



SUPERMARKET PRICING SELECT COMMITTEE

Members present:

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

Staff present:

Dr S Dodsworth—Committee Secretary
Ms K Guthrie—Inquiry Secretary

PUBLIC HEARING—INQUIRY INTO SUPERMARKET PRICING

TRANSCRIPT OF PROCEEDINGS

Friday, 3 May 2024

Brisbane

FRIDAY, 3 MAY 2024

The committee met at 9.30 am.

CHAIR: Good morning. 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 living cultures in Aboriginal and Torres Strait Islander people whose lands, winds and waters we all now share.

With me here today are: Ms Ann Leahy MP, the member for Warrego and deputy chair; Mr Steve Minnikin MP, the member for Chatsworth; Mr Tony Perrett MP, the member for Gympie; Ms Jessica Pugh MP, the member for Mount Ommaney; and Ms Joan Pease MP, the member for Lytton. 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 remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the hearing at the discretion of the committee.

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SERIAT, Ms Elsie OAM, Mayor, Torres Shire Council (via videoconference)

YORKSTON, Ms Dalassa, Chief Executive Officer, Torres Shire Council (via videoconference)

CHAIR: Good morning to you both. Would you like to give a brief introduction and opening statement and then we might move to some questions.

Ms Seriat: Good morning, Chair. Thank you for your time this morning. I would like to acknowledge the traditional owners of the land, seas and waterways we are speaking from, the Kaurareg nation, and acknowledge all Aboriginal and Torres Strait Islanders and non-Indigenous brothers and sisters who are listening to us during this conversation we are having with you. Thank you so much for the opportunity to allow us to be here today.

Ms Yorkston: Good morning, Chair and members. I too would like to acknowledge the Kaurareg nation, traditional owners of the land on which we are presenting today, on behalf of the constituents in our region.

Ms Seriat: The council would like to advise you today of the monopolisation we currently face in the Torres Shire council. The Queensland government has two statutory bodies in control here in the Torres Strait: Sea Swift and CEQ. In our submission we mentioned an example of the high cost of living we are currently facing. Over on Horn Island they are paying \$9 to buy a tin of bully beef and here on Thursday Island we pay \$8. Sea Swift does not publish their schedule of fees so there is no transparency with them raising up their fees every September through the community, and the community suffers from this.

As we mentioned, the two big monopolies in the community are governed by a state statutory body. Once upon a time, all of our community shops were run by family businesses. Examples we would like to present today include: the Mitre 10 hardware store, which is now run purely by CEQ; and Mona's Bazaar dress clothing store, which was once owned by a family business, is now run by CEQ as well. The newsagent and whitegoods store are also run by CEQ.

Ms Yorkston: As Mayor Seriat raised in her opening statement, I would reiterate that council notes that monopoly businesses can be referred to the QCA for oversight. To the best of the Torres Shire council's knowledge, we understand Sea Swift has not been referred to the QCA at this stage. We understand the primary role of the QCA is to ensure that monopoly businesses operating in

Queensland, particularly in the provision of key infrastructure, do not abuse their market power through unfair pricing or restrictive access arrangements. Therefore, in our written submission we have raised a number of questions.

In particular, council made reference to the cost-of-living summit which the Torres Shire council called for. We made representations to the Palaszczuk government during the community cabinet here on Thursday Island. As council has also highlighted in our submission, quite a number of our recommendations were not taken forward, hence we still remain in a very difficult position when it comes to our residents and local businesses because of the cost-of-living impacts in our shire and our region.

CHAIR: We might move to questions now. Talking about Sea Swift in particular, does council have any alternatives or have you ever approached any other private organisation as a competitive alternative, or is that something that realistically is not viable for private investment?

Ms Yorkston: If you understand the dynamics and matrix of where we are, there is no other operator. Over the years we used to have Jardines Shipping as a secondary company here. They operated a freighting company. As soon as we get competition in the region prices are driven down, but then it does not take long—they only survive maybe four, five or six years in the industry—before they either do not operate here or Sea Swift then acquires them, buys them out. There have been a number of times where we have had a secondary business here, but right here and now council does not have—neither do the people or other businesses in our region—the ability to outsource or ask for another company. It is just not viable with our location and economy of scale because of our low population here in the region.

Ms PUGH: Are you able to give an example of when Sea Swift acquired one of their competitors in the last 20 years or so? It is an interesting point that you made.

Ms Yorkston: Yes, council is happy to take this one on notice. We can go back and provide that over the last 20 years. I think there were at least two occasions when two different operators were here that they were bought out by Sea Swift.

Ms LEAHY: Thank you very much for being with us this morning. The state government has provided a freight subsidy to the region. Can you tell the committee whether that is having an impact on prices?

Ms Yorkston: Council can elaborate a little bit on this. During the cost-of-living summit, which the council called for, council raised all of the economic pressures that are in the region. In particular, council at that time compared supermarket pricing on the shelf if you walked in and purchased the goods. You will see it in council's submission. We did not compare Thursday Island to Cairns or Brisbane because they do not have the same distance and they do not have the same freight impacts, so council compared our prices to Chinchilla. When council compared those prices, it showed that on average council still remained about 170 per cent higher than Chinchilla on standard food items. When council called for the summit we made those very clear indications.

At the summit we were advised that \$80 million was provided over a five-year period and it was to cover four regions: Torres Strait, where we are; the NPA, which is an hour away from us here but still within our local government area; the Cape York communities; and the gulf communities. Four regions were to receive this \$80 million subsidy over a five-year period. A team—I believe it may have been from the Department of Transport and Main Roads—came out and said they had community consultation. They said they engaged with local leaders. Our council was very upset with them because when they came to our office our members were not here. I am the CEO and I was not there. They still went on to say, 'We ticked the box. We've spoken to everyone. We're now going forward and we're going to roll out this subsidy.' We made it very clear again that we felt really disappointed that they did not make the time to come back and talk to our council, seeing that it was our council that put in the submission. We put up the fight in the first place and showed all of the evidence for the summit to go ahead.

What did we get out of it? They have advised a 5.2 per cent discount. This is how the average person receives the 5.2 per cent discount on the ground. You go to the shops here that are part of it. At the moment, the only shop that is part of it, that is receiving this subsidy from the Queensland government, is the government statutory shop. There is an irony here that they are robbing Peter to pay Paul. So you go to the government's statutory shop. They advised that they have applied the 5.2 per cent discount to 67 per cent of the grocery items. It is not all items. They have not applied the 5.2 per cent discount to the nice-to-have things, but to all of the staple goods—the fruit and

vegetables, meat, bread and rice. I will advise that it took quite a while. We have asked for this for a very long time. The summit was held on 20 March 2023. The discount came into play about a year later, so we had to wait a whole year. When you go and do your shopping, you only receive a 5.2 per cent discount.

When that was announced we raced immediately back down to Parliament House and asked the Premier and other members around the room. We said, 'Whilst we will accept and acknowledge any form of relief, 5.2 per cent does not cut it. We would like to understand how you reached that 5.2 per cent.' Sea Swift increased their pricing in September 2022 by something like 14 per cent and in September 2023 another 8.9 per cent, so we are always behind that eight ball. So when it comes to our submission, yes.

Ms PEASE: Thanks so much for coming in. I just wanted to inquire about any food that you might produce independently up in the region. For example, do you have bakers or a butcher? I understand there may be a bakery on TI.

Ms Seriat: Yes, there is a bakery on TI but the price still remains the same. The price of a loaf of bread from our local bakery is \$8. If it is sold through the CEQ it is commissioned up a few more cents, so it is \$8.50 for a loaf of bread. We have a butcher shop that is owned and run by a local businessman, but with the high cost of living and freight rates we face up here he also struggles with getting his goods.

Ms PEASE: So your local bakery is producing, and I assume they are employing young local people and apprentices and are giving them opportunities to learn how to be a baker. Is that correct?

Ms Yorkston: Yes, it is a family owned business. They do their best to provide that.

Ms PEASE: Where do they get their supplies from? Is it through Sea Swift?

Ms Seriat: Yes, Sea Swift delivers it all.

Ms PEASE: Do you know how often they bake?

Ms Seriat: They bake daily.

Ms PEASE: How much did you say they charge for a loaf of bread?

Ms Seriat: It is \$8 for a loaf of bread. Frozen bread from the CEQ supermarket is \$5 to \$6.

Ms PEASE: That is interesting. Do any of your regions produce any of their own agricultural produce—small crops, tree crops, anything like that?

Ms Yorkston: We do not have that local grow your own here. There has certainly been stop and start opportunities looked at. All of our goods are imported. They come in by Sea Swift twice a week from Cairns. Our region here is solely dependent on food supplied from the mainland.

Ms PEASE: So the food is delivered twice a week. Is that to TI or is that to the islands all around the region in the strait?

Ms Yorkston: It is twice a week to Thursday Island—that is Horn Island, that is the distribution centre here—and then once a week to the islands. It is weather dependent. Some islands have been in a really unfortunate situation where they have not had a barge for up to a month due to weather and due to access. When appropriate dredging is not done, it is very hard to get the boats in. For us here, it is twice a week.

Ms PEASE: You said that, apart from the government store, there is a businessman who operates another store on the island; is that correct? Did I mishear you with that?

Ms Yorkston: There is another shop. There is a small grocer shop on Douglas Street, Laifoo's. There is also another grocery shop which has a smaller footprint, See Hop. Other than that, in our shire they are all CEQ shops—the main IBIS on Douglas Street, two on Thursday Island, Tamwoy and Rose Hill, and one on Horn Island.

Ms PEASE: But there are independent grocers as well.

Ms Yorkston: There are, but if you could imagine the footprint CEQ has and the volume and buying power they have over these small businesses. I would not imagine they are doing as well as CEQ is with all of the profits they make compared to a small family business here.

Ms PEASE: I am just trying to understand if there are other operators on the island.

Ms Seriat: We have had a local lady start a vending business. Her prices in her vending machines are in competition to CEQ. It is a competition. She was selling things from toiletries to cleaning products to food and things in a vending machine, and it was in competition with CEQ as well.

Mr MINNIKIN: Thank you for your time and your comprehensive submission. I would like to take one of the points from the submission. Could you tell us how a freight equalisation scheme could help reduce supermarket prices in your area?

Ms Yorkston: Council speaks to that because this region has been advocating for this equalisation scheme for quite some time. We understand that in Tasmania there is a freight equalisation scheme. We understand that that has been in place for nearly three decades and we understand that there are benefits for that region. You only have two straits in the whole of the nation—one down at Tasmania where you have to ship things from the mainland to Tasmania and vice versa. The only other strait is the Torres Strait. Council and our region have forever and a day made representations on this. We do not have a timber industry here, and we understand that was a different make-up there, but you are talking about the lives of people, you are talking about people in our region. We suffer from very high unemployment of 16 per cent. We also suffer that about 81 per cent of our region is in the poorest quintile in Australia, receiving almost poverty wages or less, yet we have to suffer the monopolies and we do not have a freight equalisation scheme. We have called for quite some time for the government to be looking at this and understanding a bit more on how we are trying to survive as a region here because we are still Queenslanders and we are still Australians.

Mr MINNIKIN: Absolutely. Have you received any indications in terms of where dialogue on a freight equalisation scheme may be at as we speak today? Do you have any update at all with progress?

Ms Yorkston: We will continue to advocate in this space. One of the complexities we have is that, when we speak to the state government, the state government asks us, 'What does the federal government say about it?' and when we speak to the federal government, the federal government says to us, 'What is the state government saying about this?' You will see in our submission council asks that we have proper tripartite agreements and round tables where we have both the state minister for transport and the federal minister for transport in the room so we can speak and negotiate and have real outcomes for our region.

Mr MINNIKIN: How would you rate the level of stakeholder consultation with Transport and Main Roads?

Ms Yorkston: Is that in general or with regard to the recent cost of living?

Mr MINNIKIN: In regard to the recent cost of living, yes.

Ms Yorkston: For our particular council, as we expressed earlier, we rate that very low because we felt that we did not have an opportunity to have a say and at least have our position put forward to the main roads department, particularly around the 5.2 per cent. We asked the question later—'Over the five years, you have not guaranteed that that 5.2 per cent will be indexed by CPI'—and we have not had a response to that either.

Ms PEASE: I know that you mentioned your concerns with regard to freight and the cost of Sea Swift. We have heard from Sea Swift that there is a lack of profitability in this distribution. Do you think there are any measures that Sea Swift could undertake to ensure they will not have to put up prices to ensure they can continue to service the area and benefit your communities but enable them to continue to operate?

Ms Yorkston: I might go back to our submission. If you look at pages 3 and 4 of the Torres Shire council submission, council put a very detailed proposal and we felt that for us to understand exactly your question there should be an appropriate inquiry commissioned by the Productivity Commission to fully understand what is happening inside their pricing because no-one can see that and no-one understands. Every time they put their prices up, we do not get a detailed explanation. That is from a technical point of view.

From a physical and I suppose local point of view, when you live here in the Torres Strait you note the amount of fly-ins that Sea Swift have. They could possibly look at their staffing structure and if they could provide a better pathway opportunity for local people. We have so many Torres Strait Islanders here who are the best navigators for our seaplanes. They should be provided that opportunity. That is from a physical view and from what I observe as CEO. As I move through the airport on behalf of council and with council, we can see that high number of fly-ins and fly-outs. I am sure they can do better in this space and their business modelling but at a higher level and technical level. This has been going on for too long. To bring it to a head, we really feel that our proposals and recommendations on pages 3 and 4 of our submission should be given strong consideration.

Ms PEASE: What is the cost of fuel in your region?

Ms Seriat: Here on Thursday Island it is \$2.70 for a litre of fuel. If you go to the islands it is \$6 for a litre of fuel.

Ms LEAHY: In relation to the current transport that is provided by Sea Swift, you mentioned they had a monopoly. If there was competition in that transport mode and there was another operator, do you think that would need some regulation and maybe some cap on the prices?

Ms Yorkston: Absolutely. It is something that we as council have been raising for quite some time. When competition arrives, prices are driven down. Even when competition is here, we feel there is a need for that watchdog or regulator. What we have is an absence of a regulator here. No-one regulates it. We have a monopoly with Sea Swift. We have a monopoly with food. We have Telstra or Telstra here. We have Ergon Energy or Ergon Energy. We have Qantas or Qantas. We have quite a number of monopolies but no regulator. No-one regulates to keep them to understand their pricing structures. We feel that as a region we should have better particulars on why increases are happening every September, not a one-page flyer that goes to everyone and we are expected to accept it.

Ms PUGH: We heard from some submitters last week in Cairns about the potential around setting up agriculture in the Far North. We all like to say that Queensland is the food bowl of Australia but I am keen to get an understanding because of the air miles and sea miles that go in to getting food into your region. Are there any impediments in your view to starting more cropping, agriculture or even farming in your region? Is there anything that the council or government can do in order to better assist with establishing some of those? In addition to creating jobs and food security, that will also create competition.

Ms Yorkston: One of the first things is the high cost just to open a door. Until we can address what is happening with the freight and until we can have a freight equalisation scheme similar to Tasmania, until we can start buying bread for less than \$8, we are not going to survive. No business will survive. It is really important. The other thing we would need to consider is remembering we are in a biosecurity zone. We have to remember our location and we would need to make sure there was investment in critical pieces of infrastructure, such as the Horn Island airport, the PDR which is the road up Cape York, and all of our ports. To be able to bring these prices down and to come to a starting point that most Australians benefit from on the mainland, we would need a significant infrastructure overhaul and funding.

Ms PEASE: I have asked this question previously of other submitters. With regard to industry that you might have up in the region, do you have much of a fishing industry? I know you have great seafood on the island and I have been lucky to experience some of your fantastic fish. Do you do much exporting of seafood?

Ms Yorkston: There is quite a significant footprint of a seafood industry here. A lot of our seafood and our catch is exported out. There are problems. Once upon a time, fuel used to be at a reasonable rate and the buyer used to purchase at a substantial rate. Now what we have in our region is the opposite. Since COVID and also I do believe there are some issues with China buying products, particularly from the Torres Strait, we now have fuel soaring so you have to do the same thing but the buyers are buying it for less and the fuel is up. Those things need to be addressed.

Ms PEASE: How does the industry in the region sell into markets? Do you have an agent or do you sell directly to a supermarket or an exporter? Who is that middle person after the fisher person?

Ms Yorkston: Zenadth Kes Fisheries Pty Ltd is the buyer and the seller here and they are a private company.

CHAIR: Thank you for appearing before the committee. We appreciate the submission and also the opportunity to ask questions of you today. I do not believe there were any questions on notice so we thank you for your time.

Ms Yorkston: Thank you. Goodbye.

Ms PUGH: There was my question on notice.

CHAIR: There was a question on notice. We will write to them.

EARLE, Ms Renae, Senior Public Health Nutritionist, Health and Wellbeing Queensland

HODGETTS, Ms Gemma, Deputy Chief Executive Officer, Health and Wellbeing Queensland

NALATU, Dr Simone, Director, Equity and Communities, Health and Wellbeing Queensland

CHAIR: Good morning. Thank you for appearing before us today. Would you like to give opening statements and a little background about your roles after which we will move to some questions?

Ms Hodgetts: Thank you very much. On behalf of Health and Wellbeing Queensland, I thank the Supermarket Pricing Select Committee for the opportunity to provide both a written submission and evidence here today. I also take the opportunity to thank members of this committee for their ongoing support of our agency over the past five years since establishment. I, too, respectfully acknowledge the Yagara and Turrbal people as the traditional owners and custodians of the land on which we meet today.

Health and Wellbeing Queensland is the state's prevention agency and our remit is to reduce the causes of chronic disease. We know that up to 80 per cent of what affects Queenslanders' health the most comes from outside of health. That is why we are working hard to address the social determinants that impact health outcomes. I acknowledge the Health and Wellbeing Queensland team's breadth and depth. Their dedication to prevention is second to none. The Queensland health system is facing unsustainable pressure due to preventable chronic diseases. However, nearly half of these chronic diseases could be avoided by reducing modifiable risk factors. Further, Queenslanders experience health outcomes disproportionately. This is evidenced in our outcomes such as the 30-year gap in the median age of death between Far North and South-East Queensland and the eight-year gap in life expectancy between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians.

HWQ is leading the state's strategic focus on obesity prevention, food security, health inequity, clinical prevention and mental health and wellbeing. We work across and within all levels of government driving a systems change approach. The significant health gap in remote Aboriginal and Torres Strait Islander communities is a result of combined and complex factors, as the committee is well aware. One such factor, estimated to contribute to 15 per cent of the health gap, is poor nutrition. In remote Queensland, poor nutrition is often a result of food insecurity. In Queensland, numerous factors impact food insecurity including geographical isolation, long supply chains, and reduced economic opportunities. Further, children born in 2020 will on average experience up to 24 times as many climate induced extreme weather events over someone born in the 1960s. All of these factors make equitable access to healthy food particularly difficult. Food security is when at all times everyone has access to sufficient, safe and nutritious foods that meet their cultural preferences and needs for an active and healthy lifestyle. In remote Aboriginal and Torres Strait Islander communities, food security is as high as 31 per cent.

The HWQ submission to the parliamentary inquiry into supermarket pricing was particularly focused on section (2)b. of your terms of reference—

... the variability in supermarket offerings and pricings across the state, particularly in regional Queensland and in remote Aboriginal and Torres Strait Islander communities.

Approved by the Queensland government in October 2023, Gather + Grow is Health and Wellbeing Queensland's long-term, strategic, multipronged response to addressing food security in remote communities with an initial focus on the Far North and lower gulf. It is through the development of Gather + Grow that the food disparities became clear to us. One of these was the price difference of basic food supplies. However, these prices are symptomatic of a much more complex problem. The goal of Gather + Grow is to work towards a stable and resilient food supply that is accessible and affordable all year round and that good food choices support good health.

The first Gather + Grow action plan is focused on supporting remote food systems by working in partnership with 17 government agencies to deliver 23 actions across four key priority areas. Of most relevance to this committee we believe are the areas of logistics and supply chain and healthy communities. In terms of logistics and supply chain, we know that on average healthy foods are 34 per cent more expensive in remote communities and that some foods can travel up to 3,500 kilometres over eight days, including 20 touchpoints, to reach stores, which can impact quality, variability, cost

and supply. Despite these challenges, we feel it is essential that we empower communities to choose and prepare food by building awareness, capability and commitment to good nutrition. Our work through our Healthy Stores projects in partnership with Community Enterprise Queensland aims to modify in-store environments that will positively impact healthy food purchasing behaviour.

In closing, I reaffirm HWQ's commitment to working with Aboriginal and Torres Strait Islander community members and leaders through local decision-making bodies, the community controlled sector and local government members. The greatest opportunities we feel for impact to improve the price and offering in remote supermarkets from our perspective are four key mechanisms, those being: strengthen governance around Gather + Grow; the data gap around food affordability and the evidence that supports that; logistics and supply chain—the whole of system coordination; and healthy environments in the retail setting in Far North Queensland communities. We are of the view that the variability in supermarket offerings and pricings across the state is not just a cost-of-living issue; it is a health issue. My colleagues and I would be very happy to help you with any questions you might have.

CHAIR: Pick of the Crop is something that has been very successful right across Queensland. We were just talking to the mayor and the CEO of the Torres Shire council. Is Pick of the Crop a presence throughout those communities in the Torres Strait?

Ms Hodgetts: You will know, as the member for Bundaberg, that Pick of the Crop has been incredibly successful in our formative years as establishing the pilot and then going on to implement further. Dr Nalatu will talk about the trial that is ongoing in Far North Queensland in 10 schools. Pick of the Crop is a homegrown product developed by HWQ and is ready for scale and spread across Queensland. Our ultimate ambition would be that Pick of the Crop is offered to every school in Queensland. Currently, we are trialling it in the Far North to ensure that model is acceptable, useful and can be scaled and spread from there.

Dr Nalatu: As Gemma mentioned, we are currently piloting 10 schools in the Far North region. That pilot is to see whether Pick of the Crop methods are applicable in a remote context. We know that things such as storage, access to water and electricity will impact their ability to deliver that as well as the capacity of the staff within those schools to be able to support the delivery of Pick of the Crop. Tagai school on Thursday Island was the first school to sign up. We are working now around what an action plan might look like so we can support them to do that. Once that is endorsed, they will receive their funding to allow them to implement that. We are looking to implement throughout the Cape and the lower gulf as well. Those 10 schools will stretch throughout those regions, but we know that the implementation will be different because of the distance and the geographical location in which those schools are located.

Ms LEAHY: You mentioned the impact of logistics. I understand that presently the Department of Transport and Main Roads is reviewing freight subsidies in some areas of Queensland. The submissions that we have to the inquiry indicate that freight costs could increase 300 per cent, which obviously would be passed on to the consumer through the price of food. What impact does HWQ have on reviews of these freight subsidies?

Ms Hodgetts: The Gather + Grow strategy prioritises logistics and supply chain as a main feature of our first action plan. The next steps of the steering committee under Gather + Grow are to establish a technical advisory group to look for the best points of intervention in the supply chain. We hope to stand that group up currently. What I know about the freight subsidy is we are most interested in the price at the check-out, which I believe is a 5.2 per cent reduction on consumers' dockets and that those relate to eligible items. We are aware of the subsidy. We do not have any implementation response.

Ms LEAHY: I am sorry to interrupt you, but that is one subsidy. There are other subsidies being reviewed at present. Are you aware of those?

Ms Hodgetts: Not directly. We do have officer level meetings with Transport quite regularly in relation to their actions under Gather + Grow. The main subsidy we are aware of is the \$64 million remote freight subsidy package.

Ms LEAHY: You are not aware of the ones to the central west or the south west? Transport and Main Roads have not mentioned those being reviewed?

Ms Hodgetts: Not to me personally.

Ms PUGH: I refer to point 2 of your Gather + Grow key priority area—improving the accessibility and availability of healthy food specifically by creating supportive settings around food production. I am very interested if you think there is any capacity to improve food production in the Far North. We

know that Queensland is the food bowl. By way of background, I used to work in hospitality. Getting Queensland produce was a real point of pride for us. The Tablelands was about as far north as our menu stretched. We used to get some good coffee beans from up that way and some chocolate, if I am not mistaken—and I might be. There was also Daintree vanilla; I tell a lie.

CHAIR: I will keep you focused, member for Mount Ommaney.

Ms PUGH: Thank you. I get very excited talking about food. Is there an opportunity for us to look at improving agriculture in the Far North?

Ms Hodgetts: That is a great question, thank you. The local food production, again, is a key feature of Gather + Grow. I reiterate for the committee that in terms of the food security system there is no silver bullet. It is a multistrategy, multifaceted approach. Local food production is absolutely one of the key priorities for us and will be part of the next tranche of governance, if you will, to establish technical advisory groups around local food production. What we have done already is partnered with ARUP and undertaken a feasibility study in establishing a market garden on Mornington Island. The intent of that project was to explore how a market garden might facilitate greater access to fresh food and reduce the cost but also enhance nutrition and food security. All of those issues are well understood. From that study we have learnt that the conditions in each setting need to be right and that at times they are complex. We are talking about things like soil, water and the cost of trialling various other local food production opportunities. Again, that is on our list. As I said, we have 17 agencies and 23 actions. We are heavily reliant on our technical experts in DAF and the Department of Environment and Science to partner with us on that technical advisory group.

Ms PUGH: We do know that not every island in the Far North is suitable for growing.

Ms Hodgetts: You are 100 per cent right.

Mr PERRETT: Thank you for your submission. I want to take you to the Gather + Grow part of your submission and to point 4, which states—

- supporting healthy homes that enable the use of healthy food with reliable and functional facilities and equipment (for example, working fridges and cooktops).

It is all very well talking about having improved and healthy foods. How widespread is this in that area? Do you have any data or statistics that you can give us that demonstrate some of the challenges even around having the basics within the home?

Ms Hodgetts: It is such a pointed question for us and demonstrates the multifaceted problems that we face. If we can solve problems of supply chain, logistics and local food production, do our communities have the right infrastructure to prepare, to cook and, importantly, to store the food for food safety—all key elements of that. I might defer to the team in terms of the depth of the round tables in 2021 which continued to draw out this theme of healthy homes.

Dr Nalatu: Part of the work and the priority related to healthy homes is working with a current pilot that is being run by Queensland Health and the Department of Housing, Local Government, Planning and Public Works. That pilot currently is in response to the rheumatic heart disease strategy that is being implemented throughout the Far North. What we have been able to do is leverage that work to ensure that data that is collected as part of our healthy homes project thinks about how food security could be supported. Whilst we do not have the current data, that data is currently being collected through two pilot communities at the moment. We intend to use that data then to inform how we might be able to influence social housing into the future that will be able to support people to prepare, cook and store food ongoing.

Ms Earle: Part of our work in that space is looking at how that relates back to supermarkets. We know that in remote communities they are usually serviced by one local store that is often the takeaway and the hardware store. It will also have all the products like whitegoods and microwaves. Part of our actions through Gather + Grow is to work with stores on that facet of a healthy retail environment as well to make sure that those items that are required for people to go home and utilise a healthy diet are available and affordable in their local store.

Ms PEASE: I acknowledge the great work that you do at Health and Wellbeing Queensland, so thank you very much. What I would like to talk about is the inquiry itself, and I thank you for your submission. Have you done any research into or are you aware of what is happening at the price point with regard to what farmers are producing as healthy food for our community and the price at which it ends up being sold on the shelves? Have you done any research or are you aware of what is going on with that?

Ms Hodgetts: I do not have a direct answer about the farmers and the price point. I would like to, with your indulgence, take the opportunity to talk about food affordability and the research that we have done, if that is all right with the member.

Ms PEASE: Yes.

Ms Hodgetts: Diet affordability for us is more than just the cost. It is about income as well. In Queensland the affordability of food, as you know, varies across the state. The data collection is one of our major recommendations. There should be a dedicated function to capture that data and evidence that has fallen off in recent years where a healthy basket was tracked and monitored for price. That no longer occurs. Health and Wellbeing Queensland, as part of our work more recently, has been implementing a Healthy Diets ASAP tool which helps us to capture that data both in remote communities and then more locally in Cairns as against Brisbane. Without that solid base of evidence and data—the Healthy Diets ASAP tool—it is really difficult to tell the price variation and what percentage of household budgets is being consumed by food. We would like to continue to scale that pilot. We have partnered with the University of Queensland but also with Monash and others who are supporting us in that work. I think the data and evidence piece is really strong for us and we would like to continue that.

Ms PEASE: From the farm where the farmers are growing that healthy food to then trying to get the food into people's homes regardless of where they are, we are trying to understand how there can be such disparity between what it costs for the agent or supermarket and what the price ends up being on the supermarket shelf. That would most certainly impact on your food basket, no doubt.

Ms Hodgetts: Absolutely. That goes to the heart of the difficulty around supply chain and logistics and where the food has to travel from—from its inception to being food safe and food secure and then redistributed. We would be happy to table our Arup study that looked at those touch points. It is quite shocking the length and breadth, the distance, that food has to travel. It is those intervention points, as I mentioned: is it distribution hubs closer to home or is it the infrastructure needed in remote communities to be able to process safely their own food and have it on the shelves? I think from paddock to plate for South-East Queensland might be in the order of two days but for our Far North or remote communities it is several times that. You are absolutely right.

Ms PEASE: Have you had an opportunity to listen to any of the hearings that we have had?

Ms Hodgetts: Yes, we have.

Ms PEASE: You would have heard from some of the farmers about some of the issues that they have. It is a significant concern in regard to the manipulation and control—what is happening in the supermarkets and what the farmers have to deliver. Do you have anything to say around that?

Ms Hodgetts: We are well aware of the issues that farmers are facing. It is a little bit out of the remit of HWQ in terms of the supermarket models of distribution and other things. We have worked through a partnership model that aims to discount, where they can, healthy products in remote communities. We know that the stores we are working with will, of their own volition, attempt to lower the price of healthy foods because they are working with us on our health journey to better health for all Queenslanders. I am absolutely aware of the issues of the farmers. We do take that into account in our narrative but we are not directly engaged with the supermarkets or the farmers. That might be a good question for DAF.

CHAIR: We are two minutes over time. We need to move on, unless you would like to ask a question on notice.

Mr MINNIKIN: I will put a question on notice in relation to the remote Queensland logistic supply chain technical working group. I would like an update on that, if you do not mind. I will put something in writing.

Ms Hodgetts: Not at all. Thank you because that really rounds out our conversation about our key recommendations about strengthening the governance of the food security system. Everything that is in Gather + Grow we are confident has come from communities over many years. The technical advisory group is our next step.

CHAIR: It is a question on notice. What is the actual question that you would like to ask?

Mr MINNIKIN: I would like to know more about the progress of where the technical working group is at—the status of exactly where it is at.

Ms Hodgetts: I can take that on notice and provide you with the membership also.

Mr MINNIKIN: I really appreciate that. Thank you for your time.

Public Hearing—Inquiry into Supermarket Pricing

CHAIR: A response to that question on notice will need to be provided by Friday, 10 May 2024. The secretariat will be in contact with you. Thank you all for coming in. The committee will now take a short break. The public hearing will resume at 10.40 am.

Proceedings suspended from 10.23 am to 10.40 am.

JARRATT, Mr Ian, Vice-President, Queensland Consumers Association

CHAIR: Good morning. Would you like to make an opening statement after which we will have some questions?

Mr Jarratt: Thank you for the opportunity to be here today. We are a small non-profit organisation established over 40 years ago to advance the interests of Queensland consumers. Our members work in a voluntary capacity and specialise in particular policy areas. We have a very strong interest in ensuring high levels of retail grocery price transparency and fairness for consumers, especially by retailers providing consumers with effective unit price information. As I am sure you all know, the unit price of a product is the price per standardised unit of measure. For example, for a 765 gram packet of breakfast cereal costing \$10.80 the unit price on the label and on the internet would be \$1.41 per 100 grams. For packaged products, the unit price is provided by the retailer in addition to the selling price and, of course, as we all know forever, for products sold loose from bulk the unit price is actually the selling price—for example, loose bananas costing \$4.99 a kilo. That is a unit price.

Effective, comprehensive unit pricing makes it easy for consumers to make many types of value comparisons—there are a lot of comparisons one can make—and to identify the best value for money. This is particularly important, of course, now given the great pressures being felt by so many Queensland consumers due to the cost-of-living crisis. Importantly, it also increases competition right along the supply chains which in turn can increase efficiency, reduce prices and increase choice. It is a very simple but very powerful tool. Therefore, the provision of effective unit pricing we think is extremely relevant to the committee's objectives and to several of its terms of reference.

We have worked on grocery unit pricing issues for nearly 20 years, and I did a Churchill Fellowship on it. We coordinated the consumer campaign that in 2009 resulted in the federal government introducing a national mandatory retail grocery industry code of conduct which is administered by the ACCC. It applies to grocery products sold only in constant measure packages and not loose product et cetera—for example, boxes of breakfast cereals and cartons of milk that are sold by some in store and some online grocery retailers. Not everybody has to provide unit pricing. We continue to advocate for improvements that will increase the effectiveness of the system, the number of consumers who use it, the frequency of use and the benefits obtained.

The main problems with the system at the moment are that both in store and online far too many unit prices are difficult to notice and read. Different units of measure used for the same type of product and unit prices are not always provided when they should be. In our appendix to our submission we included photographs of what we call inadequate unit pricing. They cover a wide range of supermarkets. The extent of these problems has been clearly shown by a survey undertaken by *Choice* in 2022 which found that 71 per cent of the people who use unit prices in stores and 80 per cent of online users experience difficulties doing so. In a Treasury online survey in 2018, which involved nearly 4,000 people, 74 per cent said they had trouble finding and reading the unit price always, often or sometimes. We think that is dreadful. Retailers would not put up with it if it were the selling price that we were talking about.

To increase consumer usage we think the following actions are needed: the ACCC should make it a much higher priority to monitor and enforce retailer compliance with the code; code and national measurement laws, which are very relevant to unit pricing, should be changed because they are not fit for purpose; more consumer education is needed as we always have new consumers coming into the marketplace who need to know about unit pricing; and the quality of provision would definitely improve if more consumers complained to retailers or the ACCC about inadequate unit pricing. Unfortunately, they do not complain. They do not like it, but they do not complain.

Although we recognise that it may not be fully within the scope of this inquiry, we also draw the committee's attention to the fact that non-grocery retailers sell packaged products—many of them grocery products—and consumers spend large amounts in these stores, yet they are not required to provide unit prices and they rarely do so voluntarily. When you think about it, if you go to a hardware store, the chemist or pet supply stores, they are all selling the same sort of products that are in the supermarkets but they do not provide unit pricing. Consumer surveys have definitely shown that many consumers want unit pricing for packaged products to be provided by some non-grocery retailers and also by more grocery retailers because, as I said earlier, not all grocery retailers are required to provide unit pricing.

We recommend that in its report the committee ask the ACCC supermarket inquiry—it is very relevant to this because this is a national scheme—to include a detailed investigation into retailer compliance with the code it administers and opportunities to increase the effectiveness of the system

as a whole. We would also like them to recommend that the scope of the unit pricing system be expanded to include the provision of unit prices for packaged products by relevant non-grocery retailers.

In terms of Queensland, we would like you to suggest that the Queensland Office of Fair Trading continue to promote the benefits of grocery unit pricing and participate in national consumer education campaigns. They have done a terrific job, but we would just like them to continue to do that.

Lastly, I know it is a difficult ask, but we really think it would be good if the Queensland government encouraged more Queensland consumers to complain to the ACCC and grocery retailers when they spot unsatisfactory unit pricing when they are shopping online or in store. I am happy to answer any questions.

CHAIR: I really do appreciate you coming in here today and the submission you have put forward, which includes images in the appendix of what we are talking about when we talk about the strategies that are being put forward by supermarkets onto consumers. Reading through this, the first thing I thought about was the concept of shrinkflation around cereal boxes. Cereal boxes are the same size yet there is less cereal in those boxes. Is this an example where you believe that greater awareness of unit pricing would stop that?

Mr Jarratt: It is a very good example. The unit price does not lie; it is the truth. That is not to say that I do not think we could not make it clearer to consumers when packages have been shrunk and the unit price has gone up, but if we have effective unit pricing it is a counter to that. It also reduces the incentive for people to practise shrinkflation because consumers become more aware of it.

CHAIR: I suppose that a lot of consumers are purchasing based on brands. We know that the larger brands will pay the big supermarkets more to be at eye level. Is this something that has come about through your consideration and why it is important to compare unit pricing in a way that is visible on the shelves?

Mr Jarratt: Yes. As I said in my statement, you can do—I will not say innumerable—a lot of comparisons using unit prices. One is between brands; one is between package sizes; packaged and unpackaged; different types of packaging; and frozen, fresh or canned. There is a huge range of prices and the difference in prices is very great. That is why we are so supportive of it. People who use unit pricing can save significant amounts of money.

Ms LEAHY: Thank you very much for coming in. I am just having a look at some of the examples in your submission where online there is no unit pricing or incorrect unit pricing. Is the current legislation or the ACCC's powers sufficient to look at online prices? I think unit pricing probably came in before we had access to online purchasing; is that correct?

Mr Jarratt: It was about the same time. The good thing about the code is that it does cover online. Only certain types of online retailers are required to provide it, which is one of the reasons we think it is not fit for purpose. In the examples in our submission all of the retailers were required to: provide unit pricing; for it to be legible and prominent; and for them to use the correct unit of measure. The examples we show indicated they did not.

Ms LEAHY: If they are not, then who should be going to those retailers?

Mr Jarratt: The ACCC. They are responsible.

Ms LEAHY: If I want to complain about unit pricing when I go shopping I can never find a person to complain to.

Mr Jarratt: I agree. I encourage people to complain to the regulator rather than the retailer. I think it is a daunting task for a consumer to complain to a retailer in a store when there is bad unit pricing. I think the best thing they can do—we really encourage them to do it—is to contact the ACCC, because the ACCC quotes the fact that very few consumers complain about unit pricing as a reason for it not being possibly a high priority for them.

Ms LEAHY: Perhaps the ACCC should do a little bit more shopping online too.

Mr Jarratt: Yes. It amazes me they do not do more monitoring of online shopping because online it is pretty easy. It is difficult in store for the ACCC. It would be much better if they contracted the weights and measures people from the National Measurement Institute who are going around stores all the time checking weights and measures and information on packages. If they monitored unit pricing it would be much better. That is how it is done in most other countries.

Ms PUGH: That has given me some food for thought, member for Warrego. Thank you for your comprehensive submission about unit prices. I am not sure if you had a chance to see the hearings last week when we had the opportunity to speak with growers. You talked about the unit price consumers pay in your submission, but the unit price growers often get at the farm gate is far less than that. We are also hearing about tactics where the big two can manipulate the market by rejecting produce and sending that back to market. What do you think consumers would think about the variation in price between what the growers are getting—which is often very, very low—versus what they are paying at the big two supermarkets, which is often much, much higher?

Mr Jarratt: I think consumers want producers to have a fair price. They also want competition so that the price the consumer pays is the lowest it can be in a lot of instances. Not all consumers want to buy at low prices, but many do. It is a big incentive for people. The retailers would not have so many special offers if people were not interested in good value. I think the role of this inquiry, if you can do it, is to get more information about those margins, the costs, whether they are excessive or not. Certainly we are expecting the ACCC to do that. Our submission to the ACCC addresses a wide range of issues, not just unit pricing, which we have focused on in this submission here.

Ms PUGH: You mentioned good value. We have also heard about large volumes of so-called ugly produce that supermarkets will not accept in large volumes. They put in a small amount. The Bundaberg council referred to that small amount as virtue signalling. Do you think consumers of the big two would be willing to purchase ugly fruit and vegetables that are just as nutritious in order to pay a lower pricepoint?

Mr Jarratt: I think they would if they knew about it and if the price differential was great enough. I think both of the major ones have that approach. I am not sure whether Aldi does. My experience is that it is not huge. It is sort of tucked away. When I looked at it, the price differential was not very great.

Mr PERRETT: Thank you for being here and for your submission. I want you to expand a bit more on unit pricing outside supermarkets—you touched on it—in pet stores, chemists, hardware stores and the like. The footnote in your submission states that several EU countries and the UK require this.

Mr Jarratt: Yes.

Mr PERRETT: How long have they had it in place?

Mr Jarratt: When the UK was a member of the European Union it was covered by a European directive, and the directive was in either 1996 or 1998. If states wanted to, they could extend it beyond food. Quite a few states, including the UK, did do that. It has been in since roughly 2000, yes. When you go to a big chemist shop in the UK you get the unit price on all of the products that are there with the exception of prescriptions that are behind the counter.

Mr PERRETT: Presumably, it has been well accepted in those countries?

Mr Jarratt: Yes, it is no big deal.

Ms PEASE: Thanks very much for coming in. The inquiry is looking for opportunities to increase transparency in the supermarket sector for consumers and producers. I acknowledge the great work you have done with regard to unit pricing. Are you aware how they determine the unit pricing that is displayed? Is it what they have paid—

Mr Jarratt: Yes, it is related to—

Ms PEASE: I have not finished my question, sorry. Something the chair raised was that some producers pay extra to be at eye level on the shelves. Does that unit price include that extra money or the reduction? The producer has to pay the supermarket, so therefore that would bring the price of that product down. Is the consumer made aware of that? Is that displayed? Does the consumer get a discount?

Mr Jarratt: The unit price is the selling price, which takes account of all of the factors that you have said divided by the amount.

Ms PEASE: You would imagine that the supermarket would take off the money they get back from the producer for them displaying—

Mr Jarratt: Well, you would imagine that would be reflected in the price that is actually on the shelf label or on the internet, but you do not know that.

Ms PEASE: The other interesting thing is do you think consumers—this is an opinion; is that okay, Chair?

CHAIR: Ask the question and we will see.

Ms PEASE: With regard to unit pricing, do you think consumers would be interested to hear—particularly with fresh produce, and I know that it is only by kilogram weight, it is not pre-packaged—what the supermarket is actually paying for it at the farm gate or from the agencies?

CHAIR: What feedback have you heard?

Mr Jarratt: I think they would, but you always have to be very careful about information overload. It is how it is presented. I think the results of inquiries like this and the Senate inquiry and the ACCC inquiry will generate information that will educate consumers more about what the costs are and prices in the chain. I think we need to be a bit careful about overloading consumers with information at the time of purchase. For instance—and obviously I am biased—I would not like to see anything that diminished their attention to the unit price at the shelf level because that is your best friend in the supermarket.

Ms PEASE: One of the things I always find really confusing is when it has two for this price. Is that unit price for two or for one?

Mr Jarratt: Yes, and the code is quite clear: there should be a unit price for one and there should be a unit price for the special offer. The unit price should be prominent, legible and close to the selling price. The code is quite clear.

Mr MINNIKIN: Ian, thank you for your time this morning. It is very much appreciated by the select committee. Earlier you said that one of the things that the state government could do would be to encourage people to complain to the ACCC.

Mr Jarratt: Yes.

Mr MINNIKIN: And they acknowledge that. Is there anything else that you think the state government could do to make unit pricing even more effective?

Mr Jarratt: Other than what we have said in our submission—I find it difficult and it is a bit frustrating because the Queensland government, way back when we were thinking about having unit pricing, introduced a bill into the Queensland parliament for a Queensland unit pricing system. I think we mention that in our submission. That was withdrawn because everybody wanted to have a national system. That is why we have focused on you guys influencing the federal situation rather than doing things separately, directly in Queensland, for unit pricing, other than in terms of education and encouraging people to make complaints.

Ms PEASE: Going back to the opportunity to increase transparency, I know that you are very passionate about unit pricing. Are your consumers and the groups that you have been speaking to made aware of the fact that supermarkets do charge for placement on the shelves? Is that common knowledge amongst consumers?

Mr Jarratt: I would not say it is common knowledge. As I said, hopefully these practices will become more public knowledge as a result of the work that you guys are doing and the other inquiries are doing. Everybody is busy these days. They are focusing on getting things done as quickly as they can. They get into the supermarket, try to get as much value as they can and they get out again. They probably are not aware of the things that happen and that you are interested in and that have an influence on the final prices. I think it is really a matter of the inquiries producing this information for consumers and then public opinion will have its impact.

CHAIR: Before going to the member for Mount Ommaney, I want to follow on from an earlier question from the member for Lytton that followed on from mine. It is about the brands that are paying the big supermarkets to appear at eye level. Do you know where we can possibly find the breakdowns of that? Do the big supermarkets have to list that anywhere under the code, that they are receiving extra funds?

Mr Jarratt: No, it is nothing to do with the Unit Pricing Code. Those pricing arrangements and those promotional payments and the other things are a matter of negotiation between the supermarkets and the suppliers.

Your question takes me back to many years ago. I am a retired agricultural economist. I used to represent the Queensland government on the Queensland Butter Board. Do you any of you remember QBB butter? That was one of the big problems that we had on the Butter Board because the supermarkets wanted us to pay large amounts of money to be able to discount our price and have it displayed. I am well aware of it. I am long retired but my memory still goes back as far as QBB butter.

CHAIR: Do you know if the ACCC or any other regulatory body actively monitors these kind of payments?

Mr Jarratt: I am not aware of it. I would doubt it. These inquiries will produce a lot of new information for consumers. The only way you are going to get it is from the suppliers and the retailers themselves.

Ms PUGH: You represent consumers. We have spoken a lot today about the big two supermarkets, which obviously dominate in Queensland with about 65 per cent of the market and Aldi has another 10 per cent. Do you speak with your members about the other kinds of smaller operators? To what extent do you think we are in the situation that we are with a lack of transparency in pricing because we do have a duopoly in Queensland and Australia?

Mr Jarratt: We did not mention it in our submission but we probably should have done: one of the breakthroughs in helping us to get unit price mandatory was that Aldi decided to introduce it at just about the same time that I finished my Churchill Fellowship. They actually contacted me. I spoke to them about unit pricing just before they were going to launch it. That is a good example of a smaller player in the marketplace bringing in an innovation, which made it difficult for the big two. Previously they had been no more than lukewarm in their support for unit pricing, but they realised the way the tide was turning and so they became supporters of unit pricing. That is a good example of how innovation can have beneficial effects in the marketplace.

Of course, we are very aware of and very interested in what the other supermarkets do. I deliberately sat in on the previous presentation because we are obviously very interested in the problems of people in remote and regional Queensland and their difficulties. One thing I would draw the committee's attention to, and this is wider than unit pricing, is that there are some benefits from the three major supermarkets—Aldi, Coles and Woolworths—having either national or state pricing policies so you pay the same price for packaged products anywhere, particularly if you are in Cairns or Brisbane or Toowoomba. That can be very beneficial for regional communities. Conversely, it can have an effect on the ability of a newcomer to come into the marketplace. There are swings and roundabouts on that. That is something that maybe you can think about.

Ms PUGH: That leads into my second question. You have alluded to new entrants into the market. Thank you for that information about Aldi being the first mover. Would it benefit Queensland consumers to have more entrants in the supermarket space?

Mr Jarratt: Definitely. It is a very concentrated market. New Zealand is more concentrated than here.

Ms PUGH: Is it?

Mr Jarratt: It is quite a bit more concentrated. I have been working with the consumer organisation in New Zealand on unit pricing and the reforms that occur there. Australia is pretty dominated by the big two.

Ms PUGH: Thank you very much for that.

CHAIR: Ian, we very much appreciate you coming in today and providing what is a unique perspective into unit pricing. I do not believe any questions were taken on notice. We thank you for your time and for being a part of this inquiry. I now welcome representatives from the Queensland Council of Unions.

KING, Ms Jacqueline, General Secretary, Queensland Council of Unions

TOSH, Mr Nate, Legislation and Policy Officer, Queensland Council of Unions

CHAIR: Thank you for appearing today. Would you like to make a brief opening statement before we ask questions of you?

Ms King: Before I do, I acknowledge the traditional owners of the lands on which we are meeting today, the Turrbal and Yagara peoples. I pay my respects to their elders past and present. Thank you to the committee for the opportunity to appear here today.

You have our written submission, obviously, but I want to frame our submission with a few opening statements because this is part of a bigger cost-of-living issue that everyone is facing right across Australia, whether that is in housing, fuel costs, insurance. We know that this is around the supermarkets. In that same context, I would like to welcome some practical relief. I welcome the Miles government's announcement yesterday of the \$1,000 electricity rebate for all Queenslanders. We think that is a really practical policy that will help every Queenslander. It can be done because we are the only state that actually maintains public ownership of our energy assets. I will refrain and go to the supermarkets.

Our position is really that the current food crisis and the pricing issues for Queensland consumers are a direct result of the failure of the regulation of the market structure such as the food industry. We do not have proper price watching or extensive Commonwealth powers to regulate, in effect, what is a duopoly between Coles and Woolworths. In that same context, we think that both consumers on the one hand and producers will continue to face unfair and unrealistic prices in the current environment without some form of intervention. Our thinking is that we have been in these positions before at different times. I want to refer back to quite a long time ago.

In 1915, the TJ Ryan Labor government came to power with election commitments to address the problems of high commodity prices, price fixing and the emergence of monopolies. To address that, they advocated public ownership of key economic activities, in competition with private enterprise but at fair prices. For the next 10 years, between 1915 and 1925, they created or acquired a diversity of business enterprises: the old state insurance office, a public curator's office, the Golden Casket state lottery, sawmills, joinery works, mining, fishing ventures that included a string of state fish shops, a hotel, a sugar mill, cold stores, plant nurseries, cattle stations and, interestingly, a network of butcher shops. All of those were created to influence the prices of household staples such as meat and sugar and to provide competition against business monopolies while offering products at more affordable prices. That was here in Brisbane, South-East Queensland and also, very importantly, into regional communities. As regional cities were starting to grow we were requiring, as a state, people to move to those locations to produce our agriculture for the rest of the Australia and for the rest of the world, as well as mining et cetera. We required people to go into those places and to provide support for that and to provide some level of protection and intervention in that market.

The QCU believes that the TJ Ryan government was obviously a progressive reforming government that was not afraid to step up and address those issues at that time. In that context, it is a different time now. Over 100 years later we are facing similar issues. The ACTU had Professor Allan Fels, formerly of the ACCC, at an inquiry and I facilitated the inquiry in Cairns late last year. I heard direct evidence from people who were doing it tough, living in Cairns itself and the Cairns region and also coming down from the cape. The exorbitant costs that they faced at that time were because of the monopoly of Sea Swift as the sole transport to take food and other goods and basic services into those remote communities. We are talking about triple the price for basic essential commodities.

I want to finish on that note. If the committee could think about—and I do not want to be partisan on this—the issues facing TJ Ryan and what was actually happening in the beginning years of our state. Think big and bold about how we can address this issue from a state level but through the lens of a modern world. We need to be able to ensure that household staples, food products, are both affordable and accessible to all Queenslanders, particularly regional Queenslanders and those in our remote communities.

CHAIR: Thank you, Jacqueline. Later I want to get back to one matter you raised and my committee colleagues may as well. Through the lens of an organisation that represents everyday Queenslanders—workers, mums and dads, young people and those more mature—one of the big pushers of the supermarkets over recent years has been the self check-out system which, in theory, has seen fewer people employed. What was the QCU's response to those self check-outs coming in and the lack of workers and employment? Have we seen the big supermarkets pass on those extra savings by reducing the cost of fresh produce, for example?

Ms King: I think it is a worker issue but it is also a community issue. For part of my week I reside near the small community of Crows Nest, north of Toowoomba. We have a local IGA. From time to time, people will make a comment on the community Facebook page that maybe we should get a Woolworths because the town is expanding and we could have check-outs and whatever. Everybody in the community—it does not matter what their politics or background—is unanimously opposed to the introduction of self check-outs because it is about local jobs in those areas for people.

From that perspective as well as a workplace perspective, retail, supermarkets et cetera—I do not have the exact evidence in front of me—the anecdotal evidence is that those cost savings that have been achieved in those areas definitely have not been passed on. We all go to supermarkets—I go to them in the Valley and look around—and Woolworths in Fortitude Valley is completely remote operated in that sense. You can go up to an inquiry section, but the rest of it is self-serve and self check-out. It is a major, very large style supermarket. Obviously that is the model for the future. I have not seen any price reductions. Personally, I noticed a doubling of prices in the last couple of years for basic essential items. It depends on what it is, but the prices just keep going up.

Ms LEAHY: In your submission you talk about preventing regional Queenslanders from paying excessive prices for necessities. Do you have any thoughts on what could be implemented by the state government to do that?

Mr Tosh: In our submission we deliberately did not make any specific recommendations because obviously you are hearing from a bunch of other submitters who have industry experience. We have noted, particularly from these committee hearings on 22 April, some industry people raising issues around, for instance, second-grade products not being sold in supermarkets and those types of things. If we rely on their industry and expert knowledge, there may be an opportunity, whether it be through regulation in terms of how the supermarkets are dealing with those producers, for those products to be sold in supermarkets. One idea put forward by another submitter—I cannot recall who it was—was that you could have first-grade and second-grade products sold side by side at different pricing and that consumers could make an informed decision about that.

If we go back to Jacqueline's previous comments, particularly in regional communities maybe there is a role when you think about some of the comments submitters made around their produce that they have grown just sitting and wasting away. I think there was a story told around pumpkins and some other products. There might be a role to play there where that produce, which supermarkets are overordering so they can drive down the market price, might be able to be sold in government-run stores for affordable prices as Jacqueline suggested earlier. That might be a way to do it when you are looking at staples that people need—fruits, vegetables, bread, milk and those types of things. Maybe that is something.

Ms LEAHY: Everything that comes from a farm gate usually has to go on transport to an agent, to a market and then back to a supermarket. There is obviously a lot of transport involved. Has the union ever had an opportunity to advocate through maybe the Transport Workers Union? Has there ever been any thought about the impacts that driver hours—anything like that—might have had on getting those necessities to regional and rural communities?

CHAIR: I might just note that we are straying slightly away from the terms of reference where the focus should be more on supermarkets and the practices of supermarkets. I will allow Mr Tosh some leniency, but I note that we should relate back to supermarkets.

Ms King: Can I jump in on that? My understanding of the question is that it is about supermarket practices in terms of how they transport products and the doubling or tripling of the transport costs which are then added to the cost of food. In that context, the practices of supermarkets are interesting. If we could have more local farm to gate to community, that would be more beneficial. That would cut out those fuel costs. It would also allow more entrants into the market. From a government perspective—and I think from a state perspective—the Commonwealth really got out of price watching post the 1970s. I think the price watching component of the ACCC needs beefing up, but, in the absence of any action from a federal government, it is worthwhile looking at these issues and monitoring prices in different areas of Queensland. I am mindful of rural and regional Queensland, but in particular in the remote communities there may be opportunities for state enterprises—and I do not say that tongue-in-cheek—to go in and be able to provide the basic necessities that are currently not available. When you listen to people from those remote communities and the islands and think about the additional transport costs that, for instance, Sea Swift actually imposes, additional competition in that space would be of use. If the competition is not from the private sector, there is an opportunity for the government to think about what it could actually do in that this space.

Ms LEAHY: In terms of transport, particularly in those very remote areas of the state, do you think there is a need for some regulation or for price capping?

Ms King: I understand in Sea Swift's case it has been monitored by the ACCC and it almost doubled—I would have to refer to actual figure—or furthered its costs after seven years of such monitoring by the ACCC was removed. Some level of monitoring should absolutely be there. If that leads to a justification that price gouging is occurring, whether that is in terms of transport costs or other costs, then absolutely we would support a capping mechanism or how else do we deliver these services to people.

Ms PUGH: I note in your submission you have used the D word, 'duopoly'. That is a concept that is at the heart of why we are seeing the kind of—as you have said in your submission—price gouging and driving inflation. Do you think that Queenslanders would benefit from having more entrants into the market?

Ms King: Absolutely. Small, medium or more local enterprises that are based out in regional communities would be of benefit. I think Brisbane could benefit from it as well. Particularly in the regions where they can engage with local producers, I absolutely support it. I am a country person. I absolutely support that farm-to-gate policy and an extension of that into places such as Bundaberg, Rockhampton, Cairns and Townsville, but further west as well that would minimise costs but deliver local, fresh produce to people at cheaper prices.

Ms PUGH: Mr Tosh, I refer to your comments around expanding the 'ugly stuff' section as we call it, because there is nothing wrong with it. We have heard from previous submitters that the supermarkets' display of ugly stuff is very small. Can I just clarify that you are definitely thinking it would be of benefit to consumers to expand that section in the big two supermarkets to give people a real choice?

Mr Tosh: Yes. My previous comment was based on comments—I cannot recall who specifically said it—from the hearing of 22 April. They had clear industry experience as a producer. Having a look at those comments—and then based on the survey that we had of Queensland workers—two of the things that link in with that were that we had two-thirds of survey participants say that they think that more competition would make things better. They said that not only should there be more competition, but that would make things better. Some 80 per cent of participants thought that more transparency in how things were priced would influence their purchasing decision. It is not only having those options there but also consumers being able to understand how that price has come about—it might also be something that is first or second grade. Knowing how much a producer might get from that might influence consumers' decisions as well.

Ms PUGH: Absolutely.

Mr PERRETT: I refer to your submission No. 11 at page 5 with regard to housing availability and housing costs, particularly in regional areas. That has a direct flow-on effect to the availability of labour of course, whether that is in supermarkets, manufacturing and processing or on farm. Something that we have heard constantly and consistently has been the shortage of labour particularly in those regional areas. Of course, that then increases some of the challenges for production and ultimately for producers in particular looking for alternatives such as automation and trying to work their way through that. It might even lead to self check-outs and the like in terms of having the availability of labour. What are your thoughts in and around what recommendations we could make to government as a committee with respect to those challenges in and around the availability of housing and labour shortages?

Ms King: They are absolutely interconnected. I think every regional area is experiencing shortages of private housing. We are seeing shortages of public sector housing. We are having conversations with government around what that might look like. There is a whole range of different ways that that can be addressed. There are short- to medium-term solutions in terms of putting in community, social and private investment housing into regional hubs and making sure that occurs. We have a skill shortage, though. Every employer and every industry is facing that skill shortage. It is here in Brisbane as well. We are seeing the end of 10 years-plus neglect really in terms of investment in our apprenticeship system for the building trades, construction trades, electrical trades et cetera.

I go back to my own personal experience. I know that in a town such as Crows Nest there are job shortages now. There is a housing shortage there. There are people who are homeless, couch surfing et cetera. They are being pushed out into other areas. There are enough people around to do things like supermarket work et cetera. For basic, entry-level labour positions, I think there is sufficient room in the labour market to accommodate that in regional areas generally. I understand that farms

actually have a particular problem. I can see someone disagreeing with me, but I think in agriculture it is a different issue. Employers have to actually invest in labour. They actually have to pay for labour. If you want people to come and work on a farm, then you actually need to provide accommodation on that farm. I have some people who live on a cabin on my place who have worked in the agricultural industry. One of them is a Scottish woman in her late 20s who now has been here in Australia for six years. She has told me about some of the most appalling examples of how she was treated while working on farms. I would not blame a lot of those people for not wanting to go back. We have to address how we treat workers, whether that is foreign labour or local labour. That is also a big part of the equation.

Returning to issues concerning food, in supermarkets the issue is not so much about, 'We cannot get people to go and work there.' Let us think about our children and young workers coming into the labour market. At the age of 14, a lot of them will start working in fast food. They do that as a supplement while going through school. I know, again from family experience, that you go and work in either that sector or in the retail sector in supermarkets. There are not that many jobs now available for young people. These were the entry-level jobs. When I was growing up, entry-level jobs were in the banks, in Telecom, in telecommunications, in the Public Service et cetera. You could get a full-time permanent job as a young person from just doing an entry-level test. I did it myself. I joined a bank and went to Sydney from Lismore. You could do that. You do not have those opportunities now. What is happening with the automation in these types of industries is that young people are the ones losing out, because they are the ones who find it difficult to get in to get their first layer of experience. To be frank, I fear for their future if we close off those job opportunities to them.

Mr PERRETT: You mentioned foreign labour, and that is where some of the challenge may be where those gaps are being filled by foreign labour and you do not get that continuity of employment and perhaps those skills. One industry is the meat processing industry that fills our supermarkets full of the products that consumers want. The efficiencies within that processing become challenged and the costs rise. That is a comment. Do you think the foreign labour that we are so reliant on is something that should be encouraged by government into the future?

Ms King: I think it is a vexed issue. We have had foreign labour here in the past which has been brought in to satisfy an industry need, but the employment practices have been such that it has undercut the existing Australian labour force. Not only is that unfair but it also creates division within our community and I do not think we need to continue down that sort of pathway. Some improvements are happening at a federal level in terms of the labour market testing program for bringing in foreign workers. I do not have a problem in principle with foreign workers coming in if they are skilled labour, but if they are being brought in to undermine an existing Australian labour force I think the union movement collectively would say that we would have a problem with that.

What we have seen in the past, in particular in the agriculture industry, is the exploitation of many of these people. From my own experience with the Electrical Trades Union back in 2009 and 2010 after the GFC, qualified electricians from Ireland who on paper and on skills were very equivalent to Australian electricians were coming into the country and being found in places like Airlie Beach. They were on backpacker visas and the like and they had not actually had their skills assessed, so they were basically being required to work as an electrician and be paid as a labourer.

We had examples at that time of six people living in a bedroom in Airlie Beach, with their passports being held and them being stung for outrageous amounts for accommodation when they were sharing a bedroom with five other people. The same thing has happened in the meat industry over time. I am not saying it happens all of the time, but from time to time we go through these cycles. They are the sorts of things that bring us into disrepute. I am ashamed to say as an Australian that when I talk to Kenzie, the Scottish woman I referred to, these are the sorts of things that go on quite often throughout Australia in our employment practices, and people talk about this when they go home to their own countries and say this is why you would not come back to Australia on a working holiday visa or a working visa. I think we need to clean this up. If we do have foreign labour, it needs to be used legitimately and those people need to be treated fairly as well.

CHAIR: In Bundaberg there are a lot of itinerant workers and seasonal workers, but there are also a number of locals who work on the farms and pick the fruit. Could you explain the importance of setting a minimum wage for workers in a regional community and how that can benefit a regional community?

Ms King: As you know, we have a minimum wage for different industry sectors. The problem with the foreign labour coming in is that they can often undercut the industry rate. They have to go through some test with the immigration department—this is my recollection; it is not something I am completely familiar with today—and establish that there is a labour shortage in that area and then

they can advertise at certain rates. What has happened traditionally in some sectors, like the meatworks industry, is that they have come in on lesser rates of pay than what enterprise agreements would be. When we have collective agreements, they are then used to undermine the collective rates of what the Australian workers and the direct workforce would actually be employed at.

From our perspective, some of the changes that have recently happened to the Fair Work Act are still coming through the system. The legislative changes are there. There is the same job, same pay concept and the principles in the Fair Work Act. They apply for manufacturing, mining and any sort of industry where a labour hire firm is coming in and providing labour that is doing exactly the same work over the same period of time that is not specialised. It is the same work that is being done day by day by the direct workforce. We know in manufacturing and mining that 30 to 40 per cent are being paid 30 to 40 per cent less than the direct workforce, and that is not acceptable. The Fair Work Commission now has powers to look at and examine that and make orders to require that those workers be paid exactly the same amount of money. I think there is merit in that same sort of principle to say we should not be using wages to pay foreign labour to undercut Australian labour and local labour.

CHAIR: Wages have been brought up in this inquiry. The CEO of Bundaberg Fruit and Vegetable Growers is on record opposing the recent change to the horticulture award and a rise in the minimum wage. Does opposition to minimum wage actually create a chance to exploit both foreign and local workers?

Ms King: There is no doubt that we have seen wide instances of what the union movement calls wage theft. If you do not pay someone's superannuation or you do not pay them their legal rate of pay, then you are basically thieving that money. Here in Queensland we made wage theft a criminal offence in I think 2020. Last year the Commonwealth parliament passed laws which also made that an offence. There are two issues here. I will come back to the minimum wage and its fairness. If people are advocating for an alternative to that and if they are advocating that we should not pay and comply with legal obligations, then there are ways for that to be dealt with. I would just say that wage theft is an offence—the same as if people want to twist and turn and dress up employment arrangements as something they are not. There are offences under the Fair Work Act about sham contracting, for instance.

In the space of the minimum wage, it is pretty hard for anyone to legitimately stand up and say that the minimum wage—which is currently \$23.23 an hour—is an exorbitant rate of pay. Up until the last two years, so 2022, wage rates and the minimum wage have dropped behind. For the previous 10 years, we had a wage suppression policy of the previous federal government. We saw that play out in terms of very low wage increases every year—less than 2.5 per cent per annum per, not keeping up with CPI. Then the 2022 and 2023 decision of the Fair Work Commission basically acknowledged that that had occurred, that there had been wage suppression. The wage increases from both of those years, while significantly higher—up above five per cent—still did not take us to where CPI was.

If people are living on a minimum wage of \$23.23 for an adult, that is pretty low. CPI has gone up on average. I know that CPI is coming down at this moment, but it is where we look at things. We know that food is still excessive in CPI; it is still one of the ones which is pushing right up there. Everyone needs to eat. Everyone needs a roof over their head. Everyone needs to either get on a bus and pay for a ticket or drive their car for basic things. These are essential things in our community. I just find it hard to believe that anybody could say that \$23.23 an hour is an outrageous amount that they have to pay. If you cannot afford to pay wages at that level, then you really should not be in business.

Mr MINNIKIN: In your submission you recommend that the committee consider how the Queensland government could complement the implementation of the recommendations that were arising from the independent review of the Food and Grocery Code of Conduct. Do you have any suggestions on what kind of action the Queensland government could take?

Ms King: I will refer to Nate. He did the details of the submission so that is why I will refer to him.

Mr Tosh: For that one, we deliberately did not make any specific recommendations because we do not profess to be experts in the food code or the industry itself. We were very interested to hear the submissions of producers and those involved in dealing with supermarkets to be able to inform a view about what the government might be able to do. Some of the submitters you have already heard from have provided some good ideas. One of the submitters on 22 April—I cannot recall their name—discussed the issue around the market for buying the produce and they put forward

two ideas. One was around a central marketplace which means price setting can be set more fairly. Another idea, which leans into the price watching, was publication of information around how much producers are being paid and then how much the supermarkets are selling it for. I think we would rely on the comments that are made from the experts in the industry.

Ms LEAHY: I have a question you might want to take on notice. Section 19 of your submission states that ‘the Food and Grocery Code should investigate creating a price register for farmers’ and that ‘The Food and Grocery Code should be fully mandatory’. I want to get an understanding of why you want the price register there for farmers. They are the ones who are most impacted; they are a price taker. I just wonder why it was only farmers and not the wholesalers or the other people in that chain. Could you give us a bit of information on notice about the why behind that?

Mr Tosh: We will be able to do that. The note is that they are recommendations from the Fels inquiry so the response will essentially be elaborating on what Professor Fels has already found.

CHAIR: Thank you. We appreciate you being able to take that on notice. The response for that will be due by Friday, 10 May. We thank you very much for your time today and for appearing before the committee.

YOUNG, Mr Andrew, Chief Executive Officer, Brismark

CHAIR: Welcome. Would you like to make an opening statement with a background about Brismark, and then we will have some questions.

Mr Young: Thank you for the opportunity. Brismark is the Chamber of Fruit and Vegetable Industries Ltd. We are an industry representative organisation. We represent the wholesalers in the fresh produce markets at Rocklea. That is a wholesaling, warehousing and distribution hub. There are 150 industry tenants based on site, with 3,000-plus employees on site. Of those 150 tenants, there are around 48 wholesalers. They receive products from growers all over Queensland plus all over the rest of Australia and some imported product. Total turnover is around \$2 billion. The sales that that group make include to independent retailers and wholesalers within the food service sector—so secondary wholesalers, provedores, interstate markets and retail chains in terms of topping up. The retail chains are predominantly buying direct. It is a complex industry.

Listening to the prior speakers, I think it is easy for people to underestimate the complexity of the industry in terms of the relationships that exist and the times that people must work. It is a complex industry. Growers can also be wholesalers. You have growers who are collectively being supplied by other growers to consolidate consignments to sell to the retail chains. It might be that they are selling to markets. You have wholesalers who may also be growers. You have growers who are operating in processing. There are a range of ways people can operate. There are different channels to market. I have been listening to the prior speakers. Overall, what is best for everybody, growers and consumers, is probably having a competitive industry with multiple chains to market and multiple channels to market, and those channels must be effective. One of our issues at the moment is that we operate in a sector that is regulated by a mandatory code of conduct. Retail chains do not; they have a voluntary code. Being under a mandatory code adds costs. We are selling to the independent retailing sector, so we already have operators with added costs because they already operate under a mandatory code.

I will not go back as far as the early 1900s, but in terms of a bit of history, one of the first main investigations into the power of supermarkets commenced in 1999. That is 25 years ago now. There have been numerous reviews over the potential misuse of market power by the supermarket chains in Australia. I can remember at least four periods over the last 25 years. In that time, despite the reams of paper that have come out in reports, they have escaped any kind of close scrutiny. If nothing else, you would have to assume there is a smoking gun in terms of the power of the supermarkets. Naturally, if people have power they are potentially going to have the ability to misuse it. It seems logical to conclude that supermarkets have the ability to (1) have market power; and (2) misuse it. The next iteration of the review after 1999 was in 2004-05, when there was a very lengthy report done. The only outcome of that was the mandatory regulation of the wholesalers in the industry, not the retailers.

We have had mandatory regulation for at least 18 years now. There are a number of issues here. We say that you cannot have certain sectors of an industry heavily regulated and competing sectors not. That creates an uneven playing field. The nature of the industries that should be regulated are different in the different channels, but for the sake of levelling the playing field there is certainly an argument that there has to be equality in terms of regulating the ability of supermarkets to misuse their market power, just as in our industry there are regulations to make sure wholesalers have terms of trade in place, are paying on time, and there is a dispute resolution mechanism et cetera. Those are my opening comments. I am open to questions.

Ms PEASE: Thank you so much for coming in. Yes, you are right: it is very complex. I apologise for my lack of knowledge with regard to this area. You talked about the mandatory code of conduct that you have to adhere to and you said that it is voluntary for supermarkets. Who is responsible for that code of conduct?

Mr Young: The ACCC.

Ms PEASE: So it is under the federal government. We have heard terms such as agents and merchants relating to the supermarkets. Are they in fact the same thing, or for the producers who deal with agents or merchants are they different roles?

Mr Young: They should be different. They are colloquially called agents, but in law an agent is someone who takes someone else's product. They never own it; they resell it like a real estate agent. Wholesalers do not tend to do that. While they are called that, often by growers, the majority of wholesalers in the industry across Australia operate as merchants.

Ms PEASE: What is a merchant then?

Mr Young: They take title of the goods. They own the goods and then sell the goods. An agent never owns the product. They sell for a commission. They are a commission agent. That is a very clear legal definition.

Ms PEASE: We have heard that supermarkets seem to have some investment in going to merchants to buy produce rather than going through an agent.

Mr Young: I do not know what that would mean.

Ms PEASE: From what we understand, some of the producers sell directly to supermarket chains and if the supermarkets do not want it, that produce can go back into the market and is sold via a merchant to other people.

Mr Young: Typically, that is what happens. They will dump the product on the market.

Ms PEASE: They would use a merchant because they own it. If that is the case, are they actually purchasing from the producer?

Mr Young: Yes, it will be the producer. The supermarket will not take title at all. The product is more redirected, generally by the grower, to the market.

Ms PEASE: To an agent or to a merchant?

Mr Young: To a merchant.

Ms PEASE: I have to let that sink into my head.

Ms LEAHY: Thank you very much for coming in. Your submission talks about the food and grocery code. There has been a lot of talk about that code becoming mandatory. If the food and grocery code was mandatory, what sectors would benefit and what sectors may have increased costs?

Mr Young: Obviously there would be a compliance cost that would need to be borne by the retail chains. In terms of the benefits, you would assume the benefits, if the code is constructed correctly, would be to growers or other suppliers. It is not just about fruit and veg: there are other suppliers of product to the supermarkets. The issue with a voluntary code is that it is meaningless. A mandatory code that is worthwhile, in terms of promoting better commercial practice or an effective dispute resolution mechanism, obviously has benefits which suppliers would gain benefit from in relation to the contractual relationships they had or the relationship they had with the retail chains and the transparency which existed. That would come at some kind of cost. The supermarkets would argue they will pass it on to consumers, so there are increased prices so do not do it. If you are looking at the longevity of Australia's food industries, then the costs should be well worth it.

Ms LEAHY: Do you think supermarkets might try and pass that cost back to growers?

Mr Young: They would do that as well.

Ms LEAHY: Would there be any way in the code of preventing that from occurring?

Mr Young: I think you could tie yourself in knots doing that. They have ways and means all the time. If they are stopped one way, I think they would probably find another. You really should focus on having a meaningful code that promotes good commercial practice and provides for an effective dispute resolution mechanism.

Ms LEAHY: There are a lot of the issues around food that perishes very quickly—for instance, lettuce and things like that. Is there any code that you are aware of in other parts of the world or other states that deals with perishables? Perishables are the tricky part of this because they do perish. There is not really another avenue for them.

Mr Young: There should be a national code. We are national industries and Queensland growers supply interstate, so there should be a national approach. I would argue against anything that became too complex because you do need flexibility. The mandatory code that is in place in our industry has been made a little less rigid than it was. People do have good trading relationships, despite the investigations that are in place. There are many growers who would argue they have a good relationship with their retail chain or wholesaler. It should be a safety net. It should set guiding principles. It should provide an avenue for fair outcomes when issues do arise without tying everyone in knots.

Ms PEASE: Further to the relationship that agents and merchants have with large supermarket chains, do they use standover tactics, or is that a bit of a harsh word to use with regard to the pricing they demand?

Mr Young: Retailers?

Ms PEASE: That retailers demand from the agent or merchant.

Mr Young: This issue has a long history. As I said, it has been around for 25 years. I think Dr Emerson's report gave a very good overview of the issues that exist in the industry. You could probably argue at times that they seek to influence outcomes. Rebates are a good example. If they buy in a market and they get a fair market price, then no doubt the market price they get reflects the fact that they are a big buyer and they are buying large volumes. I have heard of rebates as high as 11 per cent. They have a level of power, and the people on the ground for retail chains obviously can sniff the wind in terms of how vulnerable a supplier is in relation to wanting to do business. Some of them resist paying rebates, and others cave in. If you are selling product at a fair market price on the day and you then have to pay a rebate of up to seven, eight or 10 per cent, then obviously it is starting to cut a fair hole in your bottom line result. As I said at the beginning, people who are in positions of power will often use that power to their own benefit.

Mr MINNIKIN: Andrew, thank you so much for your time and for your submission. Your submission identifies several ways in which you think the Queensland government could help to maintain the sustainability of independent fruit and vegetable stores. Could you please explain this in a bit more detail to the committee?

Mr Young: I indicated channels to market. It is a duopoly out there. Aldi is sitting at about 11 per cent, and I think Coles and Woolies really are closer to 70 per cent or just under 70. Independent retailers now in Queensland have 19 per cent of the market and can provide a lot of the competition that prior speakers talked about. Some of the commentary around government involvement ignores seasonality. There has to be transport. Product has to move. All of those things have to be in place. Independent retailers are there. They are family owned businesses. They can provide competition but they need a competitive supply chain. Our mandatory code adds costs. Independent retailers are local. They support local communities. We run a retailer program ourselves. We invest a million dollars in that to support independent retailers as part of the supply chain.

I would certainly say that, rather than government getting involved in anything to do with sourcing or transporting or selling food, they should support what is in place first. Independent retailers can certainly provide competition on the ground across a lot of areas, including regional areas. The government does a lot of health promotions but often does not signal to industry when they are going to do it. A number of years ago there was the Go for 2 and 5 campaign—two fruit, five veg. They can be promoted through independent retailers to the benefit of independent retailers, but if the government does not announce it and does not give industry time to work with them then they are left flat-footed and cannot respond. There are ways, certainly through health promotions, there can be engagement with smaller operators and independents which try to promote their viability and sustainability within the community.

Mr PERRETT: Thank you for your submission. You mentioned the central process around Rocklea and some of the complexities there. Just for the committee's information, can you outline some of the complexities you deal with in that central region of Rocklea, some of the challenges you see and some of the things that maybe need to be improved from a government perspective?

Mr Young: I will start with a comment regarding the last speaker and the minimum wage of \$23 an hour. There was a comment that the CEO from Bundaberg Fruit & Vegetable Growers had some issues with it. I cannot speak for her and I may be off track, but to me the bigger issue for growers is that most retailing is done Monday to Saturday. Most products are picked often on the weekend and then during the week. If product has to go from North Queensland to Sydney or Melbourne, it is going to take two to three days to get there. There is always harvest labour work required on a weekend. It is not about whether it is \$23 an hour; it is often about whether it is \$46 at double time.

With the increase in the minimum wage, certainly there has been a lot of discussion in the industry—at retail and at grower level—about whether they can afford to operate on weekends. That is what it becomes. It is whether a young uni student really has to get double-time rates to work on a Saturday, because they do not want to work Monday to Friday anyway, or whether there is something more reasonable available. A lot of people take the fact that the markets work 24/7 and growers also work 24/7, but someone has to do the work. If they cannot afford to pay someone then they are going to have to do it themselves. That is the lot of small business owners. It is not easy in serving the community. Those things get taken for granted and that is difficult.

All of our members are screaming at the moment about the cost of doing business. There have been so many increases across the board, particularly in the likes of insurance but also labour and rates and taxes. The cost of business has increased. We have not touched on the pricing mechanism

and price transparency. If you went back 20 or 30 years, the majority of product did come through the market so there was some level of price transparency. Coles and Woolies are sourcing direct so it is not as transparent as it was. We are currently finalising an app. What we have is a credit service data so it will rely on actual transactions for a verifiable price report that will give accurate pricing information. That will tick one of the boxes of issues of concern with our sector of the industry. It will not necessarily be a panacea for everyone else.

The issues for us are still really around recognition that a lot industries, particularly in food production, just do not work nine to five, Monday to Friday. There is a lot of extra work that needs to be done and people want to pay the right amount but be fair about it. It does not mean it should be double time just because we have had double time since Adam was a boy. We need some fairness around those issues, particularly with harvest labour and growers and the hours they have to work. Does that answer your question?

Mr PERRETT: It did. That provides some clarity. I think a lot of those things are not known. Presumably through Rocklea there is that transparency in respect to pricing.

Mr Young: We have a price report. We will be producing a verifiable price report in the near future. We run a credit service where a lot of the retail sales are downloaded through a centralised computer system that acts as a billing system. We will be using that data to de-identify and produce a verifiable price report.

Mr PERRETT: I refer to the dumping issues that you obviously experience through that sale mechanism and perhaps even overproduction. What is the feedback that you are getting from industry relating to that where, at one point in time, prices are great and you see significant investment into it, but then all of a sudden there is overproduction that then creates issues? Are you hearing directly from your members in and around that distortion within the market where there has been overproduction or dumping? How does that then affect the confidence within the industry?

Mr Young: Overproduction is a huge issue and it drags the price down, but it can change very quickly with all of the weather events we are having. It is not just a retail-chain thing. Growers deliberately overproduce. Growers compete with other growers. Growers will overproduce to increase their market share within a particular sector of the industry. As I said at the beginning, there is a lot of complexity on the issue and this is one of the issues.

As a growers' representative, I would not be speaking in favour of promoting the sale of seconds. There is a fairly inelastic demand for fruit and vegetables. People eat X amount. If you bring onto the market all the seconds then you suddenly have 2X and that will smash the price so growers will ultimately be the loser. It will drag down the price of the other product. That is inevitable. Any economist will tell you that. At the moment, at least leaving a lot of seconds in the paddock means that the prices—if we have had a cyclone and products are short, sure, sell some seconds. But to make it a mainstream opportunity whereby seconds are selling alongside first-grade product seven days a week, that will simply mean there is a lot more product available and product prices will be adversely affected. That is inevitable.

Mr PERRETT: And ultimately viability of those producers.

Mr Young: I would like to see an economist argue an alternate line on that one.

Ms PUGH: Thank you so much for your submission. I found it really illuminating in a lot of ways. It is very clear from your submission that you are a big supporter of ensuring the ongoing viability of the smaller retailers, I suppose like the greengrocers that are 19 per cent of the market right now. You spoke about a program to educate the smaller retailers. Who runs that education program?

Mr Young: Brismark runs it.

Ms PUGH: That is what I thought you said. Can you talk a little about the success of that program?

Mr Young: As I said, it is a \$1 million program. We spend a fair chunk of the money on television advertisements. You may have seen the 'A better choice' ads. They run on mainstream TV channels across South-East Queensland. It is in store. It is promoting healthy eating. It might be product seasonality guides that we hand out through the store or some merchandising through the store. We seek to get larger product groups like Zespri with kiwifruit or it might be Montague's Jazz apples et cetera and line them up to do store demonstrations, which provides an alternative to just them operating through, say, the retail chains. It is giving the smaller retailer access to opportunities that they otherwise would not have, be that a TV ad, an in-store demonstration, access to information that can be readily produced like a seasonality guide or nutritional information.

Ms PUGH: That is the marketing and advertising that you run. You have spoken in your submission about a need for investment in educational programs for small business owners in order to make sure that they are competitive. Who runs those sorts of programs? Is that something that you run?

Mr Young: We run some. The thing with small business is that it is hard to get them out of the business so we run them onsite so it becomes more accessible. We do try to work in. We will get our accountant along to run a session. We are actually going to be running some in the next few weeks on cybersecurity, as an example. It is trying to pick out topics that are relevant to our stakeholders.

Ms PUGH: Fantastic. Is there a fee for that?

Mr Young: Generally not.

Ms PUGH: That is great. When product is dumped onto the market, you have been very clear about how fresh produce producers are very disadvantaged in that regard. Can you talk to the committee about who along the supply chain, from the grower all the way through to the consumer, is disadvantaged in that process and who benefits?

Mr Young: When the product is dumped? It is mainly the grower who is disadvantaged but it can be the broader industry. If volumes start to drag prices down across the board then everyone starts to be disadvantaged. It does not necessarily mean the retail price moves at all. With supply and demand and the data that the supermarkets have, they know pretty well their price sensitivities in terms of how low or high a price can go. It does not make any difference to them so why make it any lower, for example? They have that data. Generally, dumping on a market just makes it worse for everybody, although there are opportunities for smaller retailers to get product cheaper and run a bit of a special. It is a fact of life that we have to deal with. It is something that obviously has an impact.

Ms PUGH: You said before that if we were to put large amounts of seconds on the market—seconds or ‘ugly stuff’, I guess you would call it—that that could ultimately potentially disadvantage the grower. Would there be an opportunity for some growers to look into new markets, potentially? I am not a fresh produce grower, obviously. Would that be a potential option that they might have if they find themselves with extra stock? There is a question around whether or not there is a social licence to dump that volume of product just because it is not pretty enough, to be frank.

Mr Young: On Australia’s consumption of fruit and vegies, we all eat less than we should. There have been a lot of ads over a lot of years but we have not seen it move upwards too far. If you are looking for new markets, sure, potentially. If it increases consumption, there is an opportunity. However, I would probably argue that governments and others have failed in that space before in terms of promoting increased consumption. Consumption levels are moving upwards at a very slow rate. They are moving upwards but it is at a very slow rate. I would probably say that someone who suggested that they could shift the dial significantly in increasing consumption by selling seconds or disfigured product probably is dreaming.

Ms PUGH: I was more asking around things like exports.

Mr Young: Export is an ongoing opportunity for Australia but we are a high-cost producer. Australia is competing against South America and South Africa, which are lower cost producers. Our opportunities in export are fairly limited and certainly that is seeing fairly slow growth as well. There are opportunities there but it is certainly an ongoing challenge. Australia has some success in export but it is still a struggle because we are a high-cost producer.

Ms LEAHY: I want to understand the chain. I will use lettuce as an example. A lettuce is purchased by a merchant and then for some reason—it could be a power outage or something—the product perishes. What does the merchant do with that perished product? What would be the steps if it were an agent and the same thing happened to that perishable product? I want to try to work out, in those two different ways, where a perished product ends up.

Mr Young: If a lettuce is supplied by a grower to an agent and there is a power outage, whether the product deteriorates on day 1 or day 10 it is always the grower’s product and they take full responsibility for the loss and the liability. If it is a merchant and the product is received and accepted by the merchant, it is generally received at night so there is time for the product to be inspected and viewed and there can be storage arrangements. This is again where it is not just black and white. You get a lot of products that can be stored for a period before they are made available for sale so wholesalers will often have a storage agreement with a grower. Apples can be stored for months and bananas in a green state can be stored for months. If it is a lettuce and it is received, day 1 it is going to be made immediately available for sale. The wholesaler has to negotiate the price and take title of the goods. At that point if the next day, say, the power goes off and the product has to be destroyed, that is the merchant’s loss.

Ms LEAHY: With an agent, where would it go?

Mr Young: The same place: the tip or a pig farm.

Ms LEAHY: I am just curious.

Mr Young: It is unsalable and disposed of.

Ms LEAHY: It is unsalable; that is the issue.

Mr Young: There are not huge losses in our industry. Most product finds a market. If a market is really glutted then there can be losses, but generally most product finds a market. The disposal rates out of the market per se are quite low.

Ms LEAHY: That is good to know.

Ms PEASE: Further to the question of the member for Warrego, you mentioned lettuce, which has a short shelf life, and you went on to talk about apples and bananas. They might take it into storage but the merchant does not necessarily take ownership.

Mr Young: For some period, potentially.

Ms PEASE: So it is sitting there in their storage facility. What happens if it fails when it goes onto the shelf; if there is a failure with the stock?

Mr Young: If the arrangement is that it is being stored on behalf of the grower, if the power goes off in that period then it could be the grower's loss if that is the storage arrangement. The points you are seeking to make here have been longstanding with the growers' organisation here in Queensland. The history goes back probably over 40 years. I can say that because like Ian Jarratt, who was talking earlier, I spent time working with the department of primary industries in the late 1980s and worked in this industry. I have worked in the fresh produce industry for that long.

The fact of the matter is that generally when growers get paid for a product they want to be paid a price that reflects the market price on the day. This issue of on-farm pricing has been projected by growers in terms of the way they transact business with wholesalers. They do not want to have product turn up today, get a price today, and then have it sold two or three weeks later. Growers, by their very nature, speculate on markets. Most of them want to see their return price reflect the market price.

Ms PEASE: It might be worth more in two weeks time.

Mr Young: Exactly. This is just business 101, but if I am going to hold something for two weeks then I have to ripen it. I do not know what the market will be in two weeks, so obviously you are going to negotiate a lower price because I am taking more risk. That is what growers do not want. They do not want a lower price today on the basis that I am going to speculate it is going to go up in one, two or three weeks. Growers more like to see a market price on the day. That is our longstanding conclusion in terms of how the industry operates.

Ms PEASE: Going back to the conversations we have all raised about seconds, we have heard from some growers and other organisations that the large supermarket chains want produce—bananas, for example—that look a certain way. They are manipulating the growing and growers are required to make sure it meets these standards. How is that impacting your market? How do you negotiate and work with your producers to say, 'We're not going to be able to sell this, so you're going to have to go away'?

Mr Young: This is where growers have to make a choice. Supermarkets want specific categories, predominantly sizes, so they are selling a consistently sized product. Markets will sell all sizes. It is one of the benefits of selling through the market because there is a buyer for everything. Growers typically want to have their cake and eat it too. But if you want a vibrant, effective wholesale market, a central market, growers need to spend some time making sure it is a vibrant, central market by supporting it. You just cannot say, 'We'll pick out all the popular sizes that consumers want and send them to Coles and Woolies and we'll just send all the odd sizes to the central market'—that is effectively dumping the odd sizes to the wholesale market—and then expect to get top price for them. The growers need to invest time. We are not saying, 'Don't deal with Coles and Woolies.' That is ridiculous. We accept the reality of doing that. But growers, particularly big growers, have to take responsibility. A grower's interests are best served by having as many channels to market as possible—whether it is export, independent retailers or supermarkets—and we are going to invest time in supporting all of those channels to make sure they are as effective and competitive as possible. If you want to just do the Coles and Woolies bit, then stay away from the market. Do not drag it down for everyone else.

Ms PEASE: How long have the supermarkets been in the industry buying directly from the growers? Has it always happened, or is it new?

Mr Young: No, it has increased from the 1990s. Up until then they were pretty much locked in through the central markets. It is certainly 25 years plus.

CHAIR: I think the member for Mount Ommaney has a question on notice.

Ms PUGH: Yes. Going to your submission, would assistance in helping your small retailers set up e-tailing—click and collect or home delivery—be of benefit? Please take that question on notice.

Mr Young: I can answer it now. We have tried some of that. Some of them struggle a little bit with it. Anyone in a shopping centre does not have the capability because they are inside. They struggle with that.

Ms PUGH: I do have some local businesses that have done it very successfully, which is why I ask.

Mr Young: I was surprised it did not get as much attention as we were hoping. I think it was just a little bit in the too-hard basket for them. It may be that it would be worth revisiting with them. We tried it about four or five years ago as a major initiative. We put together an online shopfront which they could be part of, all of the A better choice! retailers, so up to 100 stores, and we did not get a lot of uptake. It all became a bit hard for a lot of them.

CHAIR: Member for Mount Ommaney, you do not need that question on notice anymore. You are happy with that answer. The absolutely last question will have to be a question on notice from the member for Lytton.

Ms PEASE: Can you provide some data on the impact it has on the supermarkets intervening and dealing directly with the producers since the 1990s? How has that impacted the market? You can take that on notice.

CHAIR: We will have to take that on notice.

Mr Young: It is going to be hard. We do not know their volumes. Do you want me to speculate, Chair?

Ms PEASE: Would you not have some idea?

CHAIR: We will take that on notice. Andrew, we will give you the latitude to answer that as best you can. That will be required by Friday, 10 May. We appreciate you coming along and allowing us to have a few extra minutes with you.

Thank you to everyone who has participated today. Thank you to our Hansard reporters and secretariat. A transcript of these proceedings will be available on the committee's webpage in due course. Any questions on notice will be required by Friday, 10 May. I declare this public hearing closed.

The committee adjourned at 12.22 pm.