga, Seisia and up to the Torres Strait we heavily rely on a freight shipping company. On occasion we fly goods into the Torres Strait, but that is not common. Only in times of natural disasters we may have to do that, but it is rare. I hope that answers your question.

CHAIR: Just to follow up on that, when we are talking about fresh produce and the lack of access and the shorter shelf life, is there greater reliance on more canned fruit and vegetables? Is that a preferred option for consumers in the community for that longevity of goods?

Ms Malone: Yes, and it is also a cheaper option, unfortunately, for lower income families rather than fresh items. Fresh items are delivered through our region to a certain extent, but obviously when you are feeding a large family, which is a common thing—Torres Strait Islander families are large—they need to make that go further, and that is certainly a reason too.

Ms LEAHY: Thank you very much, Vonda Malone, for your opening statement. I am the shadow minister for local government and deputy chair. I am sure we have seen you at a few local government functions. I am just interested in the jetties and the barge ramps you mentioned. I am just wondering how many islands have insufficient barge ramps or jetties, because the only way you have to deliver goods is via sea. There are no roads between the islands. On those foreshores who is responsible for the continual upgrade and maintenance of barge ramps and jetties?

Ms Malone: The style of jetties in our communities were initially funded by the Torres Strait Regional Authority in the 1990s and they were obviously through Commonwealth investment. By default it is the responsibility of local governments to ensure access into communities. They have a finger jetty along with a barge that is usually adjacent to the finger jetty. Unfortunately, with time and climate change those facilities are not fit for purpose in today's environment. A lot of times during the wet season they have great difficulties in docking and being able to deliver goods to the communities. We have worked with the Torres Strait Island Regional Council, which is the local government responsible for the outer island communities, to do some work on those jetties knowing that they are at end of life. We found that the majority of them were generally in need of upgrades, hence why that advocacy occurred to see some of that funding. I think it was \$40 million backed by an \$80 million Commonwealth investment into marine infrastructure.

At the moment I would say that at least half of those jetties are either closed down or in the process of major maintenance. They were a style that was suitable then, but obviously now there are other requirements for disability access and so on and councils are challenged to get funding to maintain them. We continue to work very closely with local governments in the region around that, but it is actually a state responsibility. We are also trying to ensure that with any new infrastructure that goes in there is some responsibility by well-meaning departments to support us, otherwise we are just tapping into the very limited bucket we receive within the regional appropriation to support local government for essential-to-life infrastructure as well as maintaining access. We continue to do the best we can and look at more of a tailored government approach that manages the sustainability of employment access points.

Ms LEAHY: You mentioned the freight subsidy. Orders are being sourced from Brisbane. I am keen to learn from you as to where the freight subsidy applies. Does that apply right through the supply chain from Brisbane to homes on Saibai or Yam Island, or does that freight subsidy apply from the Torres Strait islands to the inner and outer islands? I am just keen to know exactly where it is being targeted.

Ms Malone: As this is really the start of the rollout of the subsidisation scheme, we are still coming to an understanding of what it means for us in the region. I cannot answer that question because I do not have that inside information. We are continuing to work with the Department of Transport and Main Roads which is responsible for administering that. All we are seeing at this stage is a discount on some of those essential items. When we go to the check-out and buy a jar of Vegemite for \$4.99, the discount on it is 0.26 cents so it comes down to \$4.73. We are still trying to understand how that works, the actual cost of distribution. That is something I am not able to answer right now, so I apologise.

Ms LEAHY: That is fine. I am very keen to learn how it is transparently applied as well. I understand that when your order comes from Brisbane to the stores there is reasonable competition on freight to at least probably Horn Island. Is the issue then that freight increases dramatically to get to the outer and inner islands? I am trying to work out where the highest freight cost is and where the least amount of competition is to drive down that freight cost.

Ms Malone: It starts from when it leaves Cairns. Then it gets to Thursday Island and then there are additional costs on top of that to get it to the outer islands. The way that is calculated to the consumers is because of that additional freight. The distance from Thursday Island to Saibai is greater

than the distance to the central island communities so that does add to the cost of the item. Obviously, the retail stores have done internal reviews on how they can minimise that cost. I just wanted to highlight the fact that we still do have just one provider. It starts from when it leaves the shore in Cairns. Even to get to Thursday Island there is a huge cost to any bigger retail store or smaller business that operates in our region. Obviously government agencies can absorb a greater spend as opposed to an individual, family or small business that does not have the same disposable income to bring those items and goods through our region. There is a real inequity there because you do have a lot of government spend here in the region, but then it really stifles other economies, particularly as an organisation when you are supporting Indigenous businesses. There is a difference in terms of capacity of being able to pay for it. When you are trying to build the north, you know about the Northern Australia Agenda and growing our economies. There are huge differences in the scale of capacity.

Ms PUGH: I have read your submission. I really appreciate the level of detail you have gone into. Just so I can wrap my head around the issues you are facing a little better, can you outline how many of your communities are accessible only by sea? How many can you access by sea or road and how many are accessible only by road? I want to get a sense of the scale of the issue you are grappling with when it comes to these subsidies and challenges.

Ms Malone: The two communities in the Northern Peninsula Area, Bamaga and Seisia, are on the tip and they are accessible by road. They do have Sea Swift docks at Seisia wharves and state ones. Obviously this time of the year they are not accessible by road due to the flooding on Cape York and all of those major rivers, so roads are not accessible for goods to come through. The other 17 communities on the outer islands are all accessible only by sea, including Thursday Island. We are also connected by small aircraft providers.

Ms PEASE: It is nice to talk to you again. I am sorry that we cannot see each other in person, but it is nice to have you presenting again. It is a true honour to hear from you and see your commitment to your community, because you are always prepared to stand up for your community. Congratulations and thank you for that.

We have talked about the supply chain for supermarkets on the islands. I have been fortunate to visit TI, Saibai and Bamaga, and I understand the tyranny of distance and how difficult it must be. Just on the flip side, I am interested to understand whether you have any primary producers in your areas. Do you have any growers or farms? Is there any fishing?

Ms Malone: That is a great question. It is great to hear from you and I thank you for your compliments. No. There is no major agriculture business because obviously our islands are very small. The capacity varies depending on the environment. Thursday Island is small and rocky. The central islands are sand cay islands. Out to the east you have the volcanic islands. The Saibai communities are low, muddy islands. It just does not allow for that.

We have had and supported over time small community garden initiatives. Some of them have been successful for a while and then when people move on those businesses have not been sustained. In the Northern Peninsula Area, however—it is obviously on the big island, as we say—there was a farm that was run by the Bamaga council in the old days. There have been intermittent attempts to try to get fresh produce. It is something that we continue to encourage but unfortunately, depending on the commitment or the buy-in, some succeed for a certain period of time and then others do not. We do not have that. We are looking at how do we do that, say, partnering with Northern Peninsula Area Regional Council because they did have an existing farm which is under the ownership of the council.

Ms PEASE: What about fishing? Is there much fishing or is it done by large companies that do not engage with the islands? Do you have a fishing industry?

Ms Malone: Fishing is definitely an economy that is Indigenous led. The Torres Strait Regional Authority supports our Indigenous fishers and has supported the industry for the buyback of 100 per cent of fisheries. That has been a success. Obviously there are now some challenges around climate change. The price of crayfish has reduced. Our fishers are challenged trying to get pricing for live cray, which has been exported out of our region for a number of years. At the same time it depends on the environment and other factors such as the international market. We are in a better position with greater ownership of our fisheries and working under the Protected Zone Joint Authority where we have both the Commonwealth and the states ministers and under the Torres Strait Treaty where we have shared resources and management of our fisheries, so that has been a success.

Ms PEASE: Vonda, thank you for that. I am interested to hear about the fishing industry and where fishers distribute their fish. Do they get enough supply to sell into markets? Do they sell to the supermarkets? Do they sell overseas? You talked about exporting crayfish overseas. How do they manage that? Who looks after that and what sort of experiences have they had?

Ms Malone: You have a number of other providers including local providers who have their own distribution lines. You also have operators such as Kailis here. There is another new operator coming onboard as well as the local operators. There are a number of them operating in our region, but at the same time we do have our local fishermen. In the communities they have their own freezer capacity to sell and buy fish to the larger providers. I could not tell you where they go. Essentially, the only export is the live cray, as well as the black teatfish, which is a sea cucumber, which is of interest to the Asian market.

Ms PEASE: We have just heard, Vonda, about some of the problems growers face—in this instance I am talking about your fishers—in their dealings with pricing and how the people that they are selling to—whether it be a merchant, an agent or directly to a supermarket—are controlling the price that is given to the producer. Have you heard of any of these situations happening or are you aware of this happening to any of your fishers?

Ms Malone: It is a very volatile industry. I am not aware of anything specifically. The issue now is the cost of fuel. They are taxing them to go out to fish. The Chinese market classifying the tropical rock lobster as an endangered species has also impacted on pricing. There are those greater impediments. At the same time, I am not sure what you are referring to there. I can only give advice on what I am aware of.

Ms PEASE: Thank you very much, Vonda. It was great to talk to you again. Keep up your great work.

Ms Malone: Thank you.

CHAIR: Vonda, thank you very much for calling in today. We very much appreciate it. There were no questions taken on notice. That means that you are free to go. We very much appreciate your participation today. It has been a great eye-opener to all of us.

Ms LEAHY: We are more than happy, Vonda, to hear from you at any time.

Ms Malone: Thank you.

HARTIGAN, Mr John, Private capacity

CHAIR: Thank you for coming in. I note you are appearing as a community member, a long-time Cairns local, and wish to give some of your experiences of being a consumer. Please introduce yourself, give a little bit of your background and about your time in the Far North, and then make any comments in terms of what it is like being a consumer with the big supermarkets.

Mr Hartigan: My name is John Hartigan. I have run my own business for 20 years. I have lived in Cairns since 2002. I have been living in Cairns all of that time essentially. I do patronise the two majors—Coles and Woolies—simply because of convenience. I typically purchase each week—and probably multiple times a week—fish, vegetables and fruit. I am not claiming to be an expert in supermarkets; obviously, I am a consumer. I sometimes patronise the stores at Smithfield or Clifton Beach. I live at Trinity Beach. It is a suburb where you have access to multiple stores nearby—Clifton Beach, Palm Cove or Smithfield. People may be aware that Smithfield is a large shopping centre where there is both Coles and Woolies. It usually depends on my convenience to patronise one or the other. I do use a Flybuys card or a Woolies card, so that contributes to accruing points when purchasing.

I have certainly noticed in the last three to five months the increases that have been generally talked about in the press. I remember on one occasion—and I am not sure whether this was Coles or Woolies—there was a yellow sticker on one item that I was about to purchase. It was smoked salmon. I like smoked salmon, which is a bit expensive.

Ms PEASE: You have champagne taste.

Mr Hartigan: That is right. You get to know a certain item if you purchase it each week. Typically I buy yoghurt, fruit and vegetables. The sorts of veggies I buy are broccoli and cauliflower. In terms of fruits, I tend to eat berries. Because I am prediabetic, I tend to eat a fairly healthy diet. I have a short affection for smoked salmon. I noticed that the price of 500 grams of smoked salmon was about \$18 or \$19. It certainly seems to have gone up.

On one occasion there was a yellow sticker that said, 'This is now half price.' It was not the smoked salmon but another item. I looked underneath the yellow sticker at the original price on the white label and the discount was 80 per cent, not 50 per cent. That struck me as a bit deceitful in a sense. If something is advertised as half price, yet when you look under the temporary yellow label at the white label it is 80 per cent or 90 per cent of the original price, it strikes me as very deceitful. I was intrigued about whether it was really half price. I have done that on only one occasion. Usually you cannot look underneath the label because it is fixed to the bar. It struck me then that it is unfair on the consumer as a general tactic.

On the flip side, when I use the Coles Flybuys card they are more frequently giving \$10 off. I have noticed that, but it is ad hoc and one never knows. It is the same for Woolies. They have a yellow consumer card that is open to anybody to use with BWS and other chains that are covered by Woolworths. They are my experiences as a consumer. I am not saying that I am radically different from anyone else or that I am a great specialist. I can afford to buy things that are reasonably priced without being excessive. I do not have rich taste, except for smoked salmon, my wife says. Apart from that, I buy normal consumer items. Hopefully that gives you a bit of a flavour from my perspective.

CHAIR: Thank you. I might go through a few points that you touched on. Firstly, do you mind me asking about your income? Are you working? Are you retired?

Mr Hartigan: I am on an age pension. I am 72. I still work in my business, which is providing HR and industrial relations services. It is probably a bit unusual in that sense. I earn about \$45,000 to \$50,000. I am in a fortunate position that I have paid off my home and paid off my car, I do not have any debts and I have a reasonable superannuation. I do not earn a big income because I am self-employed. So it is a low income, but I am comfortably off without needing to earn a big income at my stage of life.

CHAIR: I am interested to hear more about how you feel deceived by the big supermarkets and also about some of the issues around the Flybuys program. My colleagues might ask questions around that. I want to touch on the specials branding. I was going through one of the big supermarkets in my patch in Bundaberg and I lifted up the yellow ticket to find out that the original price was the same price as the one on the yellow ticket for the same item. I felt similar to you—deceived in that space. When you see fresh produce on special, do you feel as though it is the big supermarkets that have dropped their price? Why do you believe they have specials? When you go in there as a consumer and you see the special, is your thinking that Coles and Woolies must be trying to get that produce off the shelf so they can get the next one on?

Mr Hartigan: I notice the variations that happen with fruit and veggies more often. For example, just last week raspberries seemed to be very cheap. Blackberries were \$7.90 a punnet, whereas raspberries were \$3, so there was four times the amount of space for raspberries on the shelf. I sense that it is probably the seasonal influence. Raspberries, as an example, might be more fulsome coming from the markets where Coles or Woolies purchase bulk quantities because they are seasonal. I have never really thought about whether it is manipulation or anything. I have simply thought that weather has a big impact on the seasonality of fruit and vegetables and some will have a bigger opportunity for margins. If they are there in bulk, people will be more likely to buy two punnets of raspberries rather than one punnet of blackberries if blackberries are twice the price. That is my perception. I have not really thought any deeper than that. Because Coles and Woolies have such huge economies of scale, they will get more quantity in and then can discount or lower the prices.

CHAIR: A big part of this committee is making sure that all Queenslanders get a voice, whether they are consumers or whether they are on farm. For me, coming from a farming community, it is definitely very important that the voice of farmers is provided to people like yourself as a consumer. If I were to relay a story to you that farmers in my community are being told months ahead of time that the big supermarkets are going to have a special on avocados therefore they have to drop their price at the farm gate to cover the cost for the big supermarkets, does that make you feel somewhat deceived by the supermarkets to know that the farmers are actually the ones losing out not the supermarkets?

Mr Hartigan: Yes. I can see the point you are making. It is manipulative behaviour because it is really trying to bully perhaps the originator of the product to get a lesser return than would otherwise be the case. Avocados are a good case, because avocados are sometimes less than a dollar. Up here they come from the Tablelands. They are very cheap. I think that would be outrageous behaviour because it is denying the community interest, I guess.

CHAIR: What if I let you know that, on top of that, that particular grower may have a contract of 10 pallets a month, but when that specials price is pushed onto them the big supermarkets are then demanding 50 pallets at the reduced rate. Do you think that behaviour by the big supermarkets should be accepted?

Mr Hartigan: No, simply not. It is acting with the power of absolute power. Once one person said absolute power can be dangerous and that sort of competition power denies a free market and it denies the opportunity for people to earn a reasonable income, I would suggest.

Ms LEAHY: Thank you very much for coming in today. I am very pleased to see that you actually do the grocery shopping in the household.

Mr Hartigan: It is a bit of a shared activity at times, but I actually like doing it sometimes.

Ms LEAHY: As a consumer, what would you like to see at that ticket price when you go to purchase something? How would you like to see the farmers recognised? We see various ads from supermarkets about how they interact with their farmers, but what would you like to see at the point of purchase? What would give you comfort as a consumer?

Mr Hartigan: I think having a sense somewhere that the ratio of the original product versus the retail product is within what would be a reasonable range. Having a sense where the products come from too. Avocados are a good example. A lot of those are being grown on the Tablelands, for example, so if they are being purchased by Coles and Woolies in Smithfield, which is just on the edge of the Tablelands, I would like to see some signage saying, 'We support suppliers in our supermarket who are relatively local' and 'We are supporting Queensland jobs indirectly'—something like that. In terms of when you enter the supermarket, you are pretty much focused on picking up a trolley, but there could be a noticeboard. Nobody really reads the noticeboards at the back of the shop. Sometimes on the front of the supermarket, people are usually trying to use the noticeboards to sell different things, but I think Woolies and Coles could be more proactive in making some attempt to communicate where they are getting the main produce, which is fruit and veggies.

Presumably in Queensland they are coming from different parts of Queensland. With processed food I can understand it is quite different. Processed foods could be coming from overseas because of their packaging and they are longer life items. I have seen, for example, bread come from Ireland. That staggered me that one producer would get bread from Ireland. I think in terms of fruit and veggies, because the turnover time is fairly short, that supermarkets could demonstrate that they are really focused on being a community organisation in that sense.

Ms LEAHY: I think you touch on a very important point. I cannot remember if it was made in conversation or in the hearing yesterday by some of the farmers who were saying that they very much pride themselves on their brand and often they are seeking that specialist, high-level market. They might be sending passionfruit to Melbourne or something like that. They effectively feel that once they get to Coles and Woolies they are debranded. I think the Tablelands grows some of the most amazing produce. Obviously I concede that all politics is local so you want to support your local growers.

Mr Hartigan: They also might argue that they employ local staff. Obviously supermarkets have a significant number of staff to operate. I work on the issue of industrial relations and there have been issues where some of the majors have been falling foul of the underpayment of wages. Even the big organisations have been seen to have been negligent in that area. I think there is a reasonable amount of cynicism about Coles and Woolies because they are just so big. Perhaps it is a bit unfair. Sometimes I will go to a place like Spar, which might be near the coffee shop I am going to and I think their prices—NightOwl is another one in Trinity Beach that is a smaller chain. There has been talk about having an Aldi up here, for example, and that may be adding more competition. Perhaps the government can encourage more competition because I think I read somewhere that Coles and Woolies have about 65 per cent of the market so it is really a duopoly in that case if only 35 per cent is in a non twofold market.

Ms PEASE: Thank you very much for coming in. It is great of you to come as a consumer and talk about what you experience. I am interested to continue along that line of questioning about acknowledging the grower. You, like me, may not watch a lot of commercial TV but sometimes I do and I have seen that the big supermarkets are advertising 'Meet John. He grows these beans' or 'This is Beth. She has these things growing.' They are trying to put a face to the grower. I am not sure that you would be aware of the fact that those big supermarkets have a requirement for anyone on they purchase from to complete a farm share qualification. That costs up to \$25,000 per grower. That is a compliance document. The compliance is quite difficult. It is another cost for the producer. Would you be aware that that is what the supermarkets are doing?

Mr Hartigan: No. That is the first I have heard of what you have just mentioned. It is a bit like when you are running a business you have to pay for all insurances, which are on-costs. That is pretty outrageous perhaps because the return on the investment and the return on what is fair and equitable comes into question, depending on the size and the uptake of the quantities that are made available. Obviously farmers have to have a return on their investment, just like anyone, and if it is severely dictated by one or two it really becomes a bit untenable, really, I think. Having such a huge amount, if it cannot be justified or claimed as an expense in business for taxation reasons—perhaps it could, I do not know.

Ms PEASE: It is interesting that you talk about the fact that the consumer is much more discerning and they have higher expectations of these supermarkets that are providing produce from Australia, in particular. You talked about this with regard to processed food. We heard yesterday from one of our witnesses in Bundaberg who spoke about having an oversupply and Coles said we do not want them. This was to do with pumpkins. Then we heard that if they have an oversupply they cannot onsell them because they have a contract with one of the large supermarket chains so the only thing they can do is turn them back into the ground, or dump them essentially. Then we heard about the processed food in that, for example, if there is an oversupply of carrots they cannot actually onsell them to a processor to turn them into tinned carrots because they are in contractual arrangements with one of the large companies and the tinned carrots are coming from China. Were you aware that those sorts of games are being played or manipulation of the market is going on?

Mr Hartigan: No, certainly not. It seems very devious, really, from a simplistic view of trying to understand. I suppose the adjective manipulative seems to be apparent if that is the case. I have always wondered: with places like supermarkets there must be a huge amount of wastage, especially with fruit and vegetables which only have a limited life, but I would think that there is an obligation to make that produce available at no cost to people or disability or hospitals or community arrangements where there is a shortage of product.

Ms PUGH: Thank you so much for coming in, John. We have had some fantastic submissions from shoppers, but it is also great to have you appear as a witness as well in the inquiry. Thank you for sharing that you are prediabetic because I think that it is actually important to recognise that we have an increasing number of Queenslanders who are dealing with serious health implications and that healthy eating in a lot of cases is critically important to addressing those conditions and staving them off. My mother is diabetic and her diet is incredibly important to her for the same reason. My

question to you is, and you touched on it a little bit before, you shop at the two majors and you outlined convenience as a reason for that. What other options do you have, as a resident of Cairns, in terms of other places to shop? If you did not want to shop there, where else could you go?

Mr Hartigan: There is another chain called Spar, for example, and another smaller chain called NightOwl. The range of product is less than a quarter, I would say, of what would be in a so-called normal Coles or Woolies outlet. Then the price differential is much higher because those convenience stores operate usually 24 hours or at least from probably six in the morning until 10 or 11 at night anyway. Coles and Woolies, I do not think, stay open after probably seven o'clock or so. To answer your question, there is the opportunity to go to other places, but the cost differential is significant, the convenience option is a differential and also the access to healthy living is much diminished because there are fewer choices because of the size of the convenience store, if that makes sense.

Ms PUGH: You mentioned before that you would like to see Aldi or another supermarket, a third entrant, into the market up here to give customers more choice; would that be correct?

Mr Hartigan: Yes, that is right. There are a number of people I have coffee with fairly regularly who are about my age. The main thing is that people do comment about pricing over morning coffees, for example. Certainly, there is a feeling that Cairns is a bit behind the times, perhaps, compared to what is in the city, when it comes to options. That is always going to be the case, I guess. A regional centre is going to have less diversity because of the size of the population versus, say, Brisbane. Townsville gets compared to Cairns a lot because both are roughly the same size. I am not sure if Aldi is in Townsville. Perhaps it is not. I do not know.

CHAIR: The member for Thuringowa was very excited that it came to Townsville.

Ms PUGH: Just as a quick follow-on, you touched on the number of jobs. Supermarkets like Coles and Woolworths can be major employers, but we have seen a significant decrease in the number of check-out staff over the past few years. How do you find those self-serve check-outs and have you noticed a decrease in your grocery bills commensurate with the reduction in staff that we have seen because all Queenslanders do not have the opportunity to get those jobs?

Mr Hartigan: That is a good question because I really question whether there has been a decrease in the costs associated with automation. Secondly, I think that personal service is missing. Sometimes, a query can come up and a very brief interjection that is fair and reasonable between the customer and the person behind the cash register, whether male or female—it does not really matter. I am fairly cynical about the supermarkets saying that they have reduced the cost by using automatic or self-serve check-outs.

Ms PUGH: You touched on waste. We heard in evidence yesterday from one of our Bundaberg farmers that—correct me if I am wrong, Chair—30 to 40 per cent of produce can be wasted or needs to be dumped by farmers because of contracts with the major two. Is that an acceptable figure in your mind, that that level of produce would be wasted because it cannot be onsold through the two major supermarkets?

Mr Hartigan: It should not be that high, frankly. I do not know what sort of standards would apply if there was some research or current best practice applied. It would not be hard to find out what other countries or other communities do and come up with some sort of standards. I remember years ago when I used to run food and beverage for city-to-surf runners that when we had things left over like meat and rolls we would go around to St Vincent de Paul and donate the leftovers. I cannot see why the wastage would not be reduced if there were tangible efforts to donate to community and minimise wastage.

Ms PUGH: Absolutely. There are laws in other countries that prohibit supermarkets from dumping those sorts of things so you are absolutely right.

CHAIR: We thank you very much for coming along and giving us a very good insight into what it is to be a regional based consumer. John, thank you so much for your time. I note that the committee has allocated 20 minutes for a break. However, being that there are members in the gallery, if you would like to make any submission at all the committee is very happy to work through that 20 minutes.

ZINN, Mr Christopher, Private capacity

CHAIR: Christopher, because you were not here at the beginning I can inform you that this hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate. Witnesses are not required to give evidence under oath or affirmation but I do remind you that intentionally misleading the committee is a serious offence. We thank you for coming along. Christopher, we will go for about 10 or so minutes. Would you like to give a brief background on what brought you here today and then talk to your experience in the consumer and supermarket space?

Mr Zinn: Thank you very much. It is really serendipity that brought me here today because, as I said, I was staying at the hotel and I wandered past. I have had a long running interest in supermarket pricing. This really came from my work at Choice for about seven or eight years, up until about 2012 or 2013. I was in charge of communications and campaigns. Some of you may remember that there was a big issue then, during the Rudd government, in terms of the duopoly and in terms of pricing. It was a cost-of-living crisis and these things, of course, are cyclical. Choice was very involved in that, trying to analyse the prices. Then the government had a thing called GroceryChoice that they were going to fund us to do but that got pulled at the last minute so it has always remained an example that others pull up of a government bad decision, that you could actually monitor the prices in real time. Of course, technology has moved forward a lot since then so you probably could do.

Both as a consumer and someone who is still involved in consumer campaigns, I do look at supermarket pricing closely and at other prices that are available in terms of the other options that people use. I have really just arrived in Queensland in the past month or so, so I am literally a blow-in. In Sydney we were spoiled by Harris Farm Markets in terms of fresh produce. I note you have two in Brisbane. I have not been to them yet to see how their prices compare. Certainly they offered a lot of local competition in terms of the supermarkets and the range of goods that they were prepared to offer.

The real problem in terms of looking at Queensland is the scale and size of the population and the distribution. Of course, hearing today about TI, you are never going to get Aldi moving up there. You are never going to get them being able to get fair competition and get people dependent on stores of one kind or another that are subject to very high costs of distribution but very low levels of competition, which of course not only means higher prices but also means less fresh produce and means less choice. It is a very hard problem to figure out.

I would be interested to know, in terms of people who order things through Amazon—you can get groceries more broadly as opposed to direct fresh items—what the role of online commerce will do. There was a time, I am sure, in Queensland in the 1800s when people got foodstuffs delivered by the Cobb and Co coach or whatever and now we have more up-to-date versions of that. I really believe in giving consumers the power. Regulation is one thing; that is for you to work out. I am interested in how you get consumers to be prepared to exercise their power by giving them information, by making sure that regulation does not increase prices inadvertently or otherwise and just by example.

CHAIR: Christopher, given your experience, are you able to reflect on how the large supermarkets use loyalty programs or the collectibles where, if you buy \$50 worth, you will get a little toy and then you have to collect them all—very Pokemon-esque. Through your experience, does that have an impact on consumers in actually bringing them back into the larger supermarkets? Does it really have an impact?

Mr Zinn: I do not have direct evidence of that. For many people, shopping is a total habit and they will just go to the same place week in, week out. The supermarkets want us to go more often because then we actually spend more. I am not actually against the loyalty programs because they do bring benefit to people. They do bring discounts and they do bring cheaper petrol, albeit just by four cents a litre, really at no direct cost to the consumer themselves. Certainly those people who do not use the loyalty programs might be cross-subsidising those people who do, but I would say to consumers that, as long as you are aware, if the more important thing for you is price—and it is not for everyone. It is convenience. It is wrapped up with a whole lot of things: what is nearby; how they get there if they have a car to travel around.

A good tranche of consumers use loyalty programs very much to their own advantage, and I do not think that disadvantages them. In terms of toys or whatever, yes, it might be a waste of plastic and makes the kids happy—those are other issues, really. I do not think you can blame big businesses, unless you regulate them, for using tricks of one kind or another to get more people through the door.

CHAIR: I can assure you I have seen adults on Facebook desperately wanting to trade all the little fake produce. I might go to the member for Warrego.

Ms LEAHY: Thank you very much, Mr Chair, and thank you very much, Christopher Zinn, for coming in and talking to us today. We heard yesterday from people who worked in packing sheds and also from agronomists. I know from walking through the supermarket aisles that it is all beautiful—well-presented apples. Everything is very well presented. There is not a blemish on any piece of fruit or vegetable. We saw capsicums yesterday that were sort of unusual, as capsicums are, and there was an estimate of probably 30 to 40 per cent of those seconds that would be discarded and basically ploughed back into the field.

Consumers have been educated to think that only the best fruit and vegetables—the shiniest, the best looking ones—are the ones that they should buy. How do we change consumers' perspective and say, 'The capsicum here that might be lumpy and is not perfect is just as good as the capsicum over here and, by the way, this lumpy one is slightly cheaper'? How do we change their view on what they are buying?

Mr Zinn: Actually, often the lumpy one is considerably cheaper. The price differential I think is the key message to get across. Woolworths, and I think perhaps Coles—certainly in NSW where I have seen them—have ugly fruit shelves where they will have slightly misshapen ones.

Ms LEAHY: Bad name 'ugly fruit'. It tastes the same.

Mr Zinn: Whatever the name is. I know that Harris Farm and others—I think that the role of the independent green grocers, as we used to call them, is to actually have a secondary market in what used to be called blemished fruit and vegetables. I agree that they are a much more affordable alternative for others.

In terms of the supermarket, are they ever going to put those at the front of the store as opposed to the back of the store? I do not know. In terms of how you educate consumers, I think it really is something that they have to realise themselves. We know the Japanese example is they pay top dollar. Perhaps for the imperfect fruit, we have to understand that slightly blemished fruit can be just as good.

In terms of how you educate them, I do not know. That could be a government campaign. If there are no places where you can buy seconds fruit, if you like—I do not know but I think there could be the development of another market in seconds. I have noticed even going to farmers markets and markets around Brisbane that they do give alternatives but often they are just one grade of fruit as opposed to a number of grades of fruit. I shop that way and I make substantial savings. I very rarely buy something that is the waxed, polished, shiny version.

Ms LEAHY: We also saw yesterday some of the marketing things that are done—like the small banana costs a lot less per kilogram than the large banana but they try to make the large bananas the only ones you can actually buy. So there is a real discrimination going on there on the shop floor. Do you think there are some ways that we should educate consumers about some of the tactics that are used?

Mr Zinn: Unit pricing is a wonderful tool that can be used to show pricing. Lots of fruit and vegetables are randomly priced, randomly packaged anyway, so you know what the price per kilo is as opposed to packaged goods. I think the banana is a very good example. I have noticed that myself. We have had very high-priced bananas for a long time presumably because of weather conditions or whatever.

Again, I think the supermarkets encourage us to habitually whiz around their supermarkets. They put things in a way—occasionally they shift it, but they do study us like they study rats moving around mazes. They have the data about where the high sales places are. Typically, they usually just have the Cavendish bananas. There might be an organic alternative. That is a great example of where you could offer value to the consumer of a lower price perhaps for slightly different dimensioned fruit.

I have seen those smaller bananas sold as kids' lunch box bananas and they are packaged in kilo plastic wrapped boxes. It does not give you the chance of just breaking off two or three. Again, I think that is the thing of educating consumers, working with consumers and reminding them that they actually have a choice. They have alternatives in most places but, as we have heard, in large parts of the state there is no alternative.

Ms LEAHY: I think too, coming back to—

CHAIR: Sorry, member for Warrego, I am conscious of time. I will go to the member for Mount Ommaney. I will try to come back to you.

Ms PUGH: Thank you, Chair. Thank you for coming in today and for sharing. It is very fortuitous that you have work experience at *Choice*. My father is an avid reader of that publication. I cannot buy a vacuum without reading what *Choice* said about it.

My question relates to your experience having lived in Sydney. You talked about some of the other entrants into the market there. We essentially have a duopoly, especially here in Queensland, containing 65 per cent of the market. Would actively encouraging new entrants into the market, even in just parts of Queensland, be useful for potentially driving prices down?

Mr Zinn: Inasmuch as you can. Aldi is an absolute game changer. You just have to see how desperately people in Tasmania are lobbying to get Aldi to come over the Bass Strait. It is in Townsville. I think it would be very interesting to see maybe someone at James Cook do the work to see how that has actually shaken up the market there.

As we have said, supermarket shopping is a deeply ingrained habit or ritual for some people, where they go and how they do it. There are a proportion of people who do shop around, and I think that proportion is growing. Shopping around does come at a cost because it takes longer. It takes more time. If you go to Aldi, you cannot actually get everything. They have many more items than they used to but they will not actually always have the things that you buy habitually of one sort or another.

I am not sure you could have an Aldi in Winton or even Longreach because the way they keep their prices down is through their distribution chain. I am sure you have heard that supermarkets nowadays are all about distribution and making that as fast and as inexpensive as possible, albeit at a cost to producers and sometimes to consumers who do not have access. Obviously where state governments can act is in terms of planning and issues around land banking, where there are accusations of that happening.

I think we are seeing a lot of competition change. Online has changed the way the supermarkets act a lot. Maybe that breaks up the duopoly. There have been other players that have come in online—come and left. It is a fairly dynamic situation. Again, we can remind consumers that the choice lies with them. By doing a little bit of extra work here, I can demonstrate that they can save a lot of money here. Ingraining new habits of doing a bit more here as opposed to doing everything there, over time, can save them a lot too. They also feel a bit more in control and are less likely to say, 'I have to put up with it.'

The other thing is what you buy not just where you buy it. Things that take a little bit of preparation, a little bit of work—pulses, legumes, secondary cuts of meat—have not gone up very much at all. Carrots. You can still eat well pretty cheaply, but you need a bit of education and a bit of time.

CHAIR: Christopher, thank you. I know that the member for Lytton and member for Warrego had some extra questions but, given it is 10.50 am, we will have to move on. We very much thank you for coming in. As you said, it is rather opportunistic that you are here. It is wonderful that you could come before us today. We very much appreciate it. Thank you for your time this morning.

Mr Zinn: My pleasure, and good luck.

CHAIR: Thank you.

PEARCE, Mr Chris, Managing Director, Sea Swift

CHAIR: I would like to welcome Mr Chris Pearce from Sea Swift. Chris, before we get you to do an opening statement, because you were not here at the top of the proceedings I will remind you that this hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Whilst you are not required to give evidence under oath or affirmation, I do remind you that intentionally misleading the committee is a serious offence. Thank you for being here. Would you like to give an opening statement and then we might move on to some questions?

Mr Pearce: Great. Thank you. Good morning, all. My name is Chris Pearce. I am Sea Swift's managing director. I am pleased to be here presenting to you today on behalf of Sea Swift and the submission they put in to the supermarket pricing committee inquiry.

Let me just quickly talk about Sea Swift. Who is Sea Swift? We were founded in 1987 and have a legacy in the state. Sea Swift is Northern Australia's largest shipping company, playing a prominent role in the development and sustainability of life in Far North regional communities. We have eight remote depots, five of which are in Queensland. The Cairns depot is the main Queensland hub while Horn Island is Sea Swift's main distribution hub to the Outer Torres Strait Islands, or the OTSI.

We provide services to remote communities on the Western Cape by a distribution hub in Weipa. We employ over 520 people and have a strong push for local and First Nations employment. Over 10 per cent of our workforce are indigenous and we are actively working towards increasing this number. They hold a range of positions from general hands, trainees, first mates and captains. We have staff dedicated to the OTSI supply chain network and, regardless of the sometimes incredibly challenging conditions such as weather, isolation and remote support structures, those services are provided 365 days a year.

It is really important at this juncture to clarify that Sea Swift is not a government body. QIC manages 100 per cent ownership of Sea Swift on behalf of the QGIF—the QIC Global Infrastructure Fund. QGIF is an established, unlisted infrastructure fund consisting of 12 assets located in four OECD countries with an investor base of 22 domestic and international institution investors, including Australian superannuation funds.

I will just very quickly talk about the supply chain and how it works. Sea Swift is proud to serve the community and operates 365 days a year to ensure that the OTSI communities across 16 remote islands continue to receive the vital supplies they need day to day. Our supply chain, however, is a complex one due to the unique geographical locations of the islands that we serve. Scheduled services travel up and down the east coast of Northern Australia, starting in Cairns, through the Torres Strait into Horn Island, Thursday Island and Bamaga and then onto various remote islands throughout Queensland. We also travel the west coast of Cape York to Weipa and Aurukun.

An ordinary supermarket supply chain has around seven steps from primary source to the supermarket. So from wherever you are making or manufacturing those goods to getting it on the supermarket shelf is generally about seven steps. With many roads within our areas of operation, including to the OTSI, there are up to 17 steps, so it is quite a complex process. Of course, this process is further compounded when servicing the 16 vastly remote islands of the OTSI, each with an incredibly small population. Eleven of these islands—nearly 70 per cent of the OTSI islands serviced by us—have a permanent population of under 300 people per island, and one as low as 65.

There is therefore limited potential for economic growth or developing economies of scale to offset the significant, complex and costly supply chain. The reality is the supply chain has little benefit from road and infrastructure, particularly when compared to similar operations in other Australian states. In the OTSI there are no alternatives to sea transport. These communities rely on sea freight as the only way to connect to mainland Australia. It is therefore incumbent on Sea Swift to deliver essential goods all day, every day, despite the challenging conditions we face and the financial impact that has on us.

I mentioned last mile service earlier. That means door-to-door delivery of critical food and medicines to retail stores, private homes and businesses, adding time and cost to the overall service provided. Sea Swift does not charge the majority of our customers for this service in an attempt to keep customers' costs low, and it still remains a community and council expectation that we continue to provide this service.

In addition to the depot, ships and other key assets that we use in providing services, we also station many of our assets at the delivery points to undertake those tasks because those assets simply do not exist on some of these islands. Remote OTSI marine and shore site infrastructure is

significantly underinvested in. This creates a very harsh environment for our vessels, machinery and equipment and also for our crews to work with. These conditions have a negative impact on our assets, requiring increased maintenance and replacement. The cost of this asset provision and maintenance is essentially self-funded by Sea Swift.

Sea Swift is currently the sole shipping provider to the OTSI community and we are proud of the genuine, longstanding relationships we have built with those remote communities over time. Whilst Sea Swift is the only provider in the region, it is not by design. To be very clear, Sea Swift is not running a monopoly through its conduct. This is a common misconception that often is discussed in the region. Remoteness, lack of proper infrastructure and low volumes simply do not support multiple providers. We leverage the infrastructure of Sea Swift to do that at a reasonable price. The reality is that right now it is not commercial for Sea Swift to provide services to the OTSI. We have historically lost money undertaking these services. Sea Swift's prices for OTSI services does not lead to profits. But for Sea Swift's ability to leverage off its overall network and other services, the OTSI service would simply not be viable.

Sea Swift is, however, a business with stakeholders and a need for long-term financial returns. With that in mind, we have a medium-term strategy to streamline our operations and continue to work to understand how we can improve our cost to service the region within the limitations and challenges that Sea Swift has to address. Historic price increases have sought to recover some of those losses, yet transport infrastructure in Far North Queensland is poor and the availability of resources is slim, which all impacts supply chain cost.

Sea Swift's freight cost as a portion of everyday supermarket items is minimal. Freight as a percentage of cost on a packet of baby wipes is eight per cent; on lemons 16 per cent; and on a leg of lamb three per cent. These are based on our calculations. We can do those calculations because we commonly deploy a per kilogram pricing structure which allows grocery chains to easily develop retail prices inclusive of our freight charges. The basis of a standard freight rate per kilogram results in relatively low freight charges as a percentage of the product price, and this is the case for both refrigerated and dry goods. There are additional pass-through costs beyond our control which include harbour dues, port charges, fuel charges and others. It is an industry wide process to recover those costs.

Sea Swift is certainly not overcharging for what we do. In fact, we been challenged to fund our ongoing operation notwithstanding the losses we suffer. Our vessels require regular maintenance and refits that can run into many millions of dollars. In addition, there is a need to renew the fleet with the replacement of vessels that have been damaged by poor infrastructure. This is a very expensive task, and it all needs to be managed while at the same time being conscious of the service we provide to the community and finding a way to fund that service, because it is something we take very seriously.

What action is Sea Swift taking to overcome some of the hurdles that both communities and Sea Swift have around the provision of these services? Sea Swift is lobbying the state and federal government to upgrade OTSI marine infrastructure and consider a freight subsidy similar to the one that operates in Tasmania today to further defray operating costs. I am personally travelling with the TSRA CEO to OTSI communities in coming weeks to meet the communities and hear about the challenges they face—as well as ourselves—operating in that region. This is all in an effort to understand how to best solve the problems we face in remote communities. Sea Swift is a crucial link in the supply chain and we continue to deliver these services, albeit while some of those routes are not commercially viable. Thank you for the opportunity to speak to you today.

Ms LEAHY: Thank you for that presentation. Does Sea Swift receive any of the \$64 million freight funding package that was announced in 2023 and implemented earlier this year?

Mr Pearce: No, we do not.

Ms LEAHY: Do you know who does receive that freight funding package?

Mr Pearce: I believe that is directed to the supermarkets, but I am not sure of that.

Ms LEAHY: To either the IBIS stores or the community enterprise stores?

Mr Pearce: Yes.

Ms LEAHY: I want to address the lack of infrastructure, because you included some photographs in your submission to the committee. Are there islands presently that you cannot get a barge into?

Mr Pearce: There are times when we cannot get a barge in. Because they are not regularly maintained, if silt or sand builds up to a certain level we simply cannot get close enough to do deliveries. In those cases we work with the community. The last one was a circumstance where they actually got a dozer to come in and scrape away the sand so we could come in and deliver.

Ms LEAHY: Some of that infrastructure, some of those jetties and some of those places where barges land, are they at end of life? How many islands do you deliver to across the Torres Strait islands and how many jetties would be at end of life?

Mr Pearce: Well over 50 per cent of those would be at end of life and need urgent repair or replacement.

Ms LEAHY: Have you spoken to the state government about the need for that?

Mr Pearce: Yes, we have. I think the state government, from a meeting we had last week, has a plan to address that. I have yet to see that plan, but I do believe they are working on a plan to resolve it.

Ms PEASE: Thank you very much for coming in and for the great work that you do supporting Far North Queensland and the islands and the NPA area. I am interested to understand how you distribute. Where do you collect the freight that you are going to be distributing?

Mr Pearce: The freight comes in to our Cairns depot. It is generally trucked in there. We unload that freight, we pick the freight for various islands or destinations, we put it in containers, we then move those containers to a wharf and we load it on a ship.

Ms PEASE: Who fills that warehouse or depot in Cairns?

Mr Pearce: We do.

Ms PEASE: Whilst you are a distribution centre you are also a provider, so people are actually buying the produce from you?

Mr Pearce: No, not direct from us. We are quite simply a third party logistics provider.

Ms PEASE: Who gets it there? You say it comes from Brisbane. Do you arrange for that freight up to Brisbane?

Mr Pearce: No. We know what freight is coming in, so it will come in on behalf of our customers—contracted customers, in particular supermarkets—so we know that is coming in. That will be labelled for different locations, so it has to go to those islands.

Ms PEASE: The supermarkets on the peninsula and the islands would be the ones that put in the order, and then they deliver it to the depot?

Mr Pearce: No knowing that, but I would imagine they would have some sort of replenishment tool so when their stocks go down low, that would trigger an automatic refill.

Ms PEASE: You do not have any relationship with a merchant, agent, supermarket or any producers: you are just simply logistics. You pick it up from the depot and you take it out.

Mr Pearce: Correct.

Ms PEASE: You have been operating for 30-odd years, did you say?

Mr Pearce: Yes.

Ms PEASE: Have you seen a difference in the amount of food that is being taken from the depot and distributed to the islands?

Mr Pearce: No, not really. If you have a look at the historic population of those islands it is relatively flat. It does not move much, no.

Ms PEASE: Is there much fresh produce that goes through that distribution centre?

Mr Pearce: We do once-a-week deliveries—that is our aim—to make sure we do get fresh fruit and veg to the islands. Sometimes we are hampered by vessel breakdowns or weather, but the schedule is once a week.

Ms PEASE: What happens at the other end when you arrive at the island? You talked about one island that only has 65 people on it. How do they collect the goods? Do they just carry it off?

Mr Pearce: No, we will generally take it to them. That is what I said before. We actually station assets on the island to enable us to transport that to the final delivery. That is what we call last mile delivery.

Ms PUGH: You touched on the freight subsidy that exists for Tasmania. Can you just clarify who pays for that?

Mr Pearce: I believe that is the federal government.

Ms PUGH: You are seeking the same sort of thing for OTSI?

Mr Pearce: We think that is appropriate.

Ms PUGH: You have outlined that you do not have a monopoly as such, but even though you are the only operator in this space you still have not been able to achieve economies of scale. Can you walk the committee through exactly why that is?

Mr Pearce: Some of the islands, as I said before, have populations of 65 and they are relatively flat. In logistics, volume drives price. The more volume you have, the unit cost per item goes down. We have a pretty flat volume base, so there is not a lot that you can really do with it. We have a few issues. One is volume, one is distance—it is a fair distance to these locations—and then of course infrastructure when we get there. Part of the problem with the infrastructure is that it is not only difficult to get in there but also it damages our vessels. If we have a major vessel go down, it costs millions of dollars to repair.

CHAIR: Going back to the member for Lytton's question, who is paying Sea Swift for logistics? Do the IBIS stores provide you with payment in terms of when you take it from the distribution centre and ship it out there?

Mr Pearce: IBIS pays for distribution for grocery products, but you have to remember that we deliver everything to those islands. We deliver clothing, fuel, water—everything that the islands use we deliver in because it is the only way the product can get in there, including vehicles, building materials—you name it.

CHAIR: When we are talking about all of these different products and outlining the increase on the percentage of each product, do all of the products come into the one place down in Brisbane, then they go into shipping containers and come up to you? How are each of these different products getting to your shipping containers, and why does that impact the discrepancy in the extra cost?

Mr Pearce: We charge on a kilogram basis. If you move 10 kilograms, there is a rate for 10 kilograms of freight being moved. The supermarkets have their pricing; it is a rate card. The communities have a rate card. That is online. I think it is open to the public to have a look at. It is a rate card base. Then you have other items. If you are moving very large, construction type items, then you may charge a combination of cube and weight. It depends what it is you are actually moving.

Ms LEAHY: I am interested in what you call last mile delivery to the door on the islands. Do you do any last mile delivery on items for either the IBIS or community enterprise stores?

Mr Pearce: Yes, we deliver to the stores.

Ms LEAHY: Not every island would have a store; is that correct?

Mr Pearce: Not every island would have a store—that is correct.

Ms LEAHY: So there is no duplication of last mile delivery.

Ms PEASE: You mentioned that you also deliver prescriptions; is that correct?

Mr Pearce: Yes, everything they need so clothing, fuel—

Ms PEASE: For example, on an island where there is 65 people and they probably would not have a pharmacy, you might deliver their prescriptions.

Mr Pearce: It depends on what the item is, but if it is on a pallet we will use a four-wheel drive forklift to take it to its final destination.

CHAIR: Thank you very much for appearing before the committee today. We very much appreciate it. Thank you for your time.

Mr Pearce: Thank you.

ARCHIE, Mr Anthony, Executive Officer, Far North Queensland Regional Organisation of Council

CHAIR: Thank you for being here today. We very much appreciate you coming along. I remind you that this hearing is subject to the parliament's standing rules and orders. Whilst you are not under oath or affirmation, it is a serious offence to mislead the committee. I am sure that will not be a problem today. I invite you to make a brief opening statement after which committee members will have some questions for you.

Mr Archie: Thank you for the opportunity; I very much appreciate it. FNQROC is the Far North Queensland Regional Organisation of Councils. We are 12 councils in total that start from Hinchinbrook just above Townsville, west to Etheridge and north to Cook, and all of communities that come off Cook are an important element in regard to this. We represent three Indigenous councils: Wujal Wujal, Yarrabah and Hope Vale. Meanwhile, the Cook shire does provide a network arterial road through its systems to communities such as Leichhardt River, Bamaga and so forth.

The topic of discussion is really about food security and cost. The PDR is the first thing that comes to mind and the Bamaga Road. The Queensland government and the federal government have been very supportive of funding the development and the improvement of that road. It is not just a piece of infrastructure that goes to Weipa or the Bamaga Road that comes off the PDR and goes to Bamaga. There are many stages. I think we are nearly finished stage 2. In stage 3 we will finish off the extra 150 kilometres of sealing to make the road resilient for weather events. I do not believe it has been confirmed yet, but the improvements of the PDR to Bamaga might be a key element to this discussion.

It is easy to think 'why has transport got anything to do with food'—it is actually accessing food. The food that comes up from Brisbane comes via truck to this region and therefore you can imagine that for any food to go further north via truck it obviously must be cost effective to do so. I would assume that would result in a reduction in food costs and the other foods and services that are required in this region—as well as quality. It takes a week. The food stores are replenished weekly in these regions. If the road access were better—it is progressing towards that and I am pleased to acknowledge that there has been funding and growth towards that; we are advocating for that to continue—the food quality should improve with more fresh produce. It will create a connection to the Tablelands, our food bowl for this region and for most of Australia, so that the food produced there can go straight up into the cape.

One of the other elements I will address is waste. The more fresh food you have, the less waste you have. The more packaged food you have, the more waste you have. You have to get that waste off the islands or out of the communities and that is a large expense.

I will quickly touch on climate resilience. This region has been highly affected recently by probably one of the most severe wets we have had in some time. By keeping on resealing the PDR and improving the Bamaga Road, it should mean it will be more resilient and allow that food and other goods and services to reach the regions and our communities.

Furthermore, increasing infrastructure in this region such as the PDR will allow for more agriculture to exist in the regions. That agriculture might go south but some agriculture could stay in the region and food production may be increased to support the region as a whole.

When talking about Bamaga Road, I want to advocate that there would be a requirement for further infrastructure to that small community but if that road were sealed all the way from Cairns to Bamaga it would be a very short road trip from Bamaga to the islands. Obviously storage facilities and a port that can handle that sort of demand will need to be investigated and financed, but I can understand how that could be important for this region. [FNQROC is supportive of the Cook shire, the PDR and the work that the Queensland government has done in supporting the PDR development as well as hopefully the Bamaga Road. Thank you.

CHAIR: I am the member for Bundaberg. We heard yesterday about the cane, the small crops and the tree crops and how that plays a unique role in our local economy. We also heard from a range of farmers who send a lot of their produce down south. I am wondering if you could give us a general sense about the fresh produce that is delivered in FNQ and, on balance, how much is FNQ seeing leave the region to go south as opposed to how much is able to be spread throughout the regions and especially into the Torres Strait island communities?

Mr Archie: Interesting question. I guess there are many elements. During the COVID period we saw a reduction in the supply of avocados going into Melbourne because of closures. It is a food bowl that supplies certain produce that is in demand across the east and west coasts of Australia.

There is produce available that is directly sent north. Unfortunately, due to some of the logistical arrangements with providers some of the produce goes south and then comes north again. It is unfortunate, but there are retail providers that get produce directly from farm to shelf in this region. You just have to know where to go to get that.

CHAIR: We are hearing a lot about farmers having to leave their fresh produce in the fields or sending it down and it then being rejected by Coles and Woolworths. Are there any incentives locally in this region around ensuring farmers are not having to waste an element of their fresh produce and can deliver that on bulk to help out those Torres Strait communities?

Mr Archie: I am not familiar with any, no, sorry. I am familiar that a few farmers have milled some of their bananas to make banana flour and small niche products, but other than that, there are no regional incentives from all three levels of government, or even a not-for-profit, to provide for that. I am not familiar with any.

Ms LEAHY: I have a particular interest in both Wujal Wujal and Yarrabah. We are heading to Yarrabah later on this afternoon. I understand that in Yarrabah they have had a lot of electricity outages that make it very difficult for the residents in that area—and also the shop—to keep frozen food because of the frequency of electricity outages. Wujal Wujal were just moving people back into that community. What impact has the reliability and cost of electricity had on the Wujal Wujal, Yarrabah and Hope Vale communities? Have you heard from councils?

CHAIR: I will let Anthony respond, but I reminder members, following on from yesterday, that we need to make sure that we are staying strictly within the terms of reference. Anthony, please feel free to answer that particular question. In subsequent questions, member for Warrego, could you return to the terms of reference.

Mr Archie: That is the reference of food costs.

Ms LEAHY: Or the spoilage of food.

Mr Archie: Yes, there is an element of water involved there as well. I believe in the last calendar year there were significant power losses. It had quite an effect on Yarrabah and its water supply which, therefore, has an effect on the fresh produce and so forth that people are using in their homes. Yes, the electricity supplier has had some problems. I believe the retailer involved is doing their best to overcome them. The Yarrabah council has done some initiatives to try and salvage their own microgrid. The local government is stepping in and no-one is helping them. They are asking for financial aid to provide their own microgrid. Unfortunately, they are on the end of the grid—I am not an electrical engineer, but I hear it is not a good thing to be on the end of a grid. It has been affecting their lives. The effect really comes down to health—that is the thing that the council spoke to me about last year. That power outage affects food and water and affects their ability to live their lives and, therefore, affects their health.

Ms LEAHY: Have you had the opportunity to be in some of the stores—not in Wujal because it unfortunately went under water—but in Yarrabah and Hope Vale in the last couple of months to see some of the food there? Did the councils talk to you about some of the challenges that they face?

Mr Archie: Those communities have expressed some frustration. I have been to Kowanyama once before and experienced it there—not as part of FNQROC but I have been there and been up through the Cape on my own personal trips and seen the prices and so forth. I guess the lack of fresh food concerns me the most. Thankfully, in some places there is lots of fresh frozen food but, once again, it is the issue around electricity. Without electricity, frozen food spoils very quickly.

Ms LEAHY: Especially in the climate that we have up here.

Mr Archie: Especially in our climate, yes.

Ms PUGH: You spoke about potentially fostering some new agricultural industries up here. Do you have any particular views about what kind of agriculture could work as a new sector or any views on expanding an existing sector?

Mr Archie: The beef industry and the agricultural industry is prominent in this region. A lot of that is transported out of the community, though. FNQROC is a supporter of the Lakeland dam development, which is north of Cooktown, to improve the agriculture output there. This is a significant development which will create employment as well as produce locally in the region. However, I am not familiar with any specialist industries that could be started up, unfortunately. I do not believe there have been any studies done, not that I aware of.

Ms PUGH: Is there anything fresh produce wise that your communities cannot get access to because it just spoils too quickly? Did you want to speak about that at all? What can you not get access to?

Mr Archie: Essentially, fresh milk is taken for granted. Here in Cairns, you can go to the many corner stores and get fresh milk. Fresh milk is not available in most of the places. If they do have fresh milk, it has been frozen first, which comes as a shock to a lot of southerners when they come up here. It is not like that in Cairns and the major town centres in the region, but that is the first one that always comes straight to mind. Certain products are not available that you would naturally think would be. The lack of greens is the first thing that I noticed.

Ms PUGH: Lack of greens. Those are two of the staples for a lot of households.

Mr Archie: Yes. We are told that a good healthy diet involves greens and it was the first thing I ever noticed. I understand why because they are one of the first vegetables to really wilt.

Ms PUGH: Yes. The vegetable that popped into my head was bok choy—so fresh greens.

Ms PEASE: Thanks for coming in today. I really appreciate it. You represent 12 councils, is that correct?

Mr Archie: Yes.

Ms PEASE: You talked about the Tablelands. Is that one of the councils that you represent?

Mr Archie: Yes, I guess the agricultural precincts. The predominant councils are Cassowary, Tablelands, Mareeba, Cook and Douglas.

Ms PEASE: So a significant number of your members are primary producers?

Mr Archie: Yes, and then you chuck in Etheridge and Croydon, which is cattle country.

Ms PEASE: Have you had any conversations with them, or have they contacted you with concerns, regarding their engagement with the supermarkets or who purchases their produce?

Mr Archie: Nothing specific comes to mind—idle chitchat and frustrations but nothing specific comes to mind.

Ms PEASE: Do you know what they do with their produce?

Mr Archie: Only what I see in the news, sorry.

Ms PEASE: Okay.

Mr Archie: There are stories you hear about. I was asked before about food put in holes because it is spoilt or not accepted by our retail providers, but, once again, it is only from the news.

Ms PEASE: Okay. Thanks very much.

CHAIR: Member for Warrego. We have time for one more question, if you would like.

Ms LEAHY: I am fine. I see Anthony on a regular basis.

CHAIR: Wonderful. Anthony, we very much appreciate your coming in. Thank you for sharing your time with us and for providing us with some good insights. Thank you very much.

Mr Archie: Good luck. Thank you.

CHOPPY, Ms Letitia, President, Machans Beach Community Association

CHAIR: We have before the committee now Letitia Choppy. Thank you so much for being here today. You are the President of the Machans Beach Community Association?

Ms Choppy: That is correct. I will give you a little background on that.

CHAIR: That would be wonderful. I will just remind you that the proceedings are subject to the standing orders of the Queensland parliament. I am sure that you will be absolutely fine. So the floor is yours for about 15 minutes. Please feel free to give an opening statement and some background and then we will ask you some questions.

Ms Choppy: Good morning, committee. Thank you for seeing me this morning at short notice. I am the President of the Machans Beach Community Association, the first beach past the Barron River bridge. I am the president of a community that has been devastated by Cyclone Jasper and the floods. I am here to speak on that. I am also an active member of the Combined Residents Working Group, which includes Kamerunga, Caravonica, Yorkeys Knob, Holloways Beach and Machans Beach and part of the Barron delta basin. We were all devastated by this flood, which hit us in many different ways. I am part of a deputation that went to the community cabinet on 28 February. Our Combined Residents Working Group submitted 11 submissions to different honourable state ministers with regard to our matters of concern regarding the aftermath of the flooding.

Since the flooding and even before it, the price of food at our local shop within Machans Beach is just ridiculous, especially for things like milk, bread, biscuits or cakes and things like that. Within the beach itself, we have over 488 houses there and close to 1,500 people who live in our beach. During Cyclone Jasper, 150 houses were hit really badly.

There are a lot of retired people within Machans Beach and the other beaches that I mentioned before and in the other outlying suburbs of the Northern Beaches group, and the cost of living is exorbitant for people to live day by day. These people also have pets. At our community association, which is run by volunteers—we are not paid for anything—we run a recovery hub. In association with the honourable member Craig Crawford and the Cairns Regional Council division 8 councillor, which is part of our area, we nussed out a plan to run a recovery hub. In the aftermath of that cyclone, we housed 60 people and their pets within our community hall. We are the only community association within the whole Cairns district that owns its own land and infrastructure and has been run by volunteers for 73 years. It is pretty good, as far as I am concerned.

In the aftermath of Cyclone Jasper, we have had to look after people by providing them with homewares, pet food, children's formulas, nappies, men's and women's toiletries, food, linen—you name it—because their things were devastated. We have been supplying people from as far away as Kuranda, the edges of Smithfield and throughout all the beaches on this side of the Barron River with things like food. Cafes around the town make up the food and we have 200 meals delivered just about every week to our hall. We have 20 volunteers in our hall, men and women, who look after it seven days a week. We even opened up over the Easter break because there were a lot of families and people without food during the Easter break. They still are without food and they are devastated, indeed.

In the month of February, we gave out 1,149 free meals. It was the same again in March and we are still going. We had 200 meals delivered on Saturday and they will be gone by tomorrow. Volunteers at the various cafes cook the food to feed people because they have nothing. During this flood, they did not have insurance, which is another matter on its own.

The elderly people with pets were not catered for and they did not want to leave their pets during that time. We have a problem there. We have spoken with Craig Crawford and our division 8 councillor of the Cairns Regional Council about having these cyclone shelters but there is no infrastructure on the Northern Beaches side that caters for people and their pets. People did not want to leave their pets. They wanted to take them, especially the elderly, because they are their care friend. That was a hard thing.

Within Machans Beach itself, it sounds like we are at high school, we billeted people in our homes, and some people had up to seven strangers in their homes with their pets. Housing is a big thing within this town. A lot of Airbnbs take up a lot of the housing and rental is so high it is ridiculous both in this town and in other towns too throughout the state. There are still people being billeted to this day, even though the cyclone was four months ago now. We are still feeding people, still clothing people and still running a recovery hub. I have asked our division 8 councillor to recognise in their council plan that we are not a cyclone shelter but a recovery hub servicing all these people. We will keep running the hub this year because it is part of our community service, we believe, and helping people out. We do not turn anyone away.

At the start of this school year, we clothed kids for school and got their school things as well. That was all donated by people or they went out and bought things and donated them to our recovery hub. It needs to be recognised that we need these things set up when disasters occur within our state. It does not happen in all places, I know, but we suffer a lot when the south-east pocket is hit by a disaster. You hear about that all the time, but we get a little bit overlooked.

With regard to the Barron River delta, we have been in discussions with the Cairns Regional Council and Craig Crawford about the infrastructure there because we want to put a stop to development along the Barron River delta. There are four privately owned sand mines there and the development has really impacted residents living in our community beaches because of the way the flooding came within those areas.

I heard the gentleman talking about roads. We are the only beach in this Cairns area, Machans Beach, that gets shut off and landlocked and sometimes we do not open up for seven, maybe 14, days. We are without fresh food then. If it were not for volunteers going out in their dinghies to cross the Barron River or other areas to get fresh food for the community, we would be in a bad place. As well, we have to ring up to get helicopters to drop in fresh food for us on our radar field, which we have at Machans Beach.

We have a problem there when we have flooding, especially with the elderly. With this last flooding a woman was in labour and she nearly gave birth on the road with the water coming up. We had to medivac her out quickly but there is a problem there; we have trouble with our telecommunications. There are a fair few things.

In regards to price gouging, yes, food is a big thing as is fuel. Our fuel is really expensive on the northern beaches side. Like I said, we have trouble with our telecommunications; that is really high. The main thing we found in the aftermath of this flooding is insurance companies, especially Sure Insurance. Our beach has been following up on things in regards to the insurance companies not answering phones and leaving people out of homes. There are still a lot of displaced and disconnected people from our community not within their home areas. It is ridiculous as far as I am concerned.

Ms PEASE: Thank you so much for coming in and thank you so much for the great work you do for your community. It is amazing. Do you have a supermarket in Machans Beach?

Ms Choppy: We have the Machans Beach store, which is stocked like a little supermarket. The community will go in and say, 'Can you stock this up?', and the shop managers get it in for us.

Ms PEASE: It is privately owned?

Ms Choppy: It is privately owned. The owners live down on the Gold Coast so they are removed from our area.

Ms PEASE: How do their prices compare with say Coles or Woolies?

Ms Choppy: It is a little bit more expensive than Coles and Woolies. Even Coles and Woolies are very expensive with food costs. I have a friend who is a pensioner and I was talking to him this morning. I get him to come down to the hub because we have different things there.

Ms PEASE: Would local residents from your area travel to Cairns to do their grocery shopping?

Ms Choppy: Yes and no. They will also go to Smithfield or Redlynch. They will shop around for the cheapest prices or go to IGAs.

CHAIR: The member for Mount Ommaney and the member for Warrego both have a question so we will make sure each get a question.

Ms PUGH: You touched on your ongoing disaster relief work. As Joan said, that is just incredible. You provide 200 meals a week. Can I ask where the groceries for those 200-odd meals a week come from?

Ms Choppy: They are donated. Various cafes have linked up to us at the hub and heard our plea during that time. They just volunteer the food. They rock up in their van or truck and off-load the food. We have various tuckerbox freezers and a fridge in there that is donated by people at the beach because we do not have the proper store refrigeration. Then we put it out through our Machans Beach Facebook page, 'These meals are at the hub. Come on down.' It is a variety of food from curries, vegetarian—you name it.

Ms LEAHY: Thank you very much for coming in. I am assuming the shop you are talking about is the one just up from the school?

Ms Choppy: Yes, that is correct.

Ms LEAHY: I know it well. I am interested in the food that you are continually supplying to those people who were victims of Tropical Cyclone Jasper. Do you link in at all with Foodbank or FareShare?

Ms Choppy: They link in with us. Anglicare helps out and Centacare as well. We provide free services. There are still people trying to get insurance cover because in the aftermath of the flooding a lot of people in the community are not technologically minded, especially the elderly, and cannot fill in forms. They get flustered and confused. People have brought their own laptops and things down. We just throw our hall open. We do not charge anybody any fees. It is just, 'Come and do this.'

Ms LEAHY: Is that the hall just up from the shops?

Ms Choppy: Yes, that is the hall in Tucker Street.

Ms LEAHY: I know that one, too.

Ms Choppy: Yes, it is an old hall.

Ms LEAHY: FareShare actually provide some pre-packaged meals. Often they receive donated fruit and veggies and things and they put out a pre-packaged meal so people just need to boil water and put it in.

Ms Choppy: We do not have that. Actually, cafes cook the food and put it in the containers. It is labelled and has when it was cooked. We make sure we get it out there because we are always having this turnaround. We are amazed at the different people who are coming in, even for pet food. People forget about the pets. We cater for dogs, cats and birds. I feel like a pet shop. We have all the litter and everything because people cannot afford those things. It has just gotten beyond a joke. Their pension does not cut the mustard. People who are working and might have more than one child in their family cannot afford to do various things after they have paid rent if they do not own their own house or they are going through this insurance claim thing. It is ridiculous.

CHAIR: Thank you so much for being here and on short notice. We very much appreciate it. I think every member on this committee absolutely commends you for the outstanding work that you and your association do. Thank you so much for that.

Ms PEASE: Thank you. Keep up the good work.

CHAIR: I call the next witness.

VAN DORSSSEN, Mr Chris, General Manager, Meals on Wheels

CHAIR: Thank you very much for joining us today. Just to let you know, this hearing is subject to the parliament's standing rules and orders. Everyone has been very well behaved today and I am sure you will continue that trend. We have about 15 minutes if you would like to give a bit of an introduction about yourself, Meals on Wheels and the community and how the price changes that we are seeing are impacting on the service you provide and also on the people you provide for.

Mr Van Dorssen: Thank you very much for letting me speak today. I am the general manager of Cairns Meals on Wheels. We provide meals from this side of the Barron River, from Stratford all the way down to Gordonvale. We have about 765 clients at the moment whom we deliver to. To date, this financial year we have done over 72,000 meals. For a lot of our clients we provide meals seven days a week. Come Friday we will drop off some frozen meals so they have meals for the weekends.

What we have noticed from about the start of the year is that, instead of having seven meals or five meals a week, a lot of our clients are reducing them to two or three meals because they just cannot afford to purchase those meals. Our meals are not expensive; they are quite reasonably priced. We are looking after them as best we can. They will have one meal on a Monday but eat half of that meal and then they will have the rest on the Tuesday. It is not practical. They could end up with food poisoning or anything like that if they forget to put it away or look after it properly. We have to look after those people.

In saying that, my head chef came with me today as well and he was talking to me about the wholesalers and the cost price they give to us. Sometimes we cannot get cabbages because they just do not have any or they are so expensive we just cannot buy them to make the meal. We are set at a certain price to spend. We cannot go over that because we cannot sustain the cost of it. It is the same with meat products such as lamb. We had to take lamb off the menu for nearly a month because it was just so expensive to buy. We look at those things all the time. If one of the produce wholesalers comes to us and says, 'We have overripe tomatoes,' we will take those and we will make tomato paste or tomato sauce. We can then make our pastas for the next month and things like that. We are always looking for the cheapest products we can get. It is just too expensive to go over our budget.

CHAIR: On that point, are you finding that you are having to divert more away from your traditional meat and vegetable dishes to things like pasta and sauces?

Mr Van Dorssen: Yes, we do. We leave it up to the head chef. We do have a set menu, but sometimes we might have to change that because of supply and what we can get at the right price.

CHAIR: I was recently talking to one of my local publicans and he was saying you can get a cabbage for about \$20. Are those the kinds of prices that you are hearing as well?

Mr Van Dorssen: Yes, it is just crazy to buy a cabbage for \$20 and we have to buy a box of them; we are not buying just one. We just cannot afford to do that. It is the same with lamb. It is lamb; it is part of Australia. Everyone has a lamb roast and a lot of our customers like lamb's fry and things like that, which are very old, traditional meals that some younger people probably would not even know about today.

Ms PEASE: I love it, too.

Mr Van Dorssen: Lamb's fry is very nice and a lot of people like a lamb roast. It is very hard sometimes. We get by. We will change that; we might have a roast beef or a roast pork. It all depends what price we can get them for at the time.

Ms LEAHY: You mentioned the overripe tomatoes and how you can make those into a tomato paste. We heard yesterday that there were pumpkins—tonnes and tonnes of pumpkins—

Mr Van Dorssen: It is the same thing. We do the same with all the vegetables.

Ms LEAHY: Can you give us a bit of an idea of the capacity because often there is rejected fruit or something has gotten to the end of its shelf life—and we are talking about a lot of perishables. I am probably thinking a little bit holistically and taking a bit of a helicopter view across Queensland, but are there ways you can utilise some of that produce?

Mr Van Dorssen: We do. Every meal consists of a soup, a main meal, a bread roll and a dessert; that is what we give our customers every day. They might also order a frozen soup. We have about 2,000 frozen meals or items that we carry every week that we give out to our customers. If the head chef says that we have pumpkins or zucchinis, we will utilise that and make more soups. There are all different kinds of soups. We do not say what kind of soup we are going to give for the day; it

is just a soup. The choice is a soup, but we make whatever soup. It could be pumpkin soup today, it could be tomato soup the next day or it could be chicken and leek soup or something like that. It depends on what we can get at the time.

Ms LEAHY: When you say 'what you can get', you are not actually getting that from a farmer; you are getting that from a wholesaler?

Mr Van Dorssen: No, we get it from the wholesalers, but sometimes the wholesalers cannot get those things off the farms or it is too expensive for the wholesalers to buy because they know they are not going to be able to sell that product because it is just too expensive.

Ms PEASE: Thank you so much for coming in today and thank you for the great work that Meals on Wheels does. I volunteer with my local Meals on Wheels when I get a chance. It is a really important part of every community you are in. It is not just about meals but the social inclusion as well.

Mr Van Dorssen: It certainly is. I agree with you.

Ms PEASE: It is a great service.

Mr Van Dorssen: If we did not have our volunteers who do what they do then a lot of people out there would not see somebody for a long time.

Ms PEASE: That is exactly right. Quite often I get constituent inquiries from my Meals on Wheels people who have gone out and visited someone whose phone is not working and they cannot contact me. You mentioned before that you get your produce from a wholesaler. What is your wholesaler? What does that look like? Is it the centre market or is it from Brisbane or here?

Mr Van Dorssen: They are the major wholesalers in Cairns that we deal with. We do not do SecondBite—

Ms PEASE: Foodbank and those things, yes.

Mr Van Dorssen: We prefer to go through wholesalers where we know the quality of the vegetables. Prior to me working there, they used to do that with Coles and Woolworths and they found that some of the produce would not last. With wholesalers we keep the quality good and we still get a good price on certain items that are just about past their use-by date.

Ms PEASE: When you say you use local wholesalers, do you rely on local produce and what is actually in season?

Mr Van Dorssen: Yes, we do. Potatoes from up on the Tablelands, zucchinis or pumpkins and things like that—that is where we get them from. Cairns Produce is where we get it from, and they deal with all of the local farmers in the area.

Ms PEASE: Are you aware of the comparison between the cost to you as a charity or another store or someone else who might be buying from the wholesaler?

Mr Van Dorssen: Sometimes we would pay the same price; sometimes we are a bit different because they look after us. Because we are a charity organisation we might get that extra bit off. In the long run, it all adds up. There might be certain things we need to buy anyway just to make the meals.

Ms PEASE: Do you actually go to the market to buy it or do you order online? How does it work?

Mr Van Dorssen: Usually our chef rings them. They also have a website and things like that. We go through websites, we look for what specials they have. We might need to buy X amount on this week to cover next week or the week after that as well.

Ms PEASE: Given that the recent weather has not been great, I would assume that is going to impact on supply.

Mr Van Dorssen: Yes.

Ms PEASE: Aside from that, have you seen prices increase drastically from suppliers?

Mr Van Dorssen: Yes, there has been a large increase in our produce and meat from down south, primarily due to fuel costs. They have to add that on too when we buy because someone has to pay for it. They have to pay for the driver to drive the truck from South-East Queensland up to Cairns, which is a big concern sometimes because fuel is getting expensive. We have five vehicles ourselves that we use and we own. Instead of letting volunteers use their vehicles, we let them use our vehicles. It is better for them because they have wear and tear on their vehicle and things like that.

CHAIR: Thank you so much for coming in; we appreciate it. Everyone on this committee thanks you and Meals on Wheels for the service that you provide to the community. It being 12 pm that concludes this hearing. Thank you to everyone who has participated today. Thank you to our Hansard reporter and the secretariat. A transcript of these proceedings will be available on the committees webpage in due course. I declare this public hearing closed.

The committee adjourned at 12.01 pm.

PROOF