

Supermarket Pricing Inquiry

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Inquiry into Supermarket Pricing

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Introduction

The Queensland Beekeepers' Association Inc (QBA) supports the Queensland Parliamentary Inquiry into Supermarket Pricing and the opportunity for our organisation to make a contribution on behalf of the beekeepers of Queensland.

The Australian honey bee industry has a long and proud history of producing world class honey and beeswax products. More than 10,000 beekeepers are currently registered in Queensland, with approximately 400 large-scale multi-generational family beekeeping operations producing the majority of the Queensland honey crop.

The success of the Queensland's horticultural industry is underpinned by abundance of healthy bee colonies for pollination, resulting in contributions exceeding \$2.8 billion to the Queensland economy through managed honeybee pollination services (Karasinski 2014).

The Queensland honey bee sector's current capacity to continue to supply strong healthy colonies for pollination services is heavily influenced by:

- the changing pest and disease landscape and the failure to eradicate Varroa destructor
- ongoing climate and resource challenges driven by droughts, bushfires, flooding rain and land clearing
- historically low returns to primary producers for their efforts and labour
- the increasing appetite by food manufactures and supermarkets sourcing cheap, inferior imported honey products to 'satisfy the demand from consumers' and industrial food manufactures.

The Queensland honey bee industry like our counterparts in the agricultural sector, are not immune to the extreme impacts of stagnant supplies prices at the farm gate or the increasing economic overheads involved in producing crops to nourish Australia's growing population.

The causes and effects of increased supermarket prices

Although the Committee is examining the causes and effects of increased supermarket pricing, we believe it is important to highlight Australian honey hasn't experienced the same dramatic increase in shelf prices as those experienced in other food commodities. In Australia, 94% of our food and grocery prices have increased with inflationary pressures yet honey is a part of the 6% of food that has not risen in price.

The QBA believe the absence of an increase in the shelf price of honey is largely driven by profit hungry supermarkets and food manufactures. Industry is advised of large supermarket chains and industrial food manufactures who continue to 'apply pressure' to honey packers to provide a cheaper alternative for consumers and food production.

Over the past decade industry have been repeatedly advised Australian consumers have little care for country of origin or demonstrate long-term brand loyalty. Instead, consumers purchasing honey are driven by price and as a consequence some honey packers are being pressured to offer a 'value brand' alternative in order to retain a premium shelf position for their Australian product.

Rising grocery prices in Queensland and discrepancies between retail and wholesale and farmgate prices

At the present time Australian beekeepers are being undercut by the Australian supermarkets who continue to pressure honey packers for a more cost-effective product.

A real-time example of the power and influence demonstrated by Australian supermarkets is where three cheaper, imported products (currently available at the two major chains and an independent grocer) retail for \$11.70 per kilogram. The Australian product located on the shelf above the imported product sells for \$19.40 per kilogram.

In this example hard-working Queensland beekeeping families are being undercut by \$7.70 per kilogram, all whilst receiving a return at the farm gate of between \$4 and \$4.60 per kilo before their final return is deducted a further 4.6c per kilo collected as their contribution to the national honey levy.

More than 20 years ago during a period of prolonged drought and significant national crop production shortages, the honey bee sector was advised that honey packers would 'supplement' the supply of honey available on supermarket shelves until such time as the drought conditions would break and regular production volumes returned in order to keep 'Australian's purchasing honey'.

Whilst the Australian Honey bee Industry understood the need to fill honey gaps on supermarket shelves during the peak of the big-dry, the sector trusted supermarkets, food manufactures and honey packers to return to sourcing local Australian honey products from Australian beekeepers once conditions improved and average crop productions returned.

Now in 2024, the major supermarkets and food manufactures continue to influence honey packers to import large volumes of foreign honey with the new excuse now related to 'price conscious' consumers.

Whilst we appreciate the Queensland Parliament can have little jurisdictional power over the 'market dynamics', the Committee have the powers to make a recommendation the Australian government revisit the policies related to the 'freedom' within the Australian market that enables supermarkets and food manufactures to influence honey packers to source cheaper products to satisfy consumer and market demand.

The industry is collectively committed to investigating the authenticity of foreign honey that reaches our shores, destined for the supermarket shelf or to be mixed into many food products. Supermarket staple items that are packaged with 'honey' on the front label to give consumers a false sense of surety that the product has more superior 'health and nutritional properties' because it contains honey.

Authenticity of Imported Honey

Our industry continues to question the authenticity of all honey that is imported into Australia as a result of the "From the Hives" investigation undertaken by the European Union (EU) in March 2023. (Source: 2023 From the Hives). The study investigated 320 samples of honey imported into the EU and tested the samples using the four main globally recognised tests as the best available testing methods in combination.

Alarmingly the study determined in March 2023, 46% of samples tested showed signs of adulteration. It is worth noting the EU undertakes regular investigations applying the latest testing

methods at the time and between 2015-2017 of the total honey samples analysed 14% of products were adulterated.

The study also highlighted 56% of exporters were flagged as having exported honey suspect of being adulterated with sugar syrups and 65% of importers had imported at least one shipment of honey with signs of adulteration.

How is Australia checking the 8,000t of imported honey arriving in Australia each year?

Currently the Australian Government only tests 5% of imported shipments using a single method that is globally recognised as inadequate for detecting fraudulent honey.

The price difference between authentic honey and sugar syrups explains why honey fraud is on the increase due to being highly profitable. In addition, international fraudsters are employing extraordinary measures to stay ahead of the current testing methods and are exploring new scientific means to 'beat' the adulteration tests every year.

Although Industry R&D is actively investigating a means to 'profile' the unique characteristics of honeys in order to build a 'global profile', Australian consumers continue to be lured into a false sense of surety the golden liquid squeezed over their breakfast of 'Aussie Oats' drowned in full-cream Australian milk is authentically honey, let alone Australian authentic honey.

The long-term trends in profits accruing along the supply chain for perishable produce, and the prevalence and effects of information asymmetry between these parties

The commercial sector of the Queensland honey bee industry is beginning to see the materialised effects of the lack of a 'fair return for effort and labour' to our agricultural colleagues.

During the peak of the pollination service period in 2023 and while the QLD border remained closed to movements of hives from NSW, it was widely speculated that growers across the state would be looking for Queensland bees to fill the gaps left by their NSW beekeeping colleagues.

Contrary to our expectations, many growers were actively reducing the number of hives required per hectare as a means to reduce the cost of paid pollination services and reduce crop yields as a direct result of the low-prices received at the farm gate from the domestic wholesale market.

The QBA heard from many beekeepers whose growers had reduced hive numbers for pollination due to unviable economic returns, seeing many farmers allowing produce to drop to the ground and rot or be ploughed into the soil as costs to harvest and get the product to market exceeded any return they'd receive in exchange for their crop.

This failing confidence in farming and the ability to generate a profitable margin to remain in business and grow the next season's produce is being experienced across the nation, with indirect consequences for all those involved in the agricultural supply chain.

Other Economic Factors to consider

Queensland is also the base for many beekeeping equipment manufacturing businesses and honey packers. These crucial supply chain partners further contribute to the economic value of the industry. Many of Queensland's Commercial Beekeepers are based in regional centres driving employment and prosperity for the regions.

Honey Production

The value of honey and honeybee products in Queensland is approximately \$64 million. Whilst this is a modest value, the Queensland honeybee industry contributes significantly to the Queensland economy through pollination, honey production, in turn boosting investment and employment in regional areas. There are also opportunities for Queensland honey to lead the world through its unique therapeutic properties.

Conclusion

During COVID the Australian agricultural sector were recognised as 'heroes', alongside our health workers and supermarket staff for continuing to turn up to work each day keeping our community healthy and nourished, during a time when the majority of the nation was working from their recliner in their pyjamas.

Fast forward to a post pandemic world where most Australian's are experiencing 'cost of living' pressures to feed their family, keep the lights on and a roof over their heads.

We sincerely recognise and appreciate the pain and the pinch on the wallet as consumers continue to place world class Australian produce into the supermarket trolley each week. Outside of the current 'bandwidth' of most consumers is an understanding that the future of food security is at extreme risk.

Aussie farming families are experiencing the same pressures as consumers just on a larger scale.

From the cost increases associated with farm consumables to increasing energy costs, a geo-political appetite to reach carbon neutral or net zero, and the farm insurance premiums at all-time high, primary producers are fighting for survival.

The QBA are confident a resolution can be reached to enable a fair return for a farmer's work, furthermore triggering a reduction in the cost-of-living pressures being experienced by Australian families keeping world class Australian food and fibre products in the fridge and pantry.

On behalf of the Executive of the Queensland Beekeepers' Association, we express our appreciation to the Committee for their consideration of the views of our organisations and the members we represent.

Yours sincerely,



Jo Martin

State Secretary

Queensland Beekeepers' Association Inc

Prepared with approval of the Queensland Beekeepers' Association Inc Executive Board.