



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEE NO. 1

Fresh food pricing

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PC 1

Report 47

October 2018

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Portfolio Committee No. 1 - Premier and Finance

# **Fresh food pricing**

Ordered to be printed 17 October 2018

New South Wales Parliamentary Library cataloguing-in-publication data:

**New South Wales. Parliament. Legislative Council. Portfolio Committee No. 1 – Premier and Finance.**

Fresh food pricing / Portfolio Committee No. 1 – Premier and Finance [Sydney, N.S.W.] : the Committee, 2018. 78 pages ; 30 cm. (Report no. 47 / Portfolio Committee No. 1 – Premier and Finance)

“October 2018”

Chair: Rev. the Hon. Fred Nile, MLC.

ISBN 9781922258601

1. Food prices—New South Wales
2. Groceries—Prices—New South Wales.
  - I. Nile, Fred.
  - II. Title.
  - III. Series: New South Wales. Parliament. Legislative Council. Portfolio Committee No. 1 – Premier and Finance. Report ; no. 47

338.1941 (DDC22)

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## Terms of reference

That Portfolio Committee No. 1 – Premier and Finance inquire into and report on the price of fresh food in New South Wales, and in particular:

- (a) trends in pricing, comparable to other states in Australia and internationally
- (b) the relationship between wholesale prices paid to farmers and the retail price paid by consumers
- (c) payment arrangements between growers, wholesalers and fresh food retailers
- (d) the prevalence of food insecurity in New South Wales
- (e) the identification of ‘food deserts’ and any efforts to address them
- (f) the impact on fresh food prices in New South Wales of:
  - (i) transportation costs
  - (ii) the level of competition between retailers,
  - (iii) drought, climate change and extreme weather events,
  - (iv) new retail operators, such as AmazonFresh, and
- (g) any other related matter.

The terms of reference were self-referred by the committee on 13 April 2018.<sup>1</sup>

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<sup>1</sup> *Minutes*, NSW Legislative Council, 1 May 2018, pp 2456-2457.

## Committee details

### Committee members

<b>Revd the Hon Fred Nile MLC</b>	Christian Democratic Party	<i>Chair</i>
<b>The Hon Rick Colless MLC*</b>	The Nationals	
<b>The Hon Scott Farlow MLC</b>	Liberal Party	
<b>Mr Justin Field MLC</b>	The Greens	
<b>The Hon Courtney Houssos MLC*</b>	Australian Labor Party	
<b>The Hon Taylor Martin MLC</b>	Liberal Party	
<b>The Hon Mick Veitch MLC*</b>	Australian Labor Party	

\* The Hon Rick Colless MLC substituted for the Hon Ben Franklin MLC from 6 June 2018 for the duration of the inquiry.

\* The Hon Courtney Houssos MLC substituted for the Hon Peter Primrose MLC from 17 April 2018 for the duration of the inquiry.

\* The Hon Mick Veitch MLC substituted for the Hon Adam Searle MLC from 17 April 2018 for the duration of the inquiry.

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## Chairman's foreword

This inquiry examined from a holistic perspective the important but often overlooked policy issue of fresh food pricing.

Starting from the well understood premise that although consumption of fresh foods is essential to good health, that consumption is not nearly as high as it should be, the committee was concerned by the evidence before us that lower consumption of healthy foods has very substantial flow-on impacts on people's day to day lives and opportunities, as well as the health and opportunities of their children. We were also very troubled by evidence that food insecurity – put simply, the experience of not having enough food – is increasing in our communities.

The inquiry took evidence from community groups, public health advocates, industry representatives and others about how fresh food consumption can be improved. It became clear that not only will this improve people's lives, it will also benefit our food producers and other industries.

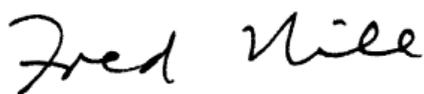
It is clear from the evidence before the committee that the factors that affect the pricing and consumption of healthy foods are both complex and interactive, suggesting that government needs to take a multifaceted approach to improve consumption.

The committee has made 14 recommendations with this goal in mind. First we recommend a number of strategies focused on industry and planning. These range from developing a comprehensive approach to data collection on food pricing and food security, to pursuing mechanisms for greater transparency in supply chains, to improving rail and road corridors for industry. We also recommend that government consider how to further embed health and wellbeing outcomes into the regional planning system, and that government agencies work together to ensure the protection of high quality agricultural land in peri-urban metropolitan and regional communities.

Next, we recommend a range of strategies focusing directly on individuals and families. These include the introduction of a comprehensive school breakfast program targeting schools in disadvantaged communities, investigation of the need for school lunch programs, action in respect of healthy school canteens, and greater funding for food subsidy programs around New South Wales.

I wish to highlight the way that the support of diverse stakeholders converged on many of these recommendations. It is not always the case that industry and community groups readily agree on solutions, but that is what occurred here. On behalf of the committee, I thank each of our inquiry participants for your thoughtful and well researched contributions to the inquiry.

Equally, I thank my committee colleagues for their considered views, and the secretariat staff for their hard work and professional support.



Revd the Hon Fred Nile MLC  
**Chairman**

## Recommendations

- Recommendation 1** **27**  
That the NSW Government, led by the NSW Ministry of Health and in consultation with key stakeholders, develop and implement a comprehensive approach to data collection in respect of food pricing and food security that:
- includes regular healthy food basket surveys
  - captures the differential between healthy and unhealthy foods
  - measures a range of factors impacting food security
  - improves mapping of food deserts and our understanding of them
  - enables comparison with other states and territories.
- Recommendation 2** **31**  
That the NSW Government pursue via Council of Australian Government discussions mechanisms for greater transparency in purchasing arrangements between growers, wholesalers and fresh food retailers.
- Recommendation 3** **31**  
That the Department of Primary Industries examine the NSW Farmers Association proposal for the establishment of a NSW Commissioner for Agriculture to advocate on behalf of the farming sector and help rebalance power relationships in supply chains.
- Recommendation 4** **32**  
That Transport for NSW convene a taskforce to expedite the development of a plan to improve rail and road corridors for industry across the Great Dividing Range.
- Recommendation 5** **32**  
That the NSW Government establish an environmental trust that provides incentives to producers and others in the supply chain to divert consumable foods from landfill towards food relief programs, such as by meeting transport costs.
- Recommendation 6** **45**  
That the Department of Planning and Environment consider how to further embed health and wellbeing outcomes into the broader regional planning system.
- Recommendation 7** **46**  
That the Department of Planning and Environment, Department of Primary Industries, Greater Sydney Commission and Office of Local Government continue to work together to ensure the protection of high quality agricultural land in peri-urban metropolitan areas and in regional New South Wales.
- Recommendation 8** **46**  
That the Department of Planning and Environment, Department of Primary Industries and Greater Sydney Commission continue to encourage high technology food production, including at the Western Sydney Aerotropolis.

**Recommendation 9**

47

That the Greater Sydney Commission and Department of Planning and Environment continue to work with councils across Greater Sydney to ensure appropriate retail planning, farmers markets and other strategies to improve access to, and availability and affordability of fresh food, especially in disadvantaged communities.

**Recommendation 10**

47

That the Department of Planning and Environment work with councils across regional and rural New South Wales to ensure appropriate retail planning, farmers markets and other strategies to improve access to, and availability and affordability of fresh food, especially in disadvantaged communities.

**Recommendation 11**

58

That the NSW Department of Education and NSW Ministry of Health, in liaison with Foodbank NSW and ACT and other non government stakeholders, introduce an evidence based school breakfast program across New South Wales that targets schools with a high proportion of children from socially disadvantaged families, by the end of 2019.

**Recommendation 12**

58

That the Department of Education and NSW Ministry of Health investigate the need for and cost of introducing a school lunch program that targets children from socially disadvantaged families and provides emergency food relief for children suffering from food insecurity.

**Recommendation 13**

58

That the NSW Department of Education consider options to further drive the implementation of the Healthy School Canteen Strategy, to ensure that all canteens transition to becoming healthy school canteens by the end of 2019.

**Recommendation 14**

63

That the NSW Government increase its funding for food subsidy programs around New South Wales to:

- enable the establishment of more programs in metropolitan, regional and remote communities
- fully fund the transport costs associated with Foodbank donations distributed in regional communities
- support collaboration between local groups, social services, producers and small business, to identify ways to increase the local supply of donations of healthy foods.

## **Conduct of inquiry**

The terms of reference for the inquiry were self-referred by the committee on 13 April 2018. The committee received 18 submissions and one supplementary submission.

The committee held two public hearings, both at Parliament House in Sydney.

Inquiry related documents are available on the committee's website, including submissions, hearing transcripts, tabled documents and answers to questions on notice.

# Chapter 1      **Background: the affordability, consumption, security and pricing of fresh food**

Fresh food is essential for living a full and productive life. Ultimately, ... it is a shared responsibility to ensure that everyone in the community can access and afford fresh food.<sup>2</sup>

In this background chapter the committee documents the evidence we received in respect of the price of fresh food in New South Wales, setting the scene for the subsequent two chapters that explore the actions that government can take to improve consumption. First, it documents the link between the consumption of fresh foods and optimal health, then the well recognised patterns of geographical differences in prices of fresh food, especially between metropolitan and rural areas. Next, it explores the concept of food security, which is determined not simply by affordability but other complex factors as well. The relationship between food insecurity and social disadvantage emerges as a significant theme. The chapter then examines the research evidence gathered and reported by inquiry participants on the reasons for inadequate consumption of fresh foods.

Finally, the chapter turns to the more economic issues of the relationship between wholesale prices paid to farmers and the retail prices paid by consumer, along with other factors that influence pricing.

## **Fresh foods are healthy foods**

- 1.1      The committee heard from numerous inquiry participants that consumption of fresh food is essential to good health, but that consumption is not nearly as high as it should be.
- 1.2      According to the Dieticians Association of Australia, fresh foods are the foundation of a diet consistent with the Australian Dietary Guidelines and the Australian Guide to Healthy Eating to sustain growth and development, and to maintain physical and mental health. Adequate food also enables individuals and communities to be productive.<sup>3</sup>
- 1.3      Indeed, so essential is fresh food that the Association further advised that access to affordable healthy food is a basic human right, as reflected in Articles 11.1 and 11.2 of the *International Covenant on Economic, Social and Cultural Rights*, and in Article 24 of the *Convention on the Rights of the Child*.<sup>4</sup>
- 1.4      According to the Cancer Council NSW submission, citing HealthStats NSW data:
  - 93 per cent of adults and 95 per cent of children do not consume the recommended 5 serves of vegetables each day
  - 52 per cent of adults and 38 per cent of children do not consume the recommended 2 serves of fruit per day

<sup>2</sup>      Submission 4, St Vincent de Paul Society, p 5.

<sup>3</sup>      Submission 9, Dieticians Association of Australia, p 2.

<sup>4</sup>      Submission 9, Dieticians Association of Australia, p 2.

- 53 per cent of adults and 22 per cent of children are overweight or obese.<sup>5</sup>

**1.5** Dr Jon Wardle, Co-Convenor, Complementary Medicine Evidence, Research and Policy with the Public Health Association Australia (PHAA), told the committee that ‘increasing [consumption of] fresh foods is one of the most effective ways to improve health’, with enormous benefits to the individual and to society. In respect of the latter, about 10 per cent of the Australian disease burden is directly associated with poor nutrition.<sup>6</sup>

**1.6** Ms Clare Hughes, Nutrition Program Manager with the Cancer Council NSW, elucidated some of the health effects of poor nutrition in respect of cancer:

We know that if all Australians were able to choose a diet consistent with the Australian Dietary Guidelines then cancer rates would be reduced significantly. Recent evidence from the World Cancer Research Fund confirms that being overweight or obese is associated with 12 different types of cancers. We know that in Australia almost 4,000 cases each year could be prevented if people achieved a healthy weight. We also know more than 4,000 cancer cases could be prevented each year if people ate the recommended amount of fruits, vegetables and fibre.<sup>7</sup>

**1.7** Ms Melanie Fernandez, Deputy Chief Executive Officer of the NSW Council of Social Service (NCOSS) noted that lower consumption of healthy foods have very substantial flow-on impacts on people’s day to day lives and opportunities, as well as the opportunities of their children in respect of health, wellbeing, education and later employment.<sup>8</sup>

**1.8** In respect of the price of fresh foods, in its submission, Woolworths Group Limited made a number of observations:

- Fresh food prices in New South Wales are broadly in line with those in other states and territories.
- In Australia generally, food price inflation has been low over recent years, and at times negative.
- There is greater volatility in fruit and vegetable pricing compared to other food items, due to seasonal and climatic factors.
- Day to day retail prices can differ based on factors including supply, promotional and competitor activity and consumer demand.
- Woolworths uses a state based pricing system for fresh food such that customers in different parts of the state typically pay the same price.<sup>9</sup>

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<sup>5</sup> Centre for Epidemiology and Evidence, *HealthStats: Overweight and Obesity in Children 2017*, NSW Health; Centre for Epidemiology and Evidence, *What NSW children eat and drink: Report of the Chief Health Officer 2017*, cited in Submission 7, Cancer Council NSW, p 9.

<sup>6</sup> Evidence, Dr Jon Wardle, Co-Convenor, Complementary Medicine, Evidence, Research and Policy, Public Health Association Australia, 22 June 2018, p 2.

<sup>7</sup> Evidence, Ms Clare Hughes, Nutrition Program Manager, Cancer Council NSW, 22 June 2018, pp 18-19.

<sup>8</sup> Evidence, Ms Melanie Fernandez, Deputy Chief Executive Officer, NSW Council of Social Service, 22 June 2018, p 18; see also Submission 18, Foodbank NSW, p 5.

<sup>9</sup> Submission 20, Woolworths Group Limited, pp 1 and 3.

- 1.9** Dr Wardle advised the committee that fresh food prices are increasing higher than other foods and expenses. The average Australian family has to spend more than one third of their budget on food to maintain Australian healthy eating guidelines, however this component of family budgets is ‘often the only discretionary part of the budget that can be cut in times of financial stress.’<sup>10</sup>
- 1.10** Other inquiry participants such as Mr John Robertson, Executive General Manager of Foodbank NSW and ACT and Ms Joanne Yates, Executive Director of the Executive Secretariat, St Vincent de Paul, also emphasised the discretionary dimension to food: people with limited incomes will necessarily prioritise their mortgage or rent, then their bills, then choose the cheapest forms of food for themselves and their families, which may not be healthy, and indeed, often forego food.<sup>11</sup> As Mr Robertson put it, ‘People will go without food to pay bills.’<sup>12</sup>
- 1.11** In order to improve the consumption of healthy foods, the Cancer Council NSW called for the food system in New South Wales to allow easy access to a wide variety of affordable, good quality, fresh foods for the population regardless of where they live.<sup>13</sup>

### Geographical differences in prices

- 1.12** The committee heard that there is significant variance in the affordability of healthy food between metropolitan and rural areas.
- 1.13** Ms Hughes of Cancer Council NSW reported on her organisation’s research regarding the price of standardised ‘healthy food baskets’ conducted in 2006, 2008 and 2009, which highlighted significant differences between metropolitan and rural areas in the cost of fruit and vegetables in particular.<sup>14</sup>
- 1.14** The Country Women’s Association observed that ‘Small regional communities, and especially remote towns and villages, which usually only have one retail outlet for food, suffer much higher prices and reduced choice in fresh foods.’<sup>15</sup> Highlighting the link between competition and product prices, it stated, ‘Competition between retailers drives down prices to the consumers who, of course don’t really care where the food comes from as long as it’s cheap. In small communities, with no competition, prices are almost always higher.’<sup>16</sup>
- 1.15** Others who recognised this geographical differential in affordability included Ms Yates of the St Vincent de Paul Society, who observed, ‘the further you get away from a regional centre,

<sup>10</sup> Evidence, Dr Wardle, 22 June 2018, p 2; see also Evidence, Ms Joanne Yates, Executive Director, Executive Secretariat, St Vincent de Paul Society, 22 June 2018, p 43 and Submission 4, St Vincent de Paul Society, p 2.

<sup>11</sup> Evidence, Ms Yates, 22 June 2018, p 44; Evidence, Mr John Robertson, Executive General Manager, Foodbank NSW and ACT, 22 June 2018, p 37.

<sup>12</sup> Evidence, Mr Robertson, 22 June 2018, p 37.

<sup>13</sup> Submission 7, Cancer Council NSW, p 9.

<sup>14</sup> Evidence, Ms Hughes, 22 August 2018, pp 22-23.

<sup>15</sup> Submission 19, Country Women’s Association, p 1.

<sup>16</sup> Submission 19, Country Women’s Association, p 3.

particularly from a large city, the higher the cost and the more difficult the access is to fresh food on a regular and affordable basis.<sup>17</sup> The St Vincent de Paul submission drew on the testimonials of its council members to emphasise the amplified costs of living in rural areas, for example:

Fresh food is generally more difficult to access and costs more in small towns and remote regions. In many of these places one supermarket or shop operates, or requires lengthy travel times to access, contributing to higher prices and a smaller range of goods. For example, our members reported that in Maclean there is only one supermarket, SPAR, and often the prices are higher and with a more limited range in comparison with other supermarkets in major town centres such as Grafton.<sup>18</sup>

- 1.16** A St Vincent de Paul council member from Parkes contributed the following observation on the higher prices in Peak Hill and difficulties in purchasing fresh food:

For the last twelve months we have been providing assistance to the people in Peak Hill which is 50km from Parkes. I visited the town yesterday to check on prices. The groceries have a mark-up of between \$1 and \$5 on each item compared to the large supermarkets in Parkes. There was very little fresh [food] and vegetables. Tomatoes were \$6 kilo, apples \$8 kilo, potatoes \$4 kilo, bananas \$5 kilo. Price of mince at the butcher was \$15 kilo and thin sausages \$15 kilo. There is a community bus to Parkes every 2nd Thursday and costs \$20 return. Many of the residents are on Centrelink benefits so cost of living makes life difficult.<sup>19</sup>

- 1.17** In terms of broader socioeconomic differences, a 2017 study of differences in the cost, availability and quality of food in Sydney found that the cost of a food basket was significantly cheaper in low compared to high socioeconomic suburbs. However there were fewer varieties and poorer quality fruit and vegetables in stores in low socioeconomic suburbs.<sup>20</sup>

## Food security

- 1.18** There was wide recognition among inquiry participants that consumption of fresh foods is not simply related to pricing. Indeed, stakeholders advised that the factors affecting the consumption of healthy foods are complex and multifaceted. One key concept is ‘food security’, which in turn has certain components, only one of which is affordability.

- 1.19** The Cancer Council NSW advised that food security refers to people’s ‘physical, social and economic access to safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.’<sup>21</sup> The Right to Food Coalition noted that as such, food security is a ‘fundamental issue of equity and a major contributor to human wellbeing.’<sup>22</sup>

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<sup>17</sup> Evidence, Ms Yates, 22 June 2018, p 45; see also Submission 4, St Vincent de Paul Society, p 2.

<sup>18</sup> Submission 4, St Vincent de Paul Society, p 2.

<sup>19</sup> Submission 4, St Vincent de Paul Society, p 2.

<sup>20</sup> B Crawford, R Byun, E Mitchell, S Thompson, B Jalaludin and S Torvaldsen, ‘Socioeconomic differences in the cost, availability and quality of healthy food in Sydney’, *Australian and New Zealand Journal of Public Health* (2017) 41 (6), pp 567-571, tendered by Hon Courtney Houssos MLC, 9 August 2018.

<sup>21</sup> World Summit on Food Security, 2009, quoted in Submission 10, Right to Food Coalition, p 1.

<sup>22</sup> Submission 10, Right to Food Coalition, p 1.

1.20 NCOSS explained that security occurs as a consequence of food supply, access and utilisation factors which influence people's purchasing and consumption patterns.<sup>23</sup> More broadly, food security can be thought of as having three main pillars:

- food availability – the supply of food within a community, including the location of food outlets, the availability of food within stores, and the price, quality and variety of available food
- food access – the ability of consumers to acquire food which is safe, nutritious, affordable, competitively priced and culturally acceptable
- food use – the appropriate use of food based on knowledge of basic nutrition and care.<sup>24</sup>

### Food insecurity and social disadvantage

1.21 Correspondingly, food insecurity is defined as occurring 'whenever the availability of nutritionally adequate and safe foods or the ability to acquire acceptable food in socially acceptable ways is limited or uncertain'.<sup>25</sup> Foodbank NSW and ACT expressed food insecurity in simple, experiential terms: 'not knowing where your next meal is coming from'.<sup>26</sup>

1.22 According to NCOSS, food insecurity is the result of factors including a person's inability to afford food, a limited number of full-service grocery stores in an area, inadequate access to nutritional information and limited transport to food retail outlets.<sup>27</sup>

1.23 Ms Liz Millen, NSW Convenor of the Right to Food Coalition, told the committee of the well-substantiated effects of food insecurity on people's lives and our society more broadly, then went on to underscore that it can be mitigated:

There is abundant research showing that food insecurity has serious impacts on short-term and long-term physical health, as well as on mental health ... and wellbeing. It contributes to obesity and chronic disease, has a role in mental ill health and, critically, can affect the long-term life chances of children, who may miss out on social and educational opportunities if they go to school without breakfast. Costs are borne not only by individuals who face these issues but by all of us ... However, we believe that food insecurity is not inevitable and is something that we can work together to address.<sup>28</sup>

<sup>23</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 10.

<sup>24</sup> Submission 7, Cancer Council NSW, p 8; NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 10; Kate Rosier, *Food insecurity in Australia: What is it, who experiences it and how can child and family services support families experiencing it?*, Communities and Families Clearinghouse Australia practice sheet, Australian Institute of Family Studies, 2011, p 1.

<sup>25</sup> K Radimer, 'Measurement of household food security in the USA and other industrialized countries', *Public Health Nutrition*, (2002) 5(6A), pp 859– 864, cited in Rosier (2011), p 1.

<sup>26</sup> Submission 18, Foodbank NSW and ACT, p 5.

<sup>27</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 6.

<sup>28</sup> Evidence, Ms Liz Millen, NSW Convenor, Right to Food Coalition, 22 June 2018, p 50.

- 1.24** The Right to Food Coalition cited a number of studies that substantiated the link between food insecurity and mental health conditions.<sup>29</sup>
- 1.25** The committee heard that it can be hard to determine accurately the extent of food insecurity in Australia because of the absence of routine, comprehensive and standardised data collection on it.<sup>30</sup> Data from HealthStats NSW shows that in 2014, 6.9 per cent of people 16 years and over in New South Wales answered yes to the question, ‘In the last 12 months, were there any times you ran out of food and could not afford to buy more?’<sup>31</sup>
- 1.26** The PHAA commented that while this figure for the general population is alarming enough in our developed nation, food insecurity was reported by 18.5 per cent of Aboriginal people in New South Wales.<sup>32</sup> Dr Sumithra Muthayya, Consultant to the Right to Food Coalition, who is conducting research on food insecurity with Aboriginal families in rural and metropolitan New South Wales, further advised that one in five Aboriginal people in non-remote areas experience food insecurity and one in four in remote areas.<sup>33</sup> The PHAA identified a number of factors contributing to food insecurity in Indigenous communities including low income and unemployment, inadequate housing, overcrowding, lack of educational opportunities, transport, high food costs, cultural food values, and lack of literacy, knowledge and skills in respect of food and nutrition.<sup>34</sup>
- 1.27** The PHAA reported that ‘The incidence of food insecurity increases as remoteness increases, and as socioeconomic status decreases, with more than 10% of people in remote areas and in the most disadvantaged socioeconomic quintile reporting having experienced food insecurity in the previous 12 months.’<sup>35</sup>
- 1.28** Foodbank Australia’s 2018 report, *Rumbling Tummies: Child Hunger in Australia* cited Foodbank’s 2017 research finding that 15 per cent of Australians experienced food insecurity in the previous 12 months, while 22 per cent of children experienced food insecurity over the same period.<sup>36</sup>
- 1.29** Mr Robertson of Foodbank highlighted the shame attached to food insecurity which has the effect that people are very reluctant to identify themselves as being in this group, preventing them from accessing timely assistance:

[F]ood insecurity or a lack of food has a real shame associated with it. So it is a hidden problem. At Foodbank we say, ‘It is not on your street but it is probably in your street.’ ... It is a shame that you cannot provide sufficient food for your family or you cannot provide sufficient food for your children, so it is a big step to reach out and say, ‘I need

<sup>29</sup> V Tarasuk, J Cheng, C Gunderson, C de Oliveira and P Kurdyak, ‘The relation between food insecurity and mental health care service utilisation in Ontario’, *Canadian Journal of Psychiatry*, cited in answers to questions on notice, Right to Food Coalition, received 19 July 2018, p 1.

<sup>30</sup> Submission 10, Right to Food Coalition, p 10.

<sup>31</sup> Submission 7, Cancer Council NSW, p 8.

<sup>32</sup> Submission 6, Public Health Association of Australia, p 5.

<sup>33</sup> Evidence, Dr Sumithra Muthayya, Consultant, Right to Food Coalition, 22 June 2018, p 51.

<sup>34</sup> Submission 6, Public Health Association of Australia, p 5.

<sup>35</sup> HealthStats NSW, *Food Insecurity*, NSW Health, 2015, cited in Submission 6, Public Health Association of Australia, p 5.

<sup>36</sup> Foodbank, *The Foodbank Hunger Report 2018*, cited in Foodbank, *Rumbling Tummies: Child Hunger in Australia*, April 2018, p 4.

help.” What we find, from talking to the charities, and even to the people who agree to be our case studies for various fundraising campaigns, is that it takes a long time before they get to the point of reaching out. In that period of time there can be some significant emotional impacts on families, on how children grow, and on their behaviour and those sorts of things.<sup>37</sup>

**1.30** Dr Muthayya from the Right to Food Coalition told the committee about the well substantiated links between food insecurity, consumption of unhealthy foods, obesity and consequent health problems:

Families which are doing it tough ... often end up buying cheaper, less healthy food, which is high in fat and sugar, and less of fruits and vegetables. This starts a cycle of eating poorly and then being unhealthy, putting on weight. It starts to become a cycle. It is well documented that mild to moderate food insecurity is a pathway to developing obesity. It starts in childhood. That is the biggest risk because they start very early in life and it progresses into adolescence and adulthood and by then they have already picked up early signs of chronic disease, high blood pressure, bad glucose control, and as they get older, different types of cancer and chronic kidney disease.<sup>38</sup>

**1.31** The Federation of Parents and Citizens Associations of New South Wales (P&C Federation) articulated the detrimental impact of food insecurity on children’s daily functioning, and ultimately their educational outcomes:

There is a plethora of advice from health specialists that food insecurity disrupts children’s sleeping patterns, makes behavioural problems at school more likely, reduces children’s concentration, and reduces their energy and general ability to function through the day. For children in families with ongoing food insecurity, these symptoms may become long term issues, which could therefore affect a child’s educational outcomes throughout their schooling years. Indeed, in one survey by Foodbank, school teachers estimated that a child coming to school hungry loses over two hours a day of learning time – thus, a child coming to school hungry multiple times a week could lose nearly one term of learning time over the course of a year.<sup>39</sup>

**1.32** The Right to Food Coalition noted that a state-wide figure for food insecurity does not hold much meaning as food insecurity is concentrated in certain populations.<sup>40</sup> In addition to figures for Aboriginal people provided above, it documented data on other subgroups of the population among whom food insecurity is high, all of whom tend to have low incomes, as gleaned from small scale studies:

- In Sydney, 40 per cent of young people who were homeless or at risk of homelessness were found to have severe food insecurity.
- Food insecurity affected up to 86 per cent of some newly-arrived refugee groups in Fairfield.

<sup>37</sup> Evidence, Mr Robertson, 22 June 2018, p 35; see also evidence, Ms Yates, 22 June 2018, p 43.

<sup>38</sup> Evidence, Dr Muthayya, 22 June 2018, p 51.

<sup>39</sup> Submission 5, Federation of Parents and Citizens Associations of New South Wales, p 3.

<sup>40</sup> Evidence, Ms Millen, 22 June 2018, p 56.

- 45 per cent of sole parents in three suburbs in South West Sydney experienced food insecurity.<sup>41</sup>

**1.33** Highlighting the extent of food insecurity in some metropolitan communities, Ms Millen of the Right to Food Coalition told the committee about the response among families to the opening of a food pantry in Bargo, South West Sydney, almost half of whom are in employment:

A new community pantry opened there in January and already has 830 families registered, which is equivalent to 18 per cent of the local population. We are not only talking about remote areas that have food insecurity issues. About 50 per cent of those accessing the Bargo service are working families. Last Tuesday—you may remember—it was very cold. It was about 9 degrees and there was driving rain and a lot of wind, but nearly 200 families turned up to access the low-cost bag of food, which I think says something about the desperation that families are facing.<sup>42</sup>

**1.34** Similarly, Mr Robertson of Foodbank emphasised that a large proportion of people living with food insecurity are employed, referring to the findings of the Foodbank's 2017 *Hunger Report*, which indicated 48 per cent of people living with food insecurity were employed, who are 'genuinely trying to get on with life, have a job, pay their bills, pay the rent or the mortgage and cannot make ends meet.' He further highlighted the precariousness of ordinary families who are unconsciously enjoying security, whose breadwinner loses their job precipitating a quick spiral downwards.<sup>43</sup>

### **Growing food insecurity**

**1.35** Numerous participants pointed to evidence of increasing food insecurity in our communities.

**1.36** Foodbank, for example, attested to the growing unmet demand for food relief, as reflected in a survey of New South Wales charities indicating that 40 per cent reported that every month they turn away individuals requesting food relief, while 48 per cent reported that demand for food has increased in the past 12 months. It further suggested that the growing demand for food relief is also reflected in the greater volume of products that Foodbank distributes:

- In the 2014/15 financial year we distributed 5.8 million kilograms or the equivalent of 10.4 million meals
- Three years later, in this the 2017/18 financial year, we are tracking to distribute 11.0 million kilograms or the equivalent of 19.8 million meals
- And we expect to double our output again in the next 5 years.<sup>44</sup>

**1.37** Ms Yates indicated that demand for St Vincent de Paul Society food assistance has grown significantly in the last year, suggesting that this indicates 'deepened structural need' and greater levels of vulnerability among its service users, many of whom would also be accessing other forms of Vinnies support such as assistance with energy bills. She reported that while the number of people the charity assisted has remained relatively stable, the value of the assistance provided has increased from around \$7.2 million in the previous financial year to around \$8

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<sup>41</sup> Submission 10, Right to Food Coalition, p 10; Evidence, Ms Millen, 22 June 2018, p 56.

<sup>42</sup> Evidence, Ms Millen, 22 June 2018, p 50.

<sup>43</sup> Evidence, Mr Robertson, 22 June 2018, pp 38-39.

<sup>44</sup> Submission 18, Foodbank NSW and ACT, p 5; Evidence, Mr Robertson, 22 June 2017, p 37.

million this financial year. Ms Yates further proposed that ‘these are only the people who actively seek our assistance. We would suggest that these figures infer an increasing, unmet and growing need of food security, of food need, across the population, not just amongst the people that we serve.’<sup>45</sup>

- 1.38** The San Remo Neighbourhood Centre also attested to substantially growing demand for its welfare and food programs, including among people who are employed. It noted that their service is only able to address short term food insecurity among local families, for whom long term food insecurity is a real risk, as a result of the rising costs and other issues such as housing affordability, and rising electricity and fuel prices.<sup>46</sup>

### Research on the cost of living

- 1.39** A 2016 Choice survey found that 55 per cent of Australians reported cutting back on non-essential items in the previous year, while 32 per cent reduced spending on essential items. Some 70 per cent of survey participants identified the cost of groceries as a source of anxiety.<sup>47</sup> More recently, a 2017 report prepared by Deloitte Access Economics for ALDI stated that 37 per cent of Australian households are concerned about their ability to pay for their expenses such as bills and household costs. One in three households said that they would meet an increase in day to day living costs by cutting back on grocery, by purchasing less or switching to private labels.<sup>48</sup>
- 1.40** Ms Fernandez of NCOSS told the committee that for the past three years, her organisation’s annual consultations with disadvantaged communities have shown that the cost of living and the affordability of healthy food is a very real concern to vulnerable families, especially in regional and remote communities in Western New South Wales, but also in northern and southern parts of the state.<sup>49</sup>
- 1.41** The NCOSS *Cost of Living 2018* report noted that households with the lowest incomes are at greatest risk of being priced out of accessing a nutritious diet as they spend less per person on food, but a greater proportion of their income on food.<sup>50</sup> A healthy diet costs between 20 and 31 per cent of the disposable income of low income households. Overall, Australian households spend more purchasing unhealthy foods than the amount required to purchase healthy foods, with the majority (between 53 and 64 per cent) of the food budget being spent on ‘discretionary’ choices including takeaway foods and alcohol.<sup>51</sup>

<sup>45</sup> Evidence, Ms Yates, 22 June 2018, p 47; see also Submission 4, St Vincent de Paul Society, p 2.

<sup>46</sup> Submission 2, San Remo Neighbourhood Centre, p 1.

<sup>47</sup> Choice, ‘One in four households struggling to get by’, <https://www.choice.com.au/money/budget/consumer-pulse/articles/consumer-pulse-september-2016-171116> (updated 18 November 2016), tendered by Hon Courtney Houssos MLC, 9 August 2018.

<sup>48</sup> Deloitte Access Economics, *ALDI household expenditure report: How economic pressures and societal trends are impacting grocery spending*, November 2017, p 2, tendered by Hon Courtney Houssos MLC, 9 August 2018.

<sup>49</sup> Evidence, Ms Fernandez, 22 June 2018, p 18.

<sup>50</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 6.

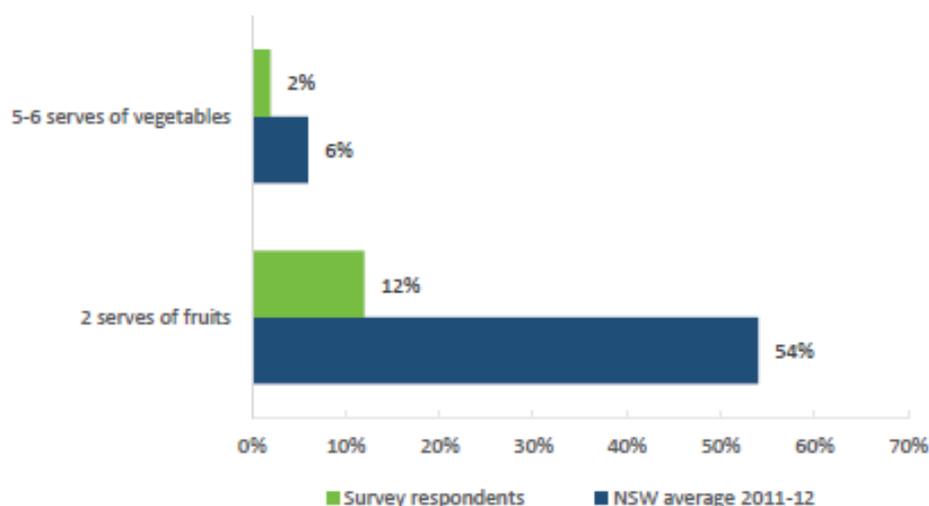
<sup>51</sup> A Lee, S Kane, R Ramsey, E Good and M Dick, ‘Testing the price and affordability of healthy and current (unhealthy) diets and the potential impacts of policy change in Australia’, *BMC Public Health*, 2016, 16, cited in NSW Council of Social Service, *Access to healthy food: Cost of living report 2018*, p 12.

- 1.42** In respect of consumption of foods, key findings from the NCOSS 2018 Cost of Living survey of more than 400 low income households around New South Wales included that:
- 1 in 10 (12 per cent) of respondents indicated that they do not have enough food or cannot afford to buy food at least one a week
  - 39 per cent have been food insecure in the past 12 months
  - 48 per cent said that they only consumed between one and five serves of vegetables per week – the equivalent of 30 serves below the recommended amount of 35 serves per week
  - Only 12 per cent consumed more than the recommended 14 serves of fruit per week
  - 58 per cent mentioned the cost of fruit and vegetables as the main reason why they didn't consume fruit and vegetables every day
  - 75 per cent indicated that they would consume more healthy food if it was cheaper
  - 45 per cent said that they would consume more healthy food if the range and quality were better where they lived.<sup>52</sup>
- 1.43** In terms of the three pillars of food insecurity noted earlier, the NCOSS survey found:
- With regard to availability – 18 per cent of respondents reported that fruits and vegetables were not available in their local shops and 24 per cent reported that the quality of fruits and vegetables was poor.
  - In terms of access, 85 per cent of respondents in the survey's lowest bracket—that is, those who are on less than \$512 per week—spend about 29 per cent of their income on food.
  - In terms of the use of food, 28 per cent of respondents mentioned lack of time and confidence in preparing healthy foods as a factor affecting their consumption.<sup>53</sup>
- 1.44** Figure 1 on the following page sets out the percentage of NCOSS Cost of Living survey respondents who consumed the recommended daily intake of fruit and vegetables, compared with the New South Wales average.

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<sup>52</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, pp 3 and 6-7.

<sup>53</sup> Evidence, Dr Kathy Chapman, Acting Chief Executive Officer, NSW Council of Social Service, 9 August 2018, p 2.

**Figure 1** Reported daily intake of fruit and vegetables

Source: NCOSS Cost of Living Report 2018, p 18

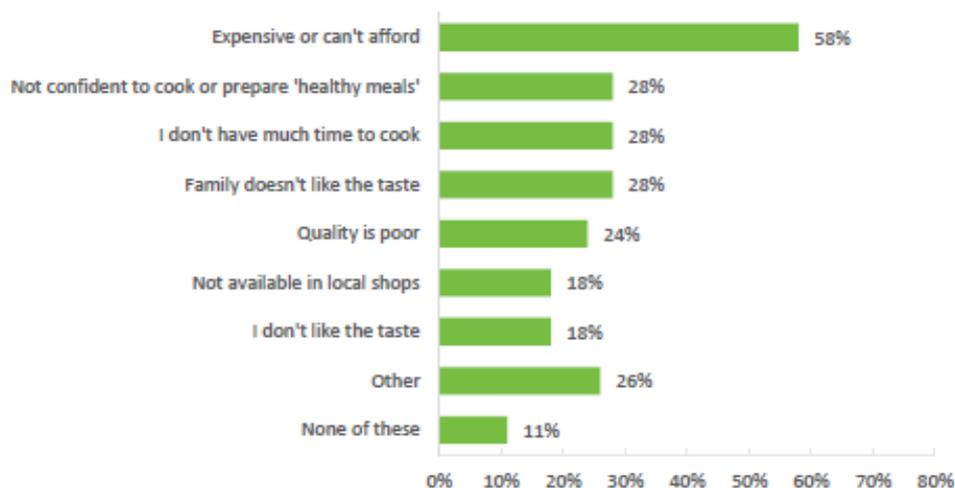
## Reasons for inadequate consumption of healthy foods

- 1.45 The NCOSS Cost of Living survey also sought to understand the reasons for respondents' inadequate consumption of healthy food.
- 1.46 Figure 2 on the following page shows the reasons given by the 185 respondents (46 per cent) who reported not eating fruit and vegetables every day. According to NCOSS, 'In summary, food price is only one part of the food insecurity issue, with factors associated with convenience, desirability and taste, coupled with ubiquitous availability and marketing of discretionary food, poor food literacy and cooking skills, and busy lifestyles influencing food choices in Australia.'<sup>54</sup>
- 1.47 Looking beyond disadvantaged communities, a Cancer Council NSW survey of the general population examined people's perceptions and beliefs about the cost of fruit and vegetables and whether they are barriers to higher consumption and found that:
- Cost was identified as a barrier for 29 per cent of people not meeting the recommended fruit servings and for 14 per cent of those not meeting recommended vegetable servings.
  - Cost was a more common barrier for those on lower incomes and less common for older participants (70+ years).
  - 20 per cent of all participants said fruit and vegetables were not affordable.
  - 39 per cent of all participants said cost made it difficult to buy fruit and vegetables.
  - 23 per cent of all participants said the cost of fruit and vegetables meant they bought less than desired.<sup>55</sup>

<sup>54</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, pp 21-22.

<sup>55</sup> K Chapman, D Goldsbury, W Watson, M Havill, L Wellard, C Hughes, A Bauman and M Allman-Farinelli, 'Exploring perceptions and beliefs about the cost of fruit and vegetables and whether they are barriers to higher consumption, *Appetite*, 2017: 113, 310-9, cited in Submission 7, Cancer Council NSW, p 10.

**Figure 2 Reasons for not consuming the recommended daily intake of fruit and vegetables**



Source: NCOSS Cost of Living Report 2018, p 20.

**1.48** Dr Wardle's evidence to the committee drawing on published public health studies reflected the NCOSS findings to some extent. Beyond affordability, he attested to the influence of time as an aspect of food access, stating that while we tend to assume that higher income people are busier, often it is the people on lower incomes, who may work more than one job or casual and inconvenient hours, who are time poor. He observed that fresh foods and healthy foods take significantly longer to prepare, and perceptions on the part of families about this can influence their food choices.<sup>56</sup>

**1.49** Asked about other factors that influence consumption of fresh foods, given that healthy diets are actually cheaper, Dr Wardle highlighted emerging evidence about 'cultural factors' that relate to people's values about food, and the importance of addressing those perceptions in order to change people's actions:

There are certainly cultural factors at play. There has been a lot of work that has recently come out of Boston that is starting to be replicated in Australia, which has suggested that the primary decision-making factors around food choices in low socio-economic and high socio-economic groups are quite different. In people with higher incomes, higher education, it tends to be more about nutrition; people with lower socio-economic status it is more about making them feel full for as long as possible as cheaply as possible ... we need to look at cultural factors, because education is key ... We focus so much on just getting people to do this action that we want them to do and we do not really look at why they are choosing the actions they are and trying to change those perceptions that drive those actions.<sup>57</sup>

**1.50** On the perception of affordability, the PHAA challenged the commonly held view that healthy foods are more expensive than less healthy foods, and that healthy diets may be unaffordable

<sup>56</sup> Evidence, Dr Wardle, 22 June 2018, p 6.

<sup>57</sup> Evidence, Dr Wardle, 22 June 2018, p 7.

for some people, reporting that research has shown that healthy diets would be between 12 and 15 per cent cheaper than unhealthy diets for a family of two adults and two children.<sup>58</sup>

- 1.51** The PHAA further reported that supermarket price promotions of unhealthy foods are another noteworthy influence on people's choice of food, stating:

Temporary price discounts should also be considered when examining current trends in pricing. These price promotions are used ubiquitously by Australian supermarkets (and internationally) with evidence suggesting they are more commonly found on unhealthy products.<sup>59</sup>

- 1.52** Ms Millen also explored the research evidence indicating the complexity of the factors at play in people's choices about food, highlighting the influence of consumption patterns established early in life, and particularly the presence of healthy versus unhealthy foods in easy access to where they live.<sup>60</sup> In respect of the latter, Ms Millen told the committee that, "There is quite a bit of evidence about the numbers of fast food and junk food outlets in poorer areas than in better off areas. It seems sometimes that the odds are stacked against people who are living in areas that are missing out on a whole lot of services that might enable them to access fresh foods."<sup>61</sup>

### **Food deserts**

- 1.53** Dr Muthayya of the Right to Food Coalition referred to the research of Dr Thomas Astell-Burt and Dr Xiaoqi Feng that mapped 'food deserts' where it is easier to access unhealthy food options than healthy ones, in Sydney. The research demonstrated how the proportion of fast food and unhealthy food places far outweigh any fresh food stores in certain communities in Western Sydney, when compared with places on the North Shore.<sup>62</sup>

- 1.54** Western Sydney Diabetes, where the research project is based, explained how the research included the mapping of areas with higher rates of type 2 (lifestyle-related) diabetes:

This [geo-mapping of food accessibility within Western Sydney] has plotted the availability of healthy food in comparison to energy-dense, nutrient-poor foods within walking distance of residences.

The research has identified so-called 'food deserts' where healthy food is not easily available and also that areas with higher rates of type 2 diabetes have fewer healthy food options for the people who live there. The resulting maps have contributed to explaining the inequality in health outcomes between areas of differing socio-economic

<sup>58</sup> Australian Prevention Partnerships Centre, 'Are healthy diets really more expensive?', Findings brief, The Sax Institute, 2017, cited in Submission 6, Public Health Association of Australia, p 4.

<sup>59</sup> AJ Cameron, SJ Sayers, G Sacks and LE Thornton, 'Do the foods advertised in Australian supermarket catalogues reflect national dietary guidelines?', *Health Promotion International*, 2017, 32(1), pp 113-21 and LS Taillie, SW Ng, Y Xue and M Harding, 'Deal or no deal? The prevalence and nutritional quality of price promotions among U.S. food and beverage purchases', *Appetite*, 2017, 117, pp 365-72, cited in Submission 6, Public Health Association of Australia, p 4.

<sup>60</sup> Evidence, Ms Millen, 22 June 2018, p 52.

<sup>61</sup> Evidence, Ms Millen, 22 June 2018, p 51.

<sup>62</sup> Evidence, Dr Muthayya, 22 June 2018, p 52.

status within Sydney. For example, residents in Blacktown have a three times greater risk of developing diabetes than in more affluent coastal suburbs such as Mosman.

This research has significant implications for the way we plan communities. Jobs, transport and urban amenities are key features of urban planning; however health should also be a priority. By increasing access to green space and fresh food, it will be possible to reduce the rates of lifestyle-related diseases like type 2 diabetes.<sup>63</sup>

**1.55** Key findings from the NCOSS *Cost of Living* report with regard to the location of food outlets, and the availability and quality of food within local stores, included:

- One third (33 per cent) of respondents were unable to walk to local shops or even catch a bus to a grocery store (31 per cent).
- 18 per cent of respondents reported that fruit and vegetables were not available in their local shops.
- By contrast, 85 per cent reported that their local shops sold takeaway food, and 83 per cent, that their local shops sold alcohol.
- 24 per cent of those who did not eat fruit and vegetables every day mentioned the poor quality of locally available fruit and vegetables as a reason.<sup>64</sup>

### *A study of urban Aboriginal families*

**1.56** Dr Muthayya of the Right to Food Coalition informed the committee of research she is conducting at the Sax Institute that highlights the reality of several of these issues for urban Aboriginal families. Her research is showing that running out of food is common in these communities – affecting one in five families – and that it is a recurring problem, occurring every fortnight or payday. The families reported that unaffordability of food was the biggest factor associated with running out of food. She also told the committee that poor local access to healthy foods was another significant issue:

Our research has found that the other big issue is that healthy food is not available anywhere close to where the majority of our Aboriginal families live, even in urban areas. Supermarkets close to where they live have prices that are quite expensive. Many families are without a car and have a number of kids in tow. For the families involved in our research, public transport is not very reliable and it can often take three hours for them to get on the bus, go to the shops, buy the food and come back, all with three or four kids in tow. Accessing fresh food takes too much time and effort. Feeding the family is more of a priority than accessing fresh food.

It is common practice to rely on bargains and specials, buy large meat packs for a cheap prices that would feed a large family and pick up subsidised fruit and vegetable boxes from charitable organisations. The other problem is the advertisements of specials in

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<sup>63</sup> Western Sydney Diabetes, Food Deserts and Mapping, <https://westernsydneydiabetes.com.au/western-sydney/food-deserts-and-mapping>; see also Submission 5, Federation of Parents and Citizens Associations of New South Wales, pp 4-5 and Submission 16, NSW Council of Social Service, pp 2-3.

<sup>64</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, pp 6-7.

fast food shops. Families race to get one of those bargains. That is another issue that needs to be addressed.<sup>65</sup>

**1.57** Dr Muthayya advised that the participants and other stakeholders had proposed a number of solutions to help them:

- some subsidised fresh food options
- better transport options to healthy food shops, such as a shuttle service every few days or week to go to the markets
- improved literacy
- education around budgeting and bulk purchasing
- school practice programs or community projects.<sup>66</sup>

### **The relationship between wholesale prices paid to farmers and retail price paid by consumers**

**1.58** The inquiry terms of reference charged the committee with considering the relationship between wholesale prices paid to farmers and retail price paid to consumers. A number of inquiry participants commented on this issue.

**1.59** The NSW Farmers Association (hereafter NSW Farmers) highlighted the differential between wholesale and retail prices, acknowledging numerous factors but highlighting the lack of transparency around pricing and the power imbalance between growers and large retailers:

Farmers recognise that the price paid by a consumer varies significantly from the price paid to them at a wholesale level. There are many and varied reasons for this – some additional costs are necessary to enable treatment of the raw product for human consumption (for example the pasteurisation of milk). Some value adding and packaging is required for a product; in addition, the retailer will have their own costs which they will need to recoup. However there remains a lack of transparency on the pricing of retail goods; a general competition imbalance between large retailers and (generally) small growers does not assist in this regard.<sup>67</sup>

**1.60** NSW Farmers went on to assert its belief that where a commodity supply chain is competitive, there will be a strong relationship between farm gate prices paid to farmers and the final retail price. In uncompetitive markets, this relationship breaks down. According to NSW Farmers:

This is more to do with the ability of the processor or the retailer not to pass on the economic surplus of the transaction down the supply chain or to the consumer. Farmers, as price takers, tend have the weakest bargaining position in the supply chain.

Competitive retail markets are a necessary but insufficient measure to ensure a closer link between retail and farm-gate prices. The retail market for fresh food or groceries can be competitive, but if certain stakeholders within the supply chain have substantial

<sup>65</sup> Evidence, Dr Muthayya, 22 June 2018, p 50.

<sup>66</sup> Evidence, Dr Muthayya, 22 June 2018, p 50.

<sup>67</sup> Submission 8, NSW Farmers Association, p 7.

market power, the economic surplus from the sale of fresh food and groceries will not find its way to the farmer. There does not have to be a contravention of market power regulatory provisions for the link between farm gate and retail prices to break down. This has been demonstrated in the dairy supply chain, and by the recent ACCC report into the dairy industry. The subversion of price signals in the supply chain is a market failure that leads to poor economic and social outcomes.<sup>68</sup>

**1.61** The PHAA made several observations, including that fresh foods are one of the most profitable arms of major retailers, and that when prices paid to farmers reduce, they may not always be passed on to consumers. It noted the significant pressures on farmers as a result of the wholesale prices they are paid, such that thin profit margins may influence farmers to reduce costs in a variety of ways, with the potential for detrimental effects on food quality. It also reported that farm gate prices rarely keep up with inflation or the average retail prices charged, milk being the most researched example. The PHAA went on to assert that, ‘This clearly suggests that fresh food could be available from major retailers at lower cost, which would help to make healthier food more affordable.’<sup>69</sup>

**1.62** Ms Millen of Right to Food Coalition was also sensitive to the power differential between farmers and supermarkets which leaves many farmers out of pocket.<sup>70</sup> The Coalition referred to a *Choice* report comparing retail prices with those paid to wholesalers, which found that final retail prices could be two to three times as much, with up to 76 per cent of the final price going to the retailer. It noted that many farmers report pressure from supermarkets to accept unfair prices, and complain that the cost of production can be higher than what they have been offered by supermarkets, and further advised that, ‘There is some evidence of the impact on both farmers and consumers of the concentration of power in the retail sector in two main supermarket chains.’<sup>71</sup>

**1.63** NSW Farmers articulated a number of factors contributing to the weak bargaining position of farmers relative to food processors and retailers:

- the perishable nature of fresh food and the risk of spoilage
- the inability to reduce operational costs by, for example, milking cows less often
- the growing consolidation of the processors, such as in the dairy processing sector, such that most geographic areas only have one dairy processor to choose from
- in turn, processors’ need for scale and a production focus puts them at a disadvantage relative to large scale retailers.<sup>72</sup>

**1.64** Mr Ash Salardini, Chief Economist with NSW Farmers, explained the significant influence of perishability on farmers’ bargaining power, particularly in the horticulture and dairy industries:

More or less all agricultural goods are price-takers, but the more perishable goods are more at the behest of whatever price you are offered. What is the shelf life of cherries? Will you haggle for 20 or 30 per cent more when most of your stock will rot? No. Grain

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<sup>68</sup> Submission 8, NSW Farmers Association, p 12.

<sup>69</sup> Submission 6, Public Health Association of Australia, p 4.

<sup>70</sup> Evidence, Ms Millen, 22 August 2018, p 55.

<sup>71</sup> Submission 10, Right to Food Coalition, p 2.

<sup>72</sup> Submission 8, NSW Farmers Association, p 13.

can be stored while waiting for prices to change, so you have more bargaining power. Similarly with beef, storage can extend the life of the commodity, so you have more bargaining power. The guys at the behest of the supermarkets and processors and other middlemen are essentially the ones with highly perishable goods, which are horticulture and dairy—particularly dairy because you cannot reduce your supply. Cows need to be milked every day and that milk has to go somewhere; it has a very short shelf life. Those farmers are the most exposed to sharp practices, perhaps, by retailers and processes.<sup>73</sup>

- 1.65** The Country Women’s Association underscored the lack of transparency in prices, and the hardship that price differentials create for producers:

There is a lack of transparency between the prices paid to producers and those paid by consumers. The retail price frequently does not reflect the changing “farm gate” price and is usually slow to reduce at retail level when the wholesale price drops, despite reacting quickly in the opposite circumstance. This is particularly the case with meat prices. Unrealistic pricing of certain commodities by the large retail chains, especially of milk, results in significant hardship for primary producers, whose margins are constantly being reduced as costs of production rise and returns fall. Rising prices for staples such as bread bear no relationship at all to the returns received by the cereal growers.<sup>74</sup>

- 1.66** The Country Women’s Association identified packaging as another invisible cost to many producers, and drew attention to problematic payment arrangements between growers, wholesalers and fresh food retailers:

Producers are often expected to bear the costs of packaging and labelling to suit the supermarkets and these items, such as packing crates for fresh produce, are not compatible with those demanded by another retailer, thereby locking the grower into a specific market. Large retail chains or wholesalers on occasion reduce the prices paid to growers despite an existing contract of supply at an agreed price. Penalties often apply to produce which is slightly outside the specifications, yet wholesalers will pay higher prices in the markets or saleyards for product which has no guarantee of quality.<sup>75</sup>

- 1.67** In respect of payment arrangements between growers, wholesalers and retailers, Woolworths Group Limited advised:

Woolworths is committed to fostering long term, trusted relationships with our suppliers including farmers, growers and wholesalers.

Indeed, in 2017 we made the following commitment:

“We will achieve a top quartile ranking in how we engage fairly and equitably with our suppliers as measured by independent supplier surveys.”

We benchmark our business relationship perceptions with our industry peers. In 2017, we made good progress on our commitment, with supermarkets moving from the 4th quartile to the 2nd quartile (up eight places) ...

Given Woolworths operates in a highly competitive market, an important task for our team is securing supply of quality produce for our large fleet of stores. As a matter of

<sup>73</sup> Evidence, Mr Ash Salardini, Chief Economist, NSW Farmers Association, 22 June 2018, p 13.

<sup>74</sup> Submission 19, Country Women’s Association, p 1.

<sup>75</sup> Submission 19, Country Women’s Association, p 1.

course, therefore, we look to enter into mutually advantageous, long-term, arrangements directly with producers. This provides Woolworths with certainty of supply and the producer a guaranteed market for their product, at a price that is sustainable for them. We also engage with wholesalers to top-up supply.

While producers have many options in the competitive Australian marketplace, working with Woolworths has the benefit of payment within contracted trading terms - in many cases for our smaller supermarket suppliers that includes payment within 14- days - and large purchase volume that provides the certainty needed for investment and planning.<sup>76</sup>

## Other factors that influence pricing

- 1.68** The committee took evidence about a number of other factors that influence the price of fresh foods, including: competition between retailers; transportation costs; and drought, climate change and extreme weather events. Each of these is discussed briefly in turn below.

### Competition between retailers

- 1.69** According to Choice citing Roy Morgan Research , ‘Supermarket giants Woolworths and Coles currently rake in almost 70% of the \$90.3bn grocery market share between them’.<sup>77</sup>

- 1.70** The PHAA highlighted the influence of the lack of competition between retailers on affordability of fresh foods and other aspects of consumption, going so far as to suggest that unless this is addressed, other measures to increase healthy eating will have limited success:

Lack of competition in the supermarket retailer sector is a significant issue in Australia, which has one of the highest market concentrations in the world. This may adversely affect affordability, accessibility, quality and choice of healthy food options for consumers. While this situation continues, public health education programs aims at encouraging people to consume higher quantities of healthy foods may be ineffective.<sup>78</sup>

- 1.71** Dr Wardle and his coauthor Michael Baranovic have noted that Australia has one of the highest market concentrations of grocery retailers in the world. Together, Coles and Woolworths comprise almost 80 per cent of the total Australian retail market and almost half of the fresh produce market. While reduced competition in this sector is often seen as an economic concern, these researchers have documented how ‘the effects of reduced levels of retailer competition on affordability, access, choice and quality of foods available to consumers may have very real effects on public health.’<sup>79</sup> Like the PHAA, their article concluded that ‘Unless healthy foods are made more accessible through the development of a competitive retail grocery sector the

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<sup>76</sup> Submission 20, Woolworths Group Limited, p 4.

<sup>77</sup> Rachel Clemons, ‘Which supermarket has the cheapest groceries?’, Choice, <https://www.choice.com.au/shopping/everyday-shopping/supermarkets/articles/cheapest-groceries-australia> (updated 5 June 2017), tendered by Hon Courtney Houssos MLC.

<sup>78</sup> Submission 6, Public Health Association of Australia, p 6.

<sup>79</sup> J Wardle and M Baranovic, ‘Is lack of retail competition in the grocery sector a public health issue?’, *Australian and New Zealand Journal of Public Health*, 2009, 33 (5), pp 477-4891, p 477.

numerous public health programs aimed at increasing consumption of these foods may be doomed from the start.’<sup>80</sup>

- 1.72** In evidence, Dr Wardle observed that this lack of competition is especially an issue in rural and regional areas, and highlighted the imperative to maintain the presence of the independent retail sector in all markets:

We think Sydney, particularly compared to other capital cities, and certainly to rural and regional cities, that is changing, but it certainly has a more diverse and competitive landscape than other cities. A lot of towns are now one-supermarket towns; they do not even have a butcher, they do not have a grocer, they have only got the one player in town. If you are in Sydney—and this is not throughout Sydney—it is the competition basically ... There have been a few studies in Brisbane which have shown that when greengrocers, butchers, other independent players do exist in the suburbs the supermarkets charge lower prices as well. But usually what happens if you go back five years later, those greengrocers and butchers are not there and the supermarket prices actually go above average. The presence of the independent sector is crucial, in my opinion.<sup>81</sup>

- 1.73** By contrast, Woolworths sees the retail landscape as very competitive, stating in its submission:

The market for fresh food is highly competitive. While large Australian (Woolworths, Coles, IGA) and foreign (Aldi, Costco) supermarkets are highly visible, there are many other players in the market competing with us for customers and fresh food supply. These include boutique retailers (About Life, David Jones Food, Harris Farm Markets), independent and franchised butchers, bakeries and fruit & veg stores as well as online meal kit providers (Hello Fresh, Marley Spoon). A new foreign-owned supermarket entrant, Kaufland, will commence operations in Australia shortly, adding to this already highly competitive landscape.<sup>82</sup>

### **Transport costs**

- 1.74** Some inquiry participants commented on transport costs as a factor affecting fresh food pricing.
- 1.75** The PHAA observed that the Australian geography ‘necessarily means that high transportation costs are a risk for any retailer’.<sup>83</sup>
- 1.76** On the other hand, the Transport Workers Union (TWU) highlighted to the committee the role and position of transport workers in the food supply chain.<sup>84</sup> Ms Louise de Plater, Legal Officer, told the committee that:

Truck drivers play a critical role in the fresh food supply chain, delivering fresh food from farm to production facility or distribution centre, and from distribution centre to supermarket ... In relation to the pricing of transport services in the fresh food supply chain, it is the big retailers who hold the reigns, with even the largest transport operators

<sup>80</sup> Wardle and Baranovic, 2009, p 480.

<sup>81</sup> Evidence, Dr Wardle, 22 June 2018, p 6.

<sup>82</sup> Submission 20, Woolworths Group Limited, p 7.

<sup>83</sup> Submission 6, Public Health Association of Australia, p 6.

<sup>84</sup> See also Submission 17, Transport Workers Union of New South Wales, p 1.

often having little choice but to accept the price being offered or risk losing the work given the highly competitive nature of the industry. This competition has seen TWU members, who are employees of these large transport operators, forced to accept pay freezes in order to allow their employers to retain contracts with retail clients.<sup>85</sup>

- 1.77** Ms de Plater suggested that this situation is worse for owner-drivers, who are ‘at the bottom of the chain’ with extremely limited bargaining power, and thus often have little choice but to take the price they are offered, which is frequently based on a per trip rate rather than the time it actually takes for the work to be done. She suggested that this situation forces drivers to work unsafely by skipping rest breaks, driving while fatigued, and/or not maintaining their vehicles properly, asserting that ‘the biggest cause of heavy vehicle accidents remains poor payment methods and levels of remuneration’.<sup>86</sup>
- 1.78** The TWU provided two case studies demonstrating the lack of power of owner drivers when dealing with retailers in the fresh food supply chain.<sup>87</sup>
- 1.79** The TWU thus sought that ‘in any review of pricing arrangements in the food industry, which will necessarily focus on farmers, wholesalers and retailers, the impact of food pricing upon transport workers is not overlooked ... It is great to have cheaper costs at the checkout but what costs are they coming at down the line [in terms of road safety]?’<sup>88</sup>
- 1.80** Ms de Plater explained that owner drivers mainly deal with smaller retailers. By contrast, the major retailers generally subcontract to transport companies. However, even in the large companies with strong union membership and good collective agreements, the union faces resistance to wage increases and improved working conditions:

As we have said, it is worse for our particularly regional drivers who usually work for much smaller companies and/or are owner-drivers themselves. There just is not the same level of collective ability to get good outcomes with the principal contractor. It is a price-taking industry, as I said. They take the price that they get.<sup>89</sup>

- 1.81** In respect of transport costs, Woolworths advised that ‘While transportation costs represent a relatively small component of the final price paid by our customers, Woolworths continues to look for ways to be more efficient and reduce the environmental impact of its transport network.’<sup>90</sup> It went on to state:

Woolworths supports Government planning to invest and develop transport infrastructure in the state, which will help to improve productivity and efficiency for retailers and suppliers, in turn supporting lower pricing for our customers ...

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<sup>85</sup> Evidence, Ms Louse de Plater, Legal Officer, Transport Workers Union on New South Wales, 22 June 2018, p 59.

<sup>86</sup> Evidence, Ms de Plater, 22 June 2018, p 59.

<sup>87</sup> Answers to questions on notice, Transport Workers Union of New South Wales, received 19 July 2018, pp 1-4.

<sup>88</sup> Evidence, Ms de Plater, 22 June 2018, pp 59 and 61.

<sup>89</sup> Evidence, Ms de Plater, 22 June 2018, pp 59 and 60.

<sup>90</sup> Submission 20, Woolworths Group Limited, p 6.

Woolworths also supports increasing the use of rail as a longer term objective, given the safety and environmental benefits of rail transport.<sup>91</sup>

### **Drought, climate change and extreme weather events**

- 1.82** This inquiry took place during a drought and its terms of reference required the committee to consider the impact on fresh food prices of drought, climate change and extreme weather events.
- 1.83** Towards the end of the inquiry, in September 2018, a *Sydney Morning Herald* article headed ‘Drought wipes out NSW crops’ reported that, ‘The crippling drought hitting eastern Australia is tipped to wipe out millions of tonnes of crops, with the food and grocery industry expressing concern about the likelihood of rising costs.’ Citing an Australian Bureau of Agricultural and Resource Economics and Sciences report forecasting that the state’s winter crop (including wheat, barley, canola and oats) will be down 46 per cent on the previous year, the article reported that when asked about the potential for the drought to impact on food prices, the major supermarkets responded that they were watching commodity markets closely. In addition, a spokesperson for the Australian Food and Grocery Council, representing the food and grocery processing sector, was reported as saying that there is already anecdotal evidence of its larger member organisations feeling the impact of the drought and anticipating rising input costs, including in respect of transporting products from other states not affected by drought.<sup>92</sup>
- 1.84** There was brief comment among stakeholders concerning the influence of the drought as well as climate change on the price of fresh foods.
- 1.85** The Country Women’s Association observed that drought adds to the cost of production due to greater need for livestock feed – itself at higher prices – as well as water for stock and crops, while extreme weather events such as flood may cause spikes in prices. It asserted that producers are rarely compensated for these increased costs, yet consumers expect the same availability and price for food on their supermarket shelves. It went on to highlight that climate change will cause substantial change to food supply and prices, calling on consumers to be more cognisant of these issues and more supportive of Australian farmers:
- [I]f our food bowl dries up, we will be relying on cheap imports ... An increasingly drier and hotter growing environment due to climate change, with more frequent extreme weather events including both floods and droughts, will make constant supply of fresh food both less reliable and more costly to produce. Seafood production is also being affected by changing climatic conditions and extreme weather events. Consumers need to be made more aware of the limitations to production of their fresh food and the importance of supporting the Australian producer.<sup>93</sup>
- 1.86** The PHAA noted that recent examples of drought and extreme weather events affecting the price and availability of particular fresh food products are easy to recall. It suggested that climate change will have the effect that such events continue to occur, most likely with greater frequency and severity. While farmers may be able to take steps to alter their processes and practices to

<sup>91</sup> Submission 20, Woolworths Group Limited, p 6.

<sup>92</sup> Darren Gray and Patrick Hatch, ‘Drought wipes out NSW crops’, *Sydney Morning Herald*, 12 September 2018, pp 1 and 6.

<sup>93</sup> Submission 19, Country Women’s Association, p 3.

reduce the impact of these events and increase the environmental sustainability of their operations, such changes require substantial investment of time and capital. This means that where farmers are not being adequately recompensed for their produce, they may not be in a position to make these necessary investments.<sup>94</sup>

- 1.87** Finally, the Dieticians Association Australia noted the link between climate change and food security and called on government to monitor the impact of climate change on food production systems and engage with stakeholders to ensure national and household food security are maintained.<sup>95</sup>

## Conclusion

- 1.88** In this chapter the committee explored a number of issues associated with the pricing and consumption of fresh foods, including geographical differences in pricing, food security, reasons for inadequate consumption, the relationship between wholesale and retail prices, and other factors that influence pricing. It is clear from the evidence presented to us that the factors that affect pricing and consumption are both complex and interactive, suggesting that government needs to take a multifaceted approach in this policy area.
- 1.89** The following chapters explore in detail the strategies that the NSW Government can implement in respect of the pricing of fresh food, and ultimately to improve consumption. Chapter 2 examines strategies geared towards industry and urban and regional planning, while chapter 3 examines people focused strategies.

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<sup>94</sup> Submission 6, Public Health Association of Australia, p 6.

<sup>95</sup> Submission 9, Dieticians Association of Australia, p 3.

## Chapter 2 Industry and planning strategies to improve fresh food consumption

This is the first of two chapters considering the strategies that the NSW Government can implement in respect of the pricing of fresh food, and ultimately, to increase its consumption, recognising that while fresh food is essential to good health, consumption is not nearly as high as it should be. At the same time, improving consumption will boost the economy and benefit all parties in the supply chain, especially producers.

The chapter first examines the need for better data in this complex policy area. Next, it turns to several industry focused strategies including improving transparency, addressing power imbalances in supply chains, and enhancing transport infrastructure for supply chains. The chapter then considers a number of planning based strategies such as preserving agricultural land close to population centres to support local food production, planning to enable high technology food production, addressing food deserts by improving retail options in local communities, supporting food hubs and local farmers markets, and improving local transport for consumers.

### Improving data

- 2.1** There was a broad recognition in the inquiry that a necessary first step in improving the consumption of fresh foods is to collect better data on various aspects of pricing, consumption and food insecurity.
- 2.2** The committee heard that there is some work undertaken by the NSW Government at present to collect and/or track data on the issues of concern to this inquiry:
- The Ministry of Health collects regular data about how much fruit and vegetables people are eating and how much of the energy-dense, nutrient poor foods people are eating. In addition, there has been some national food surveys on this.<sup>96</sup>
  - The Ministry of Health also collects limited data on food insecurity, available on the HealthStats NSW website.<sup>97</sup>
  - The Department of Primary Industries tracks the price of fresh foods via Australian Bureau of Statistics data, which reports at the national level, as well as for New South Wales.<sup>98</sup>
- 2.3** However, numerous participants called for a more systematic and comprehensive approach to collecting data on the issues canvassed in the previous chapter.
- 2.4** Ms Liz Millen, NSW Convenor of the Right to Food Coalition observed that ‘if you are not monitoring what is happening then you cannot act on it’,<sup>99</sup> and called for regular monitoring of

<sup>96</sup> Evidence, Dr Kathy Chapman, Acting Chief Executive Officer, NSW Council of Social Service, 9 August 2018, p 6.

<sup>97</sup> Submission 7, Cancer Council NSW, p 8.

<sup>98</sup> Evidence, Mr Scott Hansen, Director General, Department of Primary Industries, 9 August 2018, p 8.

<sup>99</sup> Evidence, Ms Liz Millen, NSW Convenor, Right to Food Coalition, 22 June 2018, p 53.

the costs of living, food insecurity and related indicators, in order to adjudge the impact of changes over time.<sup>100</sup> The Right to Food Coalition recommended that government support the work of INFORMAS ‘to develop practical tools and methods for food price data collection, analysis and reporting to inform economic and fiscal policy responses.’<sup>101</sup>

**2.5** Dr Jon Wardle, Co-Convenor, Complementary Medicine, Evidence, Research and Policy, Public Health Association Australia, told the committee that while there are many studies of food prices in Australia, they do not tend to be comparable as they use different methodologies. Many also do not take account of the short term price promotions on unhealthy foods that supermarket chains commonly use, and so do not effectively capture the differential between the price of healthy versus unhealthy foods.<sup>102</sup>

**2.6** Both the Cancer Council NSW and NCOSS recommended regular monitoring of food pricing via food basket surveys,<sup>103</sup> pointing to inadequate government support in this area at present:

Australia lacks a national program to monitor the cost of healthy foods and the availability and quality of fresh fruit and vegetables. There have been several state-based programs, some longitudinal studies, and ad hoc studies in smaller communities that have undertaken food basket surveys. Since the late 1990s, the state government Health Departments in Queensland (QLD) and the Northern Territory (NT) have regularly monitored the cost of healthy food. More recently the Western Australia (WA) government has conducted two food basket surveys in 2010 and 2013. Other food basket surveys have been undertaken by academic researchers rather than led by government. A variety of methodologies and survey instruments have been used. NSW does not currently have regular monitoring of food prices.<sup>104</sup>

**2.7** The Dieticians Association of Australia identified a number of deficiencies in present healthy food basket data, also highlighting the lack of comparable data across states and territories. In addition, the baskets lack alignment with the latest Australian Dietary Guidelines. It advised that a new tool, the Healthy Diets Australian Standardised Affordability and Price method, has now been developed and tested for comparing the relative cost and affordability of healthy compared to unhealthy diets.<sup>105</sup>

**2.8** Ms Kathy Chapman, Acting Chief Executive Officer of NCOSS, proposed that regular food basket surveys in New South Wales would enable greater understanding of cost differences between rural, regional and metropolitan areas, and the factors that affect prices.<sup>106</sup> Similarly,

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<sup>100</sup> Evidence, Ms Millen, 22 June 2018, p 56.

<sup>101</sup> Submission 10, Right to Food Coalition, p 7. INFORMAS is the International Network for Food and Obesity / Non-communicable Diseases (NCDs) Research, Monitoring and Action Support, an international network of public interest organisations and researchers that aims to monitor, benchmark and support public and private sector actions to increase healthy food environments and reduce obesity and NCDs and their related inequalities. See <http://www.informas.org/about-informas/>.

<sup>102</sup> Evidence, Dr Jon Wardle, Co-Convenor, Complementary Medicine, Evidence, research and Policy, Public Health Association Australia, 22 June 2018, p 2.

<sup>103</sup> Evidence, Dr Chapman, 9 August 2018, pp 2 and 3; Submission 7, Cancer Council NSW, p 5.

<sup>104</sup> Submission 7, Cancer Council NSW, p 5.

<sup>105</sup> Submission 9, Dieticians Association of Australia, p 2.

<sup>106</sup> Evidence, Dr Chapman, 9 August 2018, pp 2 and 3; see also Submission 7, Cancer Council, pp 5-7.

Cancer Council NSW proposed that the establishment of an ongoing monitoring and surveillance system would help to address the impact of price variability and availability on healthy food choices, and enable identification of priority population groups and demographic areas for which the cost of food is disproportionately high. It stated that while monitoring and surveillance alone will not improve consumption, they are a necessary precursor to illuminating the extent of the problem in the community and providing evidence for government action.<sup>107</sup>

**2.9** Noting that the HealthStats NSW website provides very limited information on food insecurity, Cancer Council NSW further recommended that the prevalence of food insecurity be measured beyond simply whether people have enough money for food. As noted in the previous chapter, food insecurity is also impacted by a range of other factors related to availability and use.<sup>108</sup> Foodbank NSW and ACT also called for better data on food insecurity.<sup>109</sup>

**2.10** Ms Melanie Fernandez, Deputy Chief Executive Officer of NCOSS spoke of the limited evidence available about food deserts and called for greater investment in the better mapping of them:

In our submission we have some indication of existing food desert mapping and some data that is available ... I think there is a real concern about the data that is available. There needs to be more investment in sourcing proper data to map those food deserts accurately.<sup>110</sup>

### **Monitoring quality and availability of fresh food**

**2.11** On the basis of evidence from participants about a lack of availability of fresh foods and poor quality of produce in some communities, the committee sought information from the Department of Primary Industries (DPI) about whether monitoring of the availability and quality of fresh food takes place.

**2.12** The Department indicated that government does not see itself as having a role in this area but leaves it to the market (noting that the NSW Food Authority and local councils have a role in respect of safety and suitability of food). In relation to availability, DPI advised:

Fresh food availability is maintained and monitored through commercial arrangements between suppliers and retail outlets. These commercial arrangements provide a mechanism to ensure base level forecasts of fresh food consumer demand can be met.

Seasonal fluctuations can have an impact on the supply of certain commodities and retailers need to adjust their operations for these shortages ...

**2.13** With regard to the quality of fresh food, DPI advised:

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<sup>107</sup> Submission 7, Cancer Council NSW, p 5.

<sup>108</sup> Submission 7, Cancer Council NSW, p 8.

<sup>109</sup> Evidence, Mr John Robertson, Executive General Manager, Foodbank NSW and ACT, 22 June 2018, p 35.

<sup>110</sup> Evidence, Ms Melanie Fernandez, Deputy Chief Executive officer, NSW Council of Social Service, 22 June 2018, p 21.

[F]ood quality is subjective as what is considered to be of acceptable quality is dependent on the commodity being sold, the participants in the market and what they perceive as quality, and the intended use by the consumer ...

As different markets desire different qualities of food, by having an increased number of diverse markets you increase the likelihood that fresh food will be considered acceptable.

Transparency and agreement to the quality specifications of fresh food is also important to ensure the producer is aware of the standards that must be met in a certain market arrangement. DPI supports the principles contained in the relevant codes of conduct (eg. Horticulture Code of Conduct and the Grocery Code of Conduct) to ensure all parts of the supply chain can meet their obligations.<sup>111</sup>

### **Committee comment**

- 2.14** It is self evident that quality data collection leads to better informed policy and planning, as well as more effective, evidence based interventions. Inquiry participants have highlighted that the government's present approach to data in respect of food prices and food insecurity is inadequate and thus impedes its ability to plan and evaluate effective strategies in this complex policy area.
- 2.15** The committee considers that the NSW Government, led by the NSW Ministry of Health, should develop and implement a comprehensive approach to data collection in respect of food pricing and food security that includes regular food basket surveys, captures the differential between healthy and unhealthy foods, measures a range of factors impacting food security, and enables comparison with other states and territories. It appears that the new Healthy Diets Australian Standardised Affordability and Price method is of ready assistance in this space. Consultation with stakeholders will also be important, to tap into existing expertise and to ensure the most useful data is collected.
- 2.16** In respect of the monitoring of food quality and availability, the committee appreciates the role of market forces in determining quality and availability, but is concerned, based on the evidence documented in the previous chapter, about food deserts and their implications for public health. For now we underscore the need for better mapping of food deserts and other means of improving our understanding of them. Indeed, we note that in late 2016 the Legislative Council's Standing Committee on Social Issues recommended that the NSW Government further investigate the food desert concept and consider mapping them across New South Wales to better inform how to address the issue. We have integrated this into our broader recommendation on data above, and explore various strategies to address food deserts in later sections of this chapter.

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<sup>111</sup> Answers to questions on notice, Mr Scott Hansen, Director General, Department of Primary Industries, received 9 September 2018, p 1.

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### Recommendation 1

That the NSW Government, led by the NSW Ministry of Health and in consultation with key stakeholders, develop and implement a comprehensive approach to data collection in respect of food pricing and food security that:

- includes regular healthy food basket surveys
  - captures the differential between healthy and unhealthy foods
  - measures a range of factors impacting food security
  - improves mapping of food deserts and our understanding of them
  - enables comparison with other states and territories.
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### Strategies focusing on industry

2.17 Inquiry participants proposed a range of strategies targeting industry in order to improve the pricing and consumption of fresh foods.

#### Improving transparency and addressing power imbalances in supply chains

2.18 In the previous chapter the committee explored participant views on the relationship between wholesale prices paid to farmers and the retail price paid by consumers, including participants' perception that there is a lack of transparency around pricing, matched with power imbalances in the supply chain.

2.19 The PHAA called for greater transparency in bargaining and purchasing arrangements between growers, wholesalers and fresh food retailers, to shed light on the power imbalances between these parties, and ultimately, to ensure that farmers are paid adequately for their produce.<sup>112</sup> It further noted the Australian Competition and Consumer Commission's (ACCC) conclusions with regard to these imbalances in the recent report from its dairy inquiry, which documented significant differentials in bargaining power at each level of the dairy supply chain, and made eight recommendations for improved transparency and allocation of risk in the relationship between farmers and dairy processors, most significantly for a mandatory code of conduct to address market failures identified by the ACCC.<sup>113</sup>

2.20 Dr Wardle called for an inquiry into the ways that supermarkets utilise this uncompetitive environment, pointing to the 'enormous economic cost in not acting', for example the negative impact on the economies of rural agricultural areas, which then flows on to social health and public health in those communities.<sup>114</sup>

2.21 Mr Ash Salardini, Chief Economist with the NSW Farmers Association (NSW Farmers) also highlighted this as a significant concern for the agriculture industry, attesting to price gauging and unfairness in the supply chain, and citing the example of supermarkets substantially

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<sup>112</sup> Submission 6, Public Health Association Australia, p 4 and 7.

<sup>113</sup> Australian Competition and Consumer Commission, *Dairy Inquiry, Final report*, 2018, cited in submission 6, Public Health Association Australia, pp 4-5.

<sup>114</sup> Evidence, Dr Wardle, 22 June 2018, p 5.

reducing the price of milk, thereby significantly reducing the earnings of dairy farmers. He noted that ultimately the reduction of the price of milk to one dollar per litre was not done to assist consumers, but to attract them to the supermarket where they spend their money on other products with higher profit margins for retailers.<sup>115</sup> Mr Salardini observed that the ACCC's inquiry has been reluctant to examine retailer behavior, focusing instead on processors.<sup>116</sup>

**2.22** From a transport perspective, the Transport Workers Union also called for a 'rebalancing in the fresh food supply chain' that necessarily involved greater transparency in how food is priced, how the final checkout price is arrived at, how much of that price is going to the farmer, and how much is paid to the truck driver. Ms Louise de Plater, Legal Officer, suggested that profits made are concentrated at the top of the chain among the big retailers. She also called for these retailers to be held 'more accountable for the [pay] rates, conditions and safety issues all along the supply chain', and suggested that this be achieved via 'an industry approach ... where there is a body that is able to review and to set minimum rates of pay in the transport industry.'<sup>117</sup>

**2.23** The NSW Council of Social Service (NCOSS) *Access to healthy food: Cost of living report* argued that improving supply chains will deliver better and more equitable access to healthy foods in rural and regional communities, and advocated that this be achieved by:

- decentralising the packing, distribution and 'value adding' of produce
- investing in rail corridors to improve the transportation of food (discussed in the following section)
- facilitating cooperation and communication between all parties in the supply chain, including suppliers, freight operators and store owners in remote areas.<sup>118</sup>

**2.24** Acknowledging the role of the Commonwealth Government via the ACCC in regulating industry via codes of conduct, NSW Farmers also looked to the NSW Government to help address power imbalances between growers, processors and retailers by the establishment of a state based Commissioner for Agriculture to advocate for the farming sector:

The ability for the New South Wales Government to mandate trading terms is limited. However, growers have expressed concern and frustration about the enforcement of codes particularly, as noted above, when significant power imbalances exist between them. Notwithstanding the operation of dispute resolution mechanisms under the codes, growers, in particular, have expressed hesitation in raising concerns about commercial agreement for fear of retribution. While the ACCC has established an anonymous hotline to allow growers to refer potential unfair terms for investigation, growers fear the loss of contracts and sales pathways for their product if they raise concern about the terms of trade.

Given the unequal bargaining power within food supply chains, and concerns about competition and abuse of market power, the establishment of a state-based commissioner or advocate for the farming sector to address issues requires further consideration. The focus of such a body could include:

<sup>115</sup> Evidence, Mr Ash Salardini, Chief Economist, NSW Farmers Association, 22 June 2018, p 12.

<sup>116</sup> Evidence, Mr Salardini, 22 June 2018, p 13.

<sup>117</sup> Evidence, Ms Louise de Plater, Legal Officer, Transport Workers Union of New South Wales, 22 June 2018, p 62; see also Submission 17, Transport Workers Union of New South Wales, pp 2-6.

<sup>118</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 35.

- code compliance on unfair payment terms;
- advocacy on behalf of the farming sector on competition and abuse of power matters; and
- analysis and monitoring of farm-gate and retail prices on a basket of goods to assess the competitiveness within supply chains.<sup>119</sup>

- 2.25** Ms Kathy Rankin, Policy Director, Rural Affairs, Business Economics and Trade with NSW Farmers, envisaged this commission as being a voice for the producer: an advocate that will raise their concerns, and assist farmers to understand their roles and responsibilities, as well as their opportunities in respect of trade, that will ultimately improve their bargaining power in negotiations.<sup>120</sup> Mr Salardini saw a potential role to advocate for standard contracts, best practice contracts or a standing offer, such as for the energy markets.<sup>121</sup>
- 2.26** On the other hand, the Australian Food Sovereignty Alliance expressed apprehension that a Commissioner for Agriculture would be capable of examining all externalised costs associated with food production that accrue at each level, including the consumer level, and of genuinely representing the diverse interests of the food producing sector.<sup>122</sup>
- 2.27** The committee asked the Department of Primary Industries, whether it provides any complaints mechanism for primary producers who feel they are being unfairly treated by suppliers. The Department confirmed that such complaints can be made to the ACCC, whose role is to enforce the *Competition and Consumer Act 2010* (Cth) and a range of additional legislation, promoting competition and fair trading.<sup>123</sup>

### **Enhancing transport infrastructure for supply chains**

- 2.28** A range of inquiry participants observed that the distance food must travel before it is consumed adds to the cost of food to consumers, and called on government to invest in transport infrastructure as a means of enabling more efficient transport from producer to supplier to consumer.
- 2.29** NCOSS recommended that government increase the availability of and access to healthy foods by improving supply chains, including via investment in rail corridors to improve transport.<sup>124</sup>
- 2.30** In respect of pricing, Dr Wardle of the PHAA observed that local food production is declining and transport of food is increasing, in that more food is being imported from overseas and from interstate. He suggested that while some commentary blames truck drivers or truck companies

<sup>119</sup> Submission 8, NSW Farmers Association, p 15.

<sup>120</sup> Evidence, Ms Kathy Rankin, Policy Director, Rural Affairs, NSW Farmers Association, 22 June 2018, p 12.

<sup>121</sup> Evidence, Mr Salardini, 22 June 2018, p 12.

<sup>122</sup> Answers to questions on notice, Ms Tami Jonas, President, Australian Food Sovereignty Alliance, received 19 July 2018, pp 1-2.

<sup>123</sup> Answers to supplementary questions, Mr Scott Hansen, Director General, Department of Primary Industries, received 9 September 2018, p 2.

<sup>124</sup> Evidence, Dr Chapman, 9 August 2018, p 2.

for the prices they charge, the real issue is the greater distances they must travel, and the concomitant costs of storage.<sup>125</sup>

**2.31** NSW Farmers advised the committee that 80 per cent of New South Wales' agricultural produce originates west of the Great Dividing Range, and that transport corridors linking western New South Wales to ports in Sydney, Newcastle and Wollongong act as substantial barriers to further growth in supply.<sup>126</sup> Mr Salardini described existing corridors as a 'massive impediment to the agriculture industry' in that neither rail nor the Great Western Highway have been optimised for freight.<sup>127</sup> Grain growers face an average of 300 km to shift their product to the coast, necessarily travelling through already heavily congested corridors. NSW Farmers reported that, 'Combined with network inefficiency, the cost of transporting product from paddock to port can be as high as 30 per cent.'<sup>128</sup>

**2.32** Correspondingly, NSW Farmers argued for greater investment in road and rail to facilitate more efficient transport of agricultural products:

Now is the right time to consider investing in upgraded, modern carriageways and rail corridors that can improve the transportation of food and fibre from the paddock to the port or the plate. Essential to this is integrated transport hubs and intermodal facilities in the regions and in Sydney.

Without significant investment, either through further upgrades of the existing infrastructure or the development of new means of moving from one side of the range to the other, inefficient agricultural supply chains will continue to exist in New South Wales. Addressing this freight challenge will have a significant and lasting impact on farmers' ability to cut their costs, open new markets and meet consumer demand faster.<sup>129</sup>

**2.33** Mr Salardini argued for a visionary approach to addressing this infrastructural impediment into the future, so as to benefit growers, manufacturers, and the Central West area:

We should stop looking backwards and seeing solutions from 10 or 20 years ago. Autonomous vehicles are coming on board and new technologies are on foot. Let us look at those and make a commitment to a sub-three-hour journey between the Central West and Parramatta, and see how we can get there as opposed to having debates about lines on maps and where an expressway should or should not go. The commitment we are looking for from government is a sub-three-hour journey from the Central West to Sydney, and that would be a game-changer not just for agriculture but for food manufacturing, other manufacturing and the economic development of the Central West.<sup>130</sup>

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<sup>125</sup> Evidence, Dr Wardle, 22 June 2018, p 5.

<sup>126</sup> Submission 8, NSW Farmers Association, p 7.

<sup>127</sup> Evidence, Mr Salardini, 22 June 2018, p 14.

<sup>128</sup> Submission 8, NSW Farmers Association, p 7.

<sup>129</sup> Submission 8, NSW Farmers Association, p 7.

<sup>130</sup> Evidence, Mr Salardini, 22 June 2018, p 14.

### Creating incentives for donation of food products

- 2.34** A third strategy focusing on industry was proposed by Foodbank, which called on Commonwealth and state governments to provide incentives or subsidies to encourage farmers, along with the food and grocery industry, to donate unwanted but consumable food for food relief, rather than disposing of it into landfill.<sup>131</sup> Mr Robertson explained to the committee that the cost of transport is currently an obstacle to many potential donations to his organisation, with either the farmer having to pay the cost, or Foodbank itself. He also explained that with fresh produce donations, the window of time for transport is very short. He called on government to think creatively about mechanisms to offset these costs, observing that this will both reduce landfill and increase donations.<sup>132</sup> Specifically, Foodbank recommended that the NSW Government consider creating a NSW Environment Trust waste avoidance grant or subsidy to meet these costs.<sup>133</sup>

### Committee comment

- 2.35** Like the inquiry participants documented above, the committee considers that there should be greater transparency in bargaining and purchasing arrangements between growers, wholesalers and fresh food retailers, to shed light on the power imbalances between these parties and ultimately, to redress this balance and ensure that farmers are paid adequately for their produce. We recognise this ambitious and challenging imperative as a matter of Commonwealth government policy, so recommend that the NSW Government pursue the matter through Council of Australian Government (COAG) discussions.

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### Recommendation 2

That the NSW Government pursue via Council of Australian Government discussions mechanisms for greater transparency in purchasing arrangements between growers, wholesalers and fresh food retailers.

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- 2.36** While the committee sees some value in the NSW Farmers proposal for a Commissioner for Agriculture in New South Wales, we are reluctant to recommend it without further discussion among government and stakeholders. We thus recommend that the Department of Primary Industries examine the proposal in consultation with NSW Farmers and other key stakeholders.

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### Recommendation 3

That the Department of Primary Industries examine the NSW Farmers Association proposal for the establishment of a NSW Commissioner for Agriculture to advocate on behalf of the farming sector and help rebalance power relationships in supply chains.

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<sup>131</sup> Submission 18, Foodbank NSW and ACT, p 6.

<sup>132</sup> Evidence, Mr Robertson, 22 June 2018, p 37.

<sup>133</sup> Submission 18, Foodbank NSW and ACT, p 6.

- 2.37** The committee sees strong merit in the calls for substantially upgraded transport infrastructure, both road and rail, over the Great Dividing Range. Although in the following section we endorse the calls for greater government action to preserve agricultural land within the Sydney basin, we recognise that the vast majority – some 80 per cent – of agricultural product originates to the west of New South Wales. The committee takes on board inquiry participants’ evidence that existing corridors are a substantial impediment to efficient transport of products, and to the growth of the agricultural industry into the future. We recognise that this is not just about getting products more efficiently from paddock to port, but also from paddock to plates across Sydney and the broader Eastern seaboard. Addressing these impediments will thus have a bearing on fresh food prices domestically while also increasing the availability of and access to fresh foods for the people of New South Wales. There are also commonsense and substantial gains to be made from linking these upgrades into plans for the Western Sydney Airport, as discussed in the following section. Modernised transport infrastructure will thus serve to support the growth of the agriculture industry into the future.
- 2.38** The committee did not take evidence from government agencies on what work has been or is being undertaken to address these imperatives. However, on the strength of the case made to us by inquiry participants, we recommend that the NSW Government convene a taskforce led by Transport for NSW to expedite the development of a plan to improve rail and road corridors for industry across the Great Dividing Range.
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#### **Recommendation 4**

That Transport for NSW convene a taskforce to expedite the development of a plan to improve rail and road corridors for industry across the Great Dividing Range.

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- 2.39** The committee also sees significant merit in Foodbank’s proposal for the establishment of a subsidy scheme that provides incentives to producers and others in the supply chain to divert consumable food from landfill towards people in need. It does seem insensible that there are disincentives to donating produce, and we call on the NSW Government to address them. Given the environmental gains to be made from reducing landfill, we consider, like Foodbank, that it would be appropriate for such incentives to be funded by an environmental trust.
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#### **Recommendation 5**

That the NSW Government establish an environmental trust that provides incentives to producers and others in the supply chain to divert consumable foods from landfill towards food relief programs, such as by meeting transport costs.

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### **Better urban and regional planning**

- 2.40** Various inquiry participants highlighted the role of planning as a means of improving the accessibility and availability of fresh food for communities across New South Wales.
- 2.41** As part of a broader recommendation that the NSW Government examine systemic changes that would make a significant impact on food security and affordability, as well as promoting
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healthy living, NCOSS called on the government to consider improving planning to make health and wellbeing play a key role in planning decisions and processes.<sup>134</sup>

**2.42** In a similar vein, and in light of the complexity of factors influencing people's choices about food, Ms Liz Millen, NSW Convenor of the Right to Food Coalition, advocated a strong role for better urban and regional planning to improve access to affordable fresh food. She observed that simply leaving access to and availability of healthy food to market forces has contributed to the significant public health problems documented in the previous chapter, and called on government to think creatively about the ways – including via legislation – that planners can improve the consumption of healthy foods, such as by providing places to grow fresh foods, protecting and boosting food production in peri-urban areas around cities, and taking a more active role in respect of the range and location of shops.<sup>135</sup>

**2.43** We now consider a number of specific planning matters advocated by inquiry participants, then outline existing government initiatives and activities in these areas.

### **Preserving agricultural land close to population centres to support local food production**

**2.44** The committee heard that the moist and fertile Sydney basin is an ideal place for the production of food, compared with dryer areas west of the Great Dividing Range, where agriculture is increasingly grown. Urban expansion has pushed farmers away from population bases, both in respect of Sydney and regional cities.<sup>136</sup> A range of participants called on government to protect agricultural land close to urban and regional centres, not just to promote access to fresh foods, but for a range of other reasons as well.

**2.45** Ms Rankin of NSW Farmers expressed her organisation's concern that urban expansion pushes agriculture further away from consumers, with greater transport and production costs, including for irrigation, with these costs in turn influencing the production decisions of farmers:

One of the things that we are conscious of is that as the urban footprint spreads, the arable land is being lost and farmers are being moved further out. There are transport costs and there are environmental changes as well. From the moist Sydney basin you go over the Blue Mountains and you are looking at a totally different way of having to produce. We find that as farm production moves further west, north and south, the costs of transport are greater and therefore decisions about when to harvest come earlier so that there is time for the product to ripen and be ready for market. Those are the things that the farmers are doing additional to having to bear the costs of irrigation and other supplies that often come from a central point. It is not just about the cost of the transport of a product to the market but how the farmers get the precursors for production out to the farm.<sup>137</sup>

**2.46** First focusing on Sydney, NSW Farmers advocated for optimal management of urban expansion to ensure minimal impact on productive land,<sup>138</sup> and the development of food and fibre hubs

<sup>134</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 4.

<sup>135</sup> Evidence, Ms Millen, 22 June 2018, p 52.

<sup>136</sup> Evidence, Ms Rankin, 22 June 2018, p 14; Evidence, Ms Millen, 22 June 2018, p 57.

<sup>137</sup> Evidence, Ms Rankin, 22 June 2018, p 14.

<sup>138</sup> Submission 8, NSW Farmers Association, p 6.

close to major urban distribution centres.<sup>139</sup> In evidence, Mr Salardini, Chief Economist, spoke of the conflict between agricultural and residential developments in urban areas as a huge issue, asserting, ‘There is no more land. The supply of land is limited and there is no more land to work with, so all we can do is use that land more productively. We need good planning to see what we can grow in Sydney, and how we should grow it.’ He argued that within this context, high land use production is not a viable option and proposed that instead, ‘we are talking about intensive and highly advanced agriculture that can compete with industrial output. That is the way of the future.’<sup>140</sup>

- 2.47** Similarly, the Right to Food Coalition called for the quarantining of agricultural land close to cities to enable continued production of fruit and vegetables within close reach of labour markets and consumers.<sup>141</sup> Further, Ms Millen advised that there is a growing effort among stakeholders to build a more resilient food system, informed by a more holistic sense of food security. She posited that more localised food chains will not only provide more efficient supply of fresh food, but will also serve to cut food miles in an age of reduced fossil fuels. Echoing Mr Salardini’s point about the tension between residential and agricultural uses of land, she called on the health, planning and agriculture parts of government to work together to plan human infrastructure more effectively:

[T]o achieve [food production closer to consumers] we have to have the kind of agriculture planning hand-in-hand with development planning for housing. In the last little while housing has taken precedence over everything— I think to the detriment of better planning. If we could link the agriculture, health and planning departments together then I see it as a key part of infrastructure ... Infrastructure is not just rail, jobs and housing. Food is also another key essential of life.<sup>142</sup>

- 2.48** Highlighting food security as potentially at stake, Ms Sarah de Wit, Paralegal with the Australian Food Sovereignty Alliance, advised the committee that in 2015 the Sydney Peri-Urban Network of Councils (SPUN), comprised of 12 councils, was formed to stimulate discussions and action across all levels of government. That year it released a report about the important role of peri-urban areas play in ensuring food security. According to Ms de Wit, it documented that ‘while the area surrounding Sydney could supply 20 per cent of the city’s food supply, if the amount of primary agricultural land in the area was reduced because of urban sprawl, the supply could go down to as low as 6 per cent.’<sup>143</sup>

- 2.49** Beyond Sydney, NSW Farmers underscored the significant problem at the local government level along the North Coast of New South Wales, of increased efforts aimed at restricting agriculture in peri-urban areas. It observed that reasons advanced for these restrictions vary from environmental concerns to visual amenity complaints, but the common result is the cessation of farming in areas where it has long coexisted with residential development. NSW Farmers argued that the planning system must recognise the value of agriculture to the prosperity of regional communities:

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<sup>139</sup> Evidence, Mr Salardini, 22 June 2018, p 10.

<sup>140</sup> Evidence, Mr Salardini, 22 June 2018, p 11.

<sup>141</sup> Submission 10, Right to Food Coalition, p 7; see also NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 4.

<sup>142</sup> Evidence, Ms Millen, 22 June 2018, p 57.

<sup>143</sup> Evidence, Ms de Wit, 22 June 2018, p 29.

Farmers must be able to have confidence in the planning system, a system which appropriately balances development with long-standing farming practices. Knee-jerk reactions, changes for political expediency and not in my backyard, or ‘NIMBY’, attitudes toward agriculture will inhibit the positive social licence which exists for farmers and farming practices. Regional communities remain heavily dependent upon agriculture – when agriculture does well, regional communities do well – local government should consider this whenever called upon to regulate land use practices in peri-urban areas.<sup>144</sup>

### **Supporting high technology food production**

- 2.50** The committee heard that one way that urban planning can protect agricultural land close to population centres is to support high technology food production in those areas.
- 2.51** Mr Salardini of Farmers NSW noted that companies such as Green Camel and, on a much larger scale, Perfection Fresh and Costa Group are already implementing this model in New South Wales.<sup>145</sup>
- 2.52** Mr Scott Hansen, Director General of the Department of Primary Industries, told the committee that his department recognises as key drivers in relation to food pricing the development of new technologies, new ways of decreasing the cost of food production via the efficient use of resources and the utilization of new science and emerging technologies.<sup>146</sup>

### ***Creating a high technology fresh food precinct at Western Sydney Airport***

- 2.53** NSW Farmers specifically called for government support for the establishment of a ‘fresh food precinct’ using high technology agriculture at Western Sydney Airport (WSA) at Badgery’s Creek as a means of enhancing the supply of high quality, value added fresh food to both local and international consumers. NSW Farmers’ vision is articulated in its 2017 green paper jointly prepared with KPMG, *Think big think fresh – A fresh food precinct at the heart of Western Sydney*:

Our research found that agriculture, food processing and manufacturing can be a multi-billion dollar opportunity at WSA, if the right supply chains are in place to allow our products to quickly and easily access lucrative and growing Asian and Middle Eastern markets, as well as the growing western Sydney region.

The [Fresh Food Precinct] would be an area of land of up to 500 hectares in close proximity to the proposed WSA that is carefully designed to integrate high value food production with the best in food processing technology. The FFP would integrate with other regional farming, food processing assets and transport infrastructure. The FFP zone would comply with the necessary regulations of key export market destinations so that food processed in the FFP can be quickly cleared for export via air freight with digital certification.

... this could be an opportunity for Sydney Markets, currently located at Flemington, to start new operations within the Precinct, enabling the millions of residents currently

<sup>144</sup> Submission 8, NSW Farmers Association, p 25

<sup>145</sup> Evidence, Mr Salardini, 22 June 2018, p 11.

<sup>146</sup> Evidence, Mr Hansen, 9 August 2018, p 8.

living in, and expected to live in, Western Sydney the opportunity to buy our freshest produce close to their home.<sup>147</sup>

- 2.54** NSW Farmers noted the opportunity for high technology production of food products such as lettuce in this precinct, using specially designed facilities directly under flight paths, where residents do not wish to live and other businesses may not wish to operate. It further proposed that, ‘Investment in the food supply chain will be underpinned by new technologies in plant breeding, indoor farming, energy and water management, food safety and quality, digital and the internet of things’. New investments will link into distribution models including air freight of fresh food.<sup>148</sup>
- 2.55** While a primary focus of this initiative would be food export, its proximity to the population base of Western Sydney is also recognised by NSW Farmers as an opportunity for improving access to fresh food for the domestic market.<sup>149</sup>
- 2.56** NSW Farmers noted that the Western Sydney City Deal agreed between the Federal and New South Wales Governments, along with local government across greater Western Sydney, provides the funding to support the airport’s development. It argued that ‘Ensuring from the beginning that agriculture has a place in the greater Western Sydney region’s future is essential to guaranteeing the City Deal’s success.’<sup>150</sup>
- 2.57** Asked to comment on how we can ensure that local consumers are not disadvantaged by high technology farmers seeking optimal prices overseas, Mr Salardini responded that he does not see the interests of overseas and domestic consumers as divergent, and explained that because setting up intensive horticulture and vertical cropping is very expensive, capital intensive exercise, catering to both the international and domestic markets will be essential to gaining the necessary investment.<sup>151</sup>
- 2.58** Mr Salardini also attested to the importance of a highly integrated supply chain in this context:
- High-value, highly perishable goods, by their nature, have to get to market within 24 hours domestically and 48 hours internationally. There needs to be great coordination and having integration in the supply chain is very important. By that what we mean is that as soon as an order comes in, the farmer or producer is made aware of that order, it is shipped—the freight forwarder is intimately involved in the supply chain—it goes onto a palette, is sent to a sorting centre, is consolidated or deconsolidated, and is shipped out to the consumers. That process is very important if you want to target the high-value, high-premium markets.<sup>152</sup>
- 2.59** For the same reason, he noted that transport linkages will need to be excellent, hence co-location with the Western Sydney Airport, but also in terms of optimal rail and road connections to other food producing areas.<sup>153</sup>

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<sup>147</sup> Submission 8, NSW Farmers Association, p 8.

<sup>148</sup> Submission 8, NSW Farmers Association, p 8.

<sup>149</sup> Submission 8, NSW Farmers Association, p 8.

<sup>150</sup> Submission 8, NSW Farmers Association, p 9.

<sup>151</sup> Evidence, Mr Salardini, 22 June 2018, p 10.

<sup>152</sup> Evidence, Mr Salardini, 22 June 2018, p 11.

<sup>153</sup> Evidence, Mr Salardini, 22 June 2018, p 15.

**2.60** Mr Salardini acknowledged that the fresh food precinct should be a private investment endeavour but called for government investment in planning and stakeholder engagement. He told the committee:

The funding that we had in our proposal was a \$5 million investor-ready prospectus. It is not a big amount of money. On the whole it would be dictated by the private sector. The Government needs to put up a little bit of money just to get the stakeholders into the room and work with them to see what they need and what they want from the precinct. So it is not a huge amount of money. The precinct itself will be privately run and paid for.<sup>154</sup>

### **Addressing food deserts by improving retail options in local communities**

**2.61** A further urban and regional planning strategy advocated by inquiry participants is to address food deserts by improving retail options in local communities. In the previous chapter, the committee documented the evidence we received from stakeholders who identified the lack of competition between retailers as a significant factor affecting food pricing. In this section we examine the strategies that participants recommended to address this.

**2.62** Whilst highlighting the lack of competition in the Australian retail sector, Dr Wardle warned against focusing on supermarkets as a means of improving affordability because this will be counterproductive, arguing instead that in order to address food deserts, government should focus its efforts on the independent and small business sector, which has actually been shown to be the most affordable, accessible and effective way of improving access to healthy foods.<sup>155</sup>

**2.63** The PHAA explained that ‘research has shown that large scale food retailing does not positively affect fruit and vegetable consumption and may actually restrict food choices. Data from Brisbane has demonstrated that unlike overseas experiences, no difference seems to exist between access to major food retailers in different socio-economic areas in Australia, however, small differences do exist in access to smaller specialised retailers such as greengrocers, [as well as butchers, bakers and markets], with slightly lower access in more disadvantaged areas ... These sectors increase options, improve accessibility and reduce prices for perishable food.’<sup>156</sup>

**2.64** Dr Wardle noted that the Brisbane studies demonstrated that independent grocers, particularly in lower socioeconomic areas, tend to have greater ability to actually reach out and supply the community with healthy foods. He pointed to the value of certain European initiatives, as well as the New Zealand’s recent initiatives targeting what they call dairies or corner stores, and stated, ‘We think this has community benefit, social benefit as well as clear public health benefit from direct access to foods.’<sup>157</sup>

<sup>154</sup> Evidence, Mr Salardini, 22 June 2018, p 16.

<sup>155</sup> Evidence, Dr Wardle, 22 June 2018, p 2.

<sup>156</sup> W Winkler, G Turrell and C Patterson, ‘Does living in a disadvantaged area mean fewer opportunities to purchase fresh fruit and vegetables in the area? Findings from the Brisbane food study’, *Health and Place*, 2006, 12(3), pp 306-19; KA Thurber, C Banwell, T Neeman, T Dobbins, M Pescud and R Lovett, ‘Understanding barriers to fruit and vegetable intake in the Australian Longitudinal Study of Indigenous Children: a mixed-methods approach’, *Public Health Nutrition*, 2017, 20(5), pp 832-47, cited in submission 6, Public Health Association Australia, p 5.

<sup>157</sup> Evidence, Dr Wardle, 22 June 2018, pp 2-3.

- 2.65** Accordingly, the PHAA recommended that ‘support be provided for smaller and specialized fresh food retailers, especially focusing on locally grown produce.’<sup>158</sup>
- 2.66** Ms Jonas of the Australian Food Sovereignty Alliance offered the committee an alternative model under which the 700 or so members of her organisation operate that would further diversify the fresh food market. The model originated in Japan in the 1970s and expanded significantly in the United States during the 1980s:

But in a direct sales model where less goes to other middle people and more goes to the farmer, we are seeing an increasing viability of our kind of farming and we sell directly to people. For example, I run a CSA, which stands for community supported agriculture, and I have 88 household members who have signed up to receive our pork and beef in a bag that I determine the contents of. That has given us security for the farm and given them knowledge of the food system. They learn every day from us about what they are eating. We think that is the future of food. We also think it is the history of food.<sup>159</sup>

### **Supporting food hubs and local farmers markets**

- 2.67** As a further urban and regional planning activity, the Right to Food Coalition advocated that government support the development of food hubs and farmers markets to enable farmers to trade directly with the public, noting that this will also help to boost regional economies and reduce food miles.<sup>160</sup> Ms Millen stated in her hearing:

If you are looking at regional planning, particularly in areas where there are food deserts—likely to be in rural areas—quite a bit of research has shown that support for things like farmers markets or community agriculture enables people to have direct access to food. That can be one way to provide a good price for farmers and to increase access.<sup>161</sup>

### **Improving local transport**

- 2.68** As noted in chapter 1, lack of easy access to fresh food in local shops is an issue for many people. The Dieticians Association of Australia observed that urban planning to ensure residents can access retailers offering affordable healthy food includes planning for public transport facilities to travel between home and small or large retailers, noting that accessible transport is essential for people with disability, older people and people who do not have independent transport options.<sup>162</sup> Similarly, Ms Millen of the Right to Food Coalition advocated better planning for public transport to shops, including free shuttle buses, sometimes known as ‘shopper hoppers’.<sup>163</sup>

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<sup>158</sup> Submission 6, Public Health Association Australia, p 7.

<sup>159</sup> Evidence, Ms Tammi Jonas, President, Right to Food Coalition, 22 June 2018, p 27.

<sup>160</sup> Submission 10, Right to Food Coalition, p 7.

<sup>161</sup> Evidence, Ms Millen, 22 June 2018, p 53.

<sup>162</sup> Submission 9, Dieticians Association of Australia, p 3.

<sup>163</sup> Evidence, Ms Millen, 22 June 2018, p 53.

## Current government activities

**2.69** The committee sought information on what planning initiatives are currently underway via NSW Government agencies to effect the urban and regional planning strategies that inquiry participants are seeking. We took evidence from a panel of representatives of the Department of Planning and Environment (DPE), the Department of Primary Industries (DPI), and the Greater Sydney Commission. Much of the discussion that occurred and is documented below focused on planning for the Sydney metropolitan area. Where these participants' evidence also concerned broader urban and regional planning that has been noted.

### *Regional planning*

**2.70** Mr Gary White, Chief Planner with the DPE, told the committee that in 2017 and 2018 communities across New South Wales have been developing their regional planning frameworks, facilitated via the DPE and its strategic planning framework, along with the 2017 changes to the *Environmental Planning and Assessment Act 1979*.<sup>164</sup> Each council is preparing a Local Strategic Planning Statement that implements actions in regional and district plans, and the council's priorities, as set out in the community strategic plan that each is required to prepare under the *Local Government Act 1993*.<sup>165</sup> The local strategic planning statements will set out:

- the 20-year vision for land use in the local area
- the special characteristics which contribute to local identity
- shared community values to be maintained and enhanced
- how growth and change will be managed into the future.<sup>166</sup>

### *Greater Sydney Region Plan*

**2.71** The committee looked specifically into the Greater Sydney Region Plan developed by the Greater Sydney Commission and released in 2018, which covers the area of Wollondilly in the south to the Hawkesbury in the north, to as far as the Blue Mountains local government boundary in the west. Ms Sarah Hill, Chief Executive Officer of the Greater Sydney Commission, advised that the critical objectives of the Greater Sydney Plan focus on improving the liveability, sustainability and productivity of Greater Sydney.<sup>167</sup> Under the regional planning framework documented above, local governments within this catchment will prepare their respective Local Strategic Planning Statements reflecting the objectives of the Greater Sydney Region Plan, and each statement will guide the decision making that occurs within each council.<sup>168</sup>

<sup>164</sup> Evidence, Mr Gary White, Chief Planner, Department of Planning and Environment, 9 August 2018, pp 7-8.

<sup>165</sup> Department of Planning and Environment, 'Part 3, Strategic Planning', <https://www.planning.nsw.gov.au/policy-and-legislation/environmental-planning-and-assessment-act-updated/guide-to-the-updated-environmental-planning-and-assessment-act-1979/part-3-strategic-planning>; Supplementary information, Department of Planning and Environment, received 9 September 2018, p 1.

<sup>166</sup> Department of Planning and Environment, *Local Strategic Planning Statements: Guideline for Councils*, 2018, p 3.

<sup>167</sup> Evidence, Ms Sarah Hill, Chief Executive Officer, Greater Sydney Commission, 9 August 2018, p 7.

<sup>168</sup> Evidence, Ms Hill, 9 August 2018, p 11.

***Building health and wellbeing outcomes into regional planning***

- 2.72** Asked about government recognition of health and wellbeing outcomes in the planning process, as advocated by NCOSS and other participants above, both Mr White and Ms Hill spoke of the ‘30-minute city’ as a core planning commitment that will achieve health and wellbeing outcomes, including via easier access to food options. Mr White explained:

From a planning point of view, the whole idea [is] of getting a 30-minute city, which potentially encourages people to walk down to their local corner store, to walk from their railway station to a local shopping centre, they are all meshing in with those types of principles, so you do not always have to get into a car to do one shop a fortnight and fill up the boot. You can actually do regular shops because you are part of an integrated community fabric.<sup>169</sup>

- 2.73** Ms Hill advised that this concept is built into the Greater Sydney Plan, and the Greater Sydney Commission will be working with local government to implement the concept at the local level:

[O]ne of the core premises is the 30-minute city and how we make it work. It talks about the critical need for shared spaces, so using schoolyards on the weekends for farmers’ markets and access to those elements are strongly advocated in the plan. The important thing is that it is a strategic plan that sets up the importance and value of these ideas and approaches for Greater Sydney. Our next critical step is working with local government to implement that at a local level and carry those strategies, actions, directions through to local planning. We have many objectives about healthy, resilient communities with great access to retail and services. The next step and practical outcomes is working with local government to achieve them.<sup>170</sup>

***Preserving agricultural land close to Sydney***

- 2.74** Ms Hill advised that the Greater Sydney Commission has considered food production as part of the process of analysing the range of economic, social and environmental values of the metropolitan area. She told the committee, ‘Importantly, the [Greater Sydney Plan] very much recognises the value of those areas and protects it from urban expansion’ under Objective 29, a component of which is to identify new opportunities for growing fresh food close to a growing population and freight export infrastructure associated with the Western Sydney Airport. In doing so, she noted that this will be a balancing act, with growing demand for a range of uses, including residential. She stated, ‘We are very mindful, but our plan very firmly says that we should hold the line on the existing metropolitan rural area because of the many social, economic and environmental benefits it has, including food production.’<sup>171</sup>
- 2.75** Ms Hill explained the framework through which the government’s commitment to this outcome will be delivered:

This is a government strategy and it is reinforced through the district plans, which are also a statutory document. The *Environmental Planning and Assessment Act* requires local government to align with the district plans in the preparation of their [Local Environmental Plans]. We will be working with the Department of Planning to ensure that the LEPs align with the district plans and, in turn, the metropolitan plan as well. So

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<sup>169</sup> Evidence, Mr White, 9 August 2018, p 10.

<sup>170</sup> Evidence, Ms Hill, 9 August 2010, p 12.

<sup>171</sup> Evidence, Ms Hill, 9 August 2010, pp 9 and 12-13.

there is a line of sight. This sets the overarching directions that those lands should be protected.<sup>172</sup>

**2.76** However, when challenged as to what mechanisms are in place to ensure that councils do not make planning decisions to allow a piece of land to be rezoned for urban development, Ms Hill acknowledged that developers are free to submit such planning proposals.<sup>173</sup>

**2.77** Mr Hansen noted that from his perspective, the protection of the Sydney basin's agricultural land is extremely important:

Despite the growth in development across the basin and despite its relatively small footprint, it is still the sixth highest production area in the State for food production. It is incredibly important in terms of not only the types of foods that it is producing but also the proximity that it has to our biggest domestic consumption market. It is critical. Protecting that in this space is really important.<sup>174</sup>

**2.78** Asked whether the DPI has a role in advocating for the protection of agricultural land, particularly in peri-urban areas, Mr Hansen advised that his department has a role in providing advice to other departments such as DPE with regard to the assessment of land development applications or zoning applications. Advice is provided via the Land Use Planning Group, which acts 'to continue to protect the ability of the State to have high quality productive land for the production of food.'<sup>175</sup>

***Supporting high technology food production, including at Western Sydney Airport***

**2.79** Mr Hansen identified three key areas of rapid technological change in respect of agricultural production:

- the ability to collect and quickly analyse data from many sources to enable real-time production management decisions, for example to eliminate peaks and troughs out of the use of resources
- developments in synthetic biology to further enable genetic selection and the genetic evolution of products
- innovation in production systems to enable better use of scarce water.<sup>176</sup>

**2.80** Mr Hansen told the committee the emerging ability to use data to drive decision making in agriculture means that farmers will be able to produce much more food on the land available.<sup>177</sup>

**2.81** In respect of the creation of a high technology fresh food precinct at Western Sydney Airport, catering to both international and domestic markets, Mr Hansen advised the committee that his department sees using the land adjacent to the airport as a very significant opportunity for the food production industry, with the department's role being to support the research and

<sup>172</sup> Evidence, Ms Hill, 9 August 2010, p 11.

<sup>173</sup> Evidence, Ms Hill, 9 August 2010, p 11.

<sup>174</sup> Evidence, Mr Hansen, 9 August 2010, p 15.

<sup>175</sup> Evidence, Mr Hansen, 9 August 2018, p 9.

<sup>176</sup> Evidence, Mr Hansen, 9 August 2018, p 12.

<sup>177</sup> Evidence, Mr Hansen, 9 August 2010, p 12.

technological development that will enable it to occur. He also saw it as a unique opportunity to protect some land for high intensity agricultural purposes.<sup>178</sup> Mr Hansen added that his department sees at least three key opportunities for farmers arising from the Western Sydney Airport development:

- creating the right quarantining environment in collaboration with the Commonwealth, linked with processing and packaging, to provide a competitive advantage to that airport over others
- establishing the right environment to bring processing, packaging and other value adding businesses into the precinct, along with international and domestic transport links
- the use of intensive production systems to produce fresh food at maximum value and freshness on the doorstep of Sydney.<sup>179</sup>

**2.82** Ms Hill advised that this unique opportunity has also been recognised by the Greater Sydney Commission, stating, ‘That has certainly been reflected in the land use planning as well, given that Western Sydney will be the most connected location in Australia.’<sup>180</sup> She went on to explain that the Western Sydney Deal between eight Western Sydney councils, the NSW and Commonwealth Governments contains 38 actions, one of which is an agriculture and the agribusiness precinct. As to the status of the development, Ms Hill advised that as of August 2018, the Department of Planning was conducting a feasibility study into how it could work, and identifying ‘high level uses’ that will be permissible around the airport. She advised that the Department of Planning’s work in this area will soon be released.<sup>181</sup>

**2.83** We further note that the public document *Western Sydney Aerotropolis Land Use Infrastructure Implementation Plan - Stage 1: Initial Precincts* was released by the Department of Planning and Environment in August 2018. The document states:

The draft Stage 1 plan provides a foundation for a conversation with the community and industry, enabling a collaborative approach to the finalisation of the Plan, which will set the strategic direction for the Aerotropolis.

The plan does this by defining how the broader region’s environment, waterways, infrastructure and economics will come together to create the Aerotropolis as a contemporary metropolitan city. It:

- identifies a first-stage Structure Plan to illustrate the rationale for the three initial precincts and how future development in the Aerotropolis could be arranged
- sets the groundwork for an Aerotropolis that will make a significant contribution to 200,000 jobs in Western Sydney and up to 60,000 new homes and new communities
- enables the creation of great communities and recognises that the operation of a world-class, 24-hour/seven-day a week international airport is crucial to the success of the Western Parkland City
- describes how the Aerotropolis’s precincts will be planned to integrate with designated growth areas, as well as growth in Greater Penrith, Liverpool,

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<sup>178</sup> Evidence, Mr Hansen, 9 August 2018, p 13.

<sup>179</sup> Evidence, Mr Hansen, 9 August 2018, p 15.

<sup>180</sup> Evidence, Ms Hill, 9 August 2018, p 13.

<sup>181</sup> Evidence, Ms Hill, 9 August 2018, p 14

Camden, Campbelltown–Macarthur, Hawkesbury, Fairfield, Blacktown and Wollondilly Shire.<sup>182</sup>

- 2.84** The plan identifies an ‘agriculture and agribusiness precinct’ as one of nine precincts to be established at the Aerotropolis. It will skirt the western perimeter of the airport, supporting the transition of existing agriculture in the area, along with the development of new agricultural opportunities. Potential uses include ongoing agricultural production such as dairying and poultry farming, intensive horticulture such as mushroom and tomato farming, food processing, and food research and technology. In respect of the opportunities and intentions for the precinct, the plan further proposes:

The Precinct will capitalise on growing local and international demand for fresh food. It offers a reliable water supplies, good soils, available farm labour, and proximity to markets. Agribusiness in NSW and the potential for fresh food markets within the Aerotropolis would benefit from easy access to the Airport to move fresh food product to direct flights to international markets. These industries will also generate employment opportunities in high tech and more traditional agriculture. It is envisaged, that following the completion of a feasibility study, the size and location of an agri-port will be identified within this precinct. The agri-port will benefit from its proximity to the Western Sydney Airport and road and rail freight lines. The agri-port will provide for the movement and storage of agricultural commodities.<sup>183</sup>

- 2.85** Ms Hill further advised that substantial work is being done by State, Commonwealth and local governments to attract investors and businesses ‘to enhance opportunities not only for employment but also sympathetic and complementary uses to the airport.’ Noting the very substantial areas of land under discussion – around ‘five, six or seven’ times the size of Sydney Harbour’, she observed, ‘It is early days but we have got an incredible opportunity to reshape Western Sydney around those critical employment generating issues.’<sup>184</sup>

### ***Retail planning and local farmers markets***

- 2.86** In respect of retail planning, Ms Hill advised that the Greater Sydney Commission has been mapping retail across Sydney, forecasting growth and demand with a view to informing the decisions of all relevant councils, in terms of protecting and enhancing existing centres, establishing new centres in growth areas, the location of retail outlets and also the growing need for a range of retail outlets. The next step of local planning is for councils to undertake more local analyses to inform their local environmental plans.<sup>185</sup>
- 2.87** In respect of planning for diversity of retail outlets, Ms Hill again advised that this is included in the Greater Sydney Plan, noting the challenge of gaining the outcome:

<sup>182</sup> Department of Planning and Environment, *Western Sydney Aerotropolis Land Use Infrastructure Implementation Plan - Stage 1: Initial Precincts*, August 2018, [https://www.planning.nsw.gov.au/~/\\_media/Files/DPE/Plans-and-policies/western-sydney-aerotropolis-stage-1-plan-08-2018.ashx](https://www.planning.nsw.gov.au/~/_media/Files/DPE/Plans-and-policies/western-sydney-aerotropolis-stage-1-plan-08-2018.ashx), p 4.

<sup>183</sup> Department of Planning and Environment, *Western Sydney Aerotropolis Land Use Infrastructure Implementation Plan - Stage 1: Initial Precincts*, August 2018, [https://www.planning.nsw.gov.au/~/\\_media/Files/DPE/Plans-and-policies/western-sydney-aerotropolis-stage-1-plan-08-2018.ashx](https://www.planning.nsw.gov.au/~/_media/Files/DPE/Plans-and-policies/western-sydney-aerotropolis-stage-1-plan-08-2018.ashx), pp 20 and 62.

<sup>184</sup> Evidence, Ms Hill, 9 August 2018, p 14.

<sup>185</sup> Evidence, Ms Hill, 9 August 2018, p 9.

That is certainly something that we have identified in the plan: a mix of retail and access to retail. It cannot just be about supermarkets. In our plan, we very strongly identify the need to support the growth of centres and for new centres as well. We recognise the importance of supermarkets from the grocery point of view, but specialty stores supporting it. We very strongly advocate for that. The challenge for the planning system is that we cannot dictate what shops are permissible or what shops should be included within a centre other than through negotiating developments and trying to get and attract an entire range of retailers to an area. But that is largely around the economic and investment attraction processes as well. In saying that we certainly call out the importance of that, recognising that the city is a key challenge in Greater Sydney and largely in Western Sydney as well.<sup>186</sup>

**2.88** Ms Hill advised that while the Greater Sydney Commission's plans 'talk about the value of vibrant streets, about ensuring a mix of types of retail, infrastructure and services for socially connected communities, farmers' markets, eat streets, street verges and community gardens. We recognise the value of them, but it is not something that our plan can dictate. It is really a local government matter.'<sup>187</sup>

**2.89** Mr White of the DPE advised that at present there are no difficulties in establishing smaller farmers markets, and they are no longer unusual:

There is overarching flexibility and appreciation [in local planning] around the whole idea of having markets in your town centres at weekend and various suburban areas. As you get into some of the rural cities, the whole notion of having a street market in your main street is something that is not unusual as well.<sup>188</sup>

**2.90** Following the hearing, Mr White provided detailed information on the current requirements for establishing a farmers' market.<sup>189</sup> He also advised that through the regional planning system documented above, 'there is an opportunity for councils to consider the current provision of services for communities and to identify any requirement for greater provision of fresh food. In this way, Local Strategic Planning Statements can pre-identify and encourage establishment of local farmer's markets in accessible locations and support changes to statutory controls to ensure barriers to establishment are removed as far as possible.'<sup>190</sup>

**2.91** In respect of regional planning for supply chains, Mr White advised that:

The whole freight and logistics framework, the way the regional plans are acknowledging the different DNA of different regions and the different supply chain opportunities that need to come out of that are certainly being discussed across a number of departments right at this moment. The discussion we are having around the new freight and logistics report strategy makes direct reference to the regional plans and the agricultural industries in the different regions and how they need to be connected

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<sup>186</sup> Evidence, Ms Hill, 9 August 2018, p 16.

<sup>187</sup> Evidence, Ms Hill, 9 August 2018, p 10.

<sup>188</sup> Evidence, Mr White, 9 August 2010, p 10.

<sup>189</sup> Answers to questions on notice, Mr Gary White, Chief Planner, Department of Planning and Environment, received 7 September 2019, pp 1-2.

<sup>190</sup> Supplementary information, Mr White, received 7 September 2019, p 1.

back in a multiple series of directions. That supply chain is something that goes right across the regional planning conversation in New South Wales.<sup>191</sup>

### Committee comment

- 2.92** The committee was encouraged by the extent to which the urban and regional planning strategies advocated by inquiry participants have been taken up by government agencies and in the Greater Sydney Region Plan as mechanisms for improving the accessibility and availability of fresh food in communities across the state.
- 2.93** We recognise that the ‘30 minute city’, a core planning commitment on the part of the Greater Sydney Commission and reflected in the Greater Sydney Region Plan, is consistent with inquiry participants’ call for health and wellbeing outcomes to be built into urban and regional planning processes. The committee recommends that the DPE consider how it can further embed these outcomes into the broader regional planning system, not only in the Greater Sydney Region, but also in regional and remote communities across the state, where health and wellbeing are often at greater risk.

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### Recommendation 6

That the Department of Planning and Environment consider how to further embed health and wellbeing outcomes into the broader regional planning system.

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- 2.94** The committee considers that inquiry participants made an extremely strong case for the protection of agricultural land in areas close to Sydney and in peri-urban areas around New South Wales. We also highlight the level of consensus across a range of stakeholders on this issue, in that it will benefit producers, consumers and communities alike.
- 2.95** Aside from the public health arguments to improve people’s proximity to fresh food production documented in the previous chapter, the committee recognises that the anticipated 20 to 25 per cent per cent increase in the Sydney population over the next ten years provides extra imperative for action to increase food production in the Sydney basin.
- 2.96** We are very pleased that the protection of agricultural lands in peri-urban areas has been built into the Greater Sydney Plan and other regional plans. Notwithstanding the structural levers built into the *Environmental Planning and Assessment Act 1979* and the regional planning system, like others we recognise that the actual realisation of this objective will be borne out in the countless land use decisions made by councils around the state. For this reason we recommend that the DPE, DPI, Greater Sydney Commission and Office of Local Government continue to work together to ensure the protection of high quality agricultural land in peri-urban areas for the purpose of food production, in Sydney and across regional New South Wales.

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<sup>191</sup> Evidence, Mr White, 9 August 2018, p 16.

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**Recommendation 7**

That the Department of Planning and Environment, Department of Primary Industries, Greater Sydney Commission and Office of Local Government continue to work together to ensure the protection of high quality agricultural land in peri-urban metropolitan areas and in regional New South Wales.

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- 2.97** Correspondingly, the committee was also gratified to observe the support that is emerging among government agencies and the Greater Sydney Commission for high technology food production, including at the Western Sydney Aerotropolis, which has now progressed to Stage 1 of a substantial planning process. Like the NSW Government and a number of representatives before us, we recognise this as a once in a lifetime opportunity with extraordinary potential to benefit the New South Wales community and economy, not least through the creation of extensive employment in Western Sydney. We await further developments with great interest.
- 2.98** We recommend that the Department of Planning and Environment, the Department of Primary Industries and the Greater Sydney Commission continue to encourage high technology food production, including at the Western Sydney Aerotropolis.
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**Recommendation 8**

That the Department of Planning and Environment, Department of Primary Industries and Greater Sydney Commission continue to encourage high technology food production, including at the Western Sydney Aerotropolis.

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- 2.99** With regard to retail planning, on the basis of participants' evidence as to the value of smaller specialised retailers such as greengrocers, butchers, bakers and markets in increasing the supply of healthy foods in local communities, the committee was very pleased to see the Greater Sydney Plan's support for diversity of retail outlets, although again acknowledging the limits to the plan's ability to guarantee delivery of this outcome on the ground. The same can be said of the plan's support for farmers' markets. Together, these issues highlight the imperative for our regional planning system to actually effect change in local communities by improving access to, and availability and affordability of fresh food in local communities. Based on the evidence in the previous chapter about the consumption of fresh fruit and vegetables, this is an issue for all communities, but especially for disadvantaged communities. We recommend that the Greater Sydney Commission continue to work with councils across Greater Sydney to ensure appropriate retail planning, farmers markets and other strategies to ensure accessible and affordable fresh food, especially in disadvantaged communities. The committee also believes that this important collaborative work should occur across regional and rural New South Wales.

**Recommendation 9**

That the Greater Sydney Commission and Department of Planning and Environment continue to work with councils across Greater Sydney to ensure appropriate retail planning, farmers markets and other strategies to improve access to, and availability and affordability of fresh food, especially in disadvantaged communities.

**Recommendation 10**

That the Department of Planning and Environment work with councils across regional and rural New South Wales to ensure appropriate retail planning, farmers markets and other strategies to improve access to, and availability and affordability of fresh food, especially in disadvantaged communities.

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## Chapter 3 People focused strategies to improve fresh food consumption

In this final chapter the committee considers the strategies focusing directly on individuals and families that inquiry participants recommended to improve consumption of fresh foods. First, it explores a number of school based strategies targeting children, including breakfast and lunch programs, nutritional awareness, the integration of food and fibre into the curriculum, and healthy school canteens. Next, it considers other people focused strategies including capacity building programs and subsidised fresh food programs such as community food pantries.

### School based initiatives

- 3.1** In chapter 1 the committee documented the substantially inadequate rates of children's consumption of fruit and vegetables, along with their very concerning rates of overweight and obesity and food insecurity. We noted the impact of these on the health, development and life opportunities of children and we also explored the many complex factors that influence individuals' and families' food security and food choices. Recognising that children's consumption is largely a reflection of their family's consumption, numerous inquiry participants underscored the school setting, especially primary schools, as a valuable vehicle through which to influence children's consumption of healthy food, both immediately and in the longer term.
- 3.2** For example, Dr Jon Wardle, Co-Convenor, Complementary Medicine, Evidence, Research and Policy with the Public Health Association Australia (PHAA) noted the truism that parents getting their children to eat nutritious foods is one of the most valuable things they can do for their child's development, further observing that this is relatively easy for affluent families, but harder for others. He proposed that in this context, schools can play a significant role, especially through comprehensive programs that include all children, thus avoiding stigmatising less advantaged children and families.<sup>192</sup>
- 3.3** Similarly, Ms Clare Hughes, Nutrition Program Manager with the Cancer Council NSW, agreed that the school setting is an important avenue for assisting children and families to meet their dietary needs, in terms of education, breakfast programs and other school based initiatives – within the context of a range of government strategies working 'across the whole of the food environment to influence how people can access healthy foods'.<sup>193</sup>
- 3.4** Participants proposed a number of ways in which the NSW Government can drive changes more effectively within the school setting. Each is explored below.

#### Breakfast and lunch programs

- 3.5** There was a strong call among inquiry participants for a more systematic approach to school breakfast or lunch programs, especially breakfast programs.

<sup>192</sup> Evidence, Dr Jon Wardle, Co-Convenor, Complementary Medicine, Evidence, Research and Policy, Public Health Association Australia, 22 June 2018, p 3.

<sup>193</sup> Evidence, Ms Clare Hughes, Nutrition Program Manager, Cancer Council NSW, 22 June 2018, p 19.

**3.6** Ms Liz Millen, NSW Convenor of the Right to Food Coalition, highlighted the interplay between food insecurity, poor nutrition and social disadvantage:

If some kids are going to school [without breakfast or other food] ... they are missing out on exactly what they need to get them out of the cycle of poverty and deprivation to give them a chance in life. It seems particularly unfair that not having breakfast can have not just that physical result of feeling hungry and lethargic, but also they are not concentrating. They may get a reputation for disruption in the classroom. They do not like going to school because the teachers are calling them out for disruptions. You can see a pattern can develop where the kids do not feel welcome at school, they may get into trouble, they do not want to go, their parents keep them off some days. They can miss great chunks of schooling. That has such an important impact then on compounding disadvantage.<sup>194</sup>

**3.7** Foodbank NSW and ACT cited evidence from its 2015 report *Hunger in the Classroom* that on a typical day around three students in each classroom will arrive at school hungry or without having eaten breakfast, with teachers estimating that those who do so lose over two hours per day in learning time.<sup>195</sup>

**3.8** Foodbank proposed that ‘School breakfast programs can alleviate food insecurity and its impacts for children. Breakfast fuels their day and their future.’<sup>196</sup> It pointed out that school breakfast programs have been widely implemented in many countries and some Australian states, and that their efficacy in addressing issues associated with food insecurity for children is well documented, with the main benefits having been shown to be:

- Improvements in punctuality to school and classes, school attendance, behaviour, concentration, engagement, calmness, productivity and academic performance
- Improvements in social awareness and management, relations with staff and students and self-awareness
- Positive impacts on mental health, including reductions in behavioural problems, anxiety and depression
- Assisting in addressing impaired cognitive functioning associated with undernourishment
- Contributing to better nutrient intake and overall diet quality
- Combating other problems associated with being hungry, such as lower physical functioning, stomach and headaches, and poorer health.<sup>197</sup>

**3.9** Mr John Robertson, Executive General Manager of Foodbank NSW and ACT, advised the committee that Foodbank is already providing breakfasts in 111 schools around New South Wales, funded by a grant from a foundation, and attested to the transformational impact it is having on individual children:

To give you an idea, I was at a school on Tuesday or Wednesday this week. It is a school located in south-west Sydney. The school has about 280 students. An average of about 120 are having breakfast. The great thing about that school is that, first of all, the students are the ones who set up, serve and clean up the school breakfast program.

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<sup>194</sup> Evidence, Ms Liz Millen, NSW Convenor, Right to Food Coalition, 22 June 2018, p 52.

<sup>195</sup> Foodbank, *Hunger in the Classroom*, 2015, cited in submission 18, Foodbank NSW and ACT, p 12.

<sup>196</sup> Submission 18, Foodbank NSW and ACT, p 5.

<sup>197</sup> Submission 18, Foodbank NSW and ACT, p 13.

When I was talking to the principal and the teachers they said it had been transformational just in terms of giving the kids responsibility to set up, clean up and all those sorts of things.

I spent more time talking to the teachers this week and they said that the kids are now turning up. They are focused because they are not hungry, and they are not disruptive. So the academic achievement is improving on the back of that ... I can tell you that it is amazing to see these kids hooking into whatever it is they are eating—whether it is a cereal, scrambled eggs on toast, or vegemite or jam on toast. You can see the difference it is making when you visit the schools.<sup>198</sup>

- 3.10** Foodbank thus recommended that phased introduction of a NSW Government funded school breakfast program initially targeting schools with a high proportion of children from socially disadvantaged families, then expanding to include children at risk of food insecurity in other schools.<sup>199</sup> The schools would be selected using Department of Education's index of community socio-educational disadvantage.<sup>200</sup>
- 3.11** Foodbank advised that such programs exist in other states: the Victorian Government is providing \$13.7 million over four years to support school breakfasts for 25,000 students in 500 schools, while the Western Australian program provides breakfast for over 18,000 students in 400 schools, co-funded by its state government to \$800,000 per annum, with the remainder funded by a corporate donation. Both programs are managed by Foodbank and target schools with high proportions of children from socially disadvantaged families.<sup>201</sup>
- 3.12** Mr Robertson explained that Foodbank's current program in New South Wales schools offers three kinds of cereal, long life milk, two fruits, two spreads, and in winter, baked beans and oats. The schools place their order online, which Foodbank delivers at no cost. Eighty five per cent of Foodbank foods are donated by wholesalers, manufacturers, retailers as well as farmers. He estimated that a similar program involving 600 schools could be run in New South Wales for \$8 million over four years.<sup>202</sup>
- 3.13** Mr Robertson noted that several outcomes would flow from the initiative in that it would help to: address the Premier's priority of reducing childhood obesity through the provision of healthy breakfast foods; improve children's learning and school performance; and reduce food waste by diverting it to people in need.<sup>203</sup>
- 3.14** Ms Melanie Fernandez, Deputy Chief Executive Officer, NSW Council of Social Service (NCOSS) also highlighted the educational benefits of breakfast programs in providing a nutritious start to the day for children, and called for a more systemic approach in order to spread those benefits more widely than in schools lucky enough to have the right volunteers or principal to drive them:

<sup>198</sup> Evidence, Mr John Robertson, Executive General Manager, Foodbank NSW and ACT, 22 June 2018, p 36.

<sup>199</sup> Submission 18, Foodbank NSW and ACT, p 5.

<sup>200</sup> Evidence, Mr Robertson, 22 June 2018, pp 36 and 37.

<sup>201</sup> Submission 18, Foodbank NSW and ACT, p 13.

<sup>202</sup> Evidence, Mr Robertson, 22 June 2018, pp 36 and 37.

<sup>203</sup> Evidence, Mr Robertson, 22 June 2018, pp 41-42.

[W]hat we hear from communities is that often there are really great breakfast programs working in schools. I think it is a positive step to ensure particularly that those vulnerable children can get good education and learning outcomes ... But what we do hear is often that is very reliant on particular communities or particular volunteers in that program, or a particular principal implementing it. It is a bit piecemeal.<sup>204</sup>

- 3.15** Ms Fernandez also emphasised that the most successful breakfast programs are not simply focused on supplying food, but also engage and educate parents in the program's delivery so that they engender change within families over the longer term.<sup>205</sup> She thus recommended systemic, 'backbone' resourcing to enable widespread implementation, with clear criteria based on knowledge of what is known to be effective.<sup>206</sup> Her colleague Dr Kathy Chapman, Acting Chief Executive Officer, recommended that NSW Health work with the NSW Department of Education and the non government sector to examine how school breakfast and school lunch programs can be implemented more systematically across the state.<sup>207</sup>
- 3.16** Dr Sumithra Muthayya, consultant to the Right to Food Coalition, spoke of a breakfast program in Wagga Wagga run by the Clontarf Foundation for Aboriginal children that combines healthy food and physical activity, and employs a universal approach, so avoids stigma:

The Clontarf Foundation has a program that provides fruit and breakfast for children. They take the kids in the morning for a game, so they play sport and they provide breakfast. It is easy access for all the kids so there is no shame involved. Everyone goes and has their breakfast and then goes to school. It is a great start to the day. They have a healthy breakfast. They have eaten so they can concentrate in school. We have seen a lot of progress in that community as a result. We have been advocating for similar programs for other Aboriginal kids in the State.<sup>208</sup>

- 3.17** There was some discussion in evidence about whether lunch or breakfast programs are more desirable. While most participants emphasised the value of breakfast, the Federation of Parents and Citizens Associations of New South Wales (P & C Federation) highlighted the numerous countries, including Japan, Brazil, Sweden, Finland and Estonia, that provide all school children with fresh lunch. Providing details of these countries' programs, it then called for New South Wales to enact free school meal programs in all public schools to ensure that no child in the public school system lacks access to nutritious food.<sup>209</sup>

### **Food and fibre in the curriculum**

- 3.18** The second key school-based strategy proposed by inquiry participants concerned classroom teaching about healthy food production, preparation and consumption. The NSW Farmers Association (hereafter NSW Farmers) called for greater awareness of food and fibre to be built

<sup>204</sup> Evidence, Ms Melanie Fernandez, Deputy Chief Executive Officer, NSW Council of Social Service, 22 June 2018, pp 19-20.

<sup>205</sup> Evidence, Ms Fernandez, 22 June 2018, p 20.

<sup>206</sup> Evidence, Ms Fernandez, 22 June 2018, pp 19-20.

<sup>207</sup> Evidence, Dr Kathy Chapman, Acting Chief Executive Officer, NSW Council of Social Service, 9 August 2018, p 4

<sup>208</sup> Evidence, Dr Sumithra Muthayya, Consultant, Right to Food Coalition, 22 June 2018, p 51.

<sup>209</sup> Submission 5, Federation of Parents and Citizens Associations of New South Wales, p 4.

into the school curriculum, as a means of promoting consumption of healthy foods, and of engendering knowledge of and support for the agriculture industry.

- 3.19** NSW Farmers noted that currently, community understanding of the primary industries sector is low. It proposed that a greater understanding of food and fibre will help to build children's knowledge to purchase and prepare high quality nutritious foods across their lifetime, promoting positive dietary habits at a formative age, with flow on effects in terms of life expectancy and health care costs. It will also develop children's understanding of the science and facts of agriculture in a way that builds their knowledge of and support for the agriculture industry, thus helping to ensure the industry's vibrancy, sustainability and productivity into the future.<sup>210</sup> Ms Kathy Rankin, Policy Director, Rural Affairs, Business Economics and Trade, elaborated:

There is a great opportunity, we think, to be able to build within the curriculum examples or resources that support people to understand where food and fibre comes from. Quite often we are losing that connect. As primary production moves away from the city young people, children and families are losing that understanding of where food comes from and so bring it back into a school environment where there can be discussions about the role of food and fibre across all areas of the curriculum. It could be within a mathematics or English curriculum.<sup>211</sup>

- 3.20** As a general principle, Dr Wardle of the PHAA welcomed efforts to educate children on healthy eating, noting that there is evidence to show that educating children about nutrition can be a very powerful tool in changing the food habits of their whole family:

We think any nutrition education is beneficial. One of the key issues with nutrition education to children is that children often inherit their parents' bad habits. One of the other things that research has shown is that children can change their parents' bad habits and they are quite effective as being change agents for the whole family. There have been a few initiatives in South Australia. The Stephanie Alexander program is a good model that is often promoted. Jamie Oliver has done a lot of work in Europe. We are seeing enormous benefit in children taking that education back home and changing the habits of the entire family. It is an incredibly effective initiative that will bring long-term change for the children themselves and then enact real change in real time for the whole family as well.<sup>212</sup>

- 3.21** Dr Wardle spoke of the value of getting children familiar with fruits and vegetables, supporting them to actively engage with healthy food – taking a 'hands on' approach in a positive context – as a very effective means of changing perceptions of healthy food as boring and unenjoyable.<sup>213</sup>

<sup>210</sup> Submission 8, NSW Farmers Association, p 23.

<sup>211</sup> Evidence, Ms Kathy Rankin, Policy Director, Rural Affairs, Business Economics and Trade, NSW Farmers Association, 22 June 2018, p 16.

<sup>212</sup> Evidence, Dr Wardle, 22 June 2018, p 3.

<sup>213</sup> Evidence, Dr Wardle, 22 June 2018, p 3.

**Current government strategies**

- 3.22** The committee sought information from the NSW Department of Education and the NSW Education Standards Authority about current government initiatives to promote the consumption of nutritious foods to children, including via the curriculum.

***Breakfast programs***

- 3.23** Ms Lisa Alonso Love, Executive Director, Learning and Wellbeing, Department of Education, acknowledged that within that department there is no central funding, coordination or support for school breakfast programs. Rather, such programs are instituted under the initiative of individual schools, based on the Local Schools, Local Decisions policy.<sup>214</sup> In addition, the department collects no data on the programs that are operating around the state.<sup>215</sup> Those schools that do have these programs can utilise funding provided to them under a student wellbeing formula, which they can then choose to spend as they wish in a way that supports their local community.<sup>216</sup>

***Food and fibre in the curriculum***

- 3.24** The committee also took evidence on the food and fibre syllabus from Mr Mark Tyler, Inspector, Technologies, Curriculum Standards Directorate, NSW Education Standards Authority, which is the government body responsible for developing syllabuses to be taught in New South Wales from kindergarten through to year 12. He explained that the New South Wales syllabuses identify the knowledge, understanding, skills, values and attitudes that students are expected to develop in each subject. They provide flexibility for teachers to develop teaching programs that meet the learning needs of students at their schools.
- 3.25** Mr Tyler advised that as a result of the introduction of an Australian curriculum for design and technology, with its more explicit requirements in respect of food and fibre and food technologies, the New South Wales school syllabus has recently been redesigned.<sup>217</sup> During 2018, teachers are preparing to implement two new syllabuses from 2019 that will ensure that all primary and secondary students learn about food and fibre production:
- Science and technology – kindergarten to year 6
  - Technology mandatory – years 7 to 8.
- 3.26** In both courses students will be provided with opportunities to learn via practical hands on project based activities such as vegetable gardens and healthy food preparation. Units of work include ‘Delicious Dairy’ and ‘Grow Your Food – Fill Your Belly’, while examples of the syllabus outcomes describing what students are expected to achieve are:

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<sup>214</sup> Evidence, Ms Lisa Alonso Love, Executive Director, Learning and Wellbeing, NSW Department of Education, 9 August 2019, p 18.

<sup>215</sup> Evidence, Ms Alonso Love, 9 August 2019, p 21.

<sup>216</sup> Evidence, Ms Alonso Love, 9 August 2019, p 22; Answers to questions on notice, Ms Lisa Alonso Love, NSW Department of Education, received 6 September 2018, p 5.

<sup>217</sup> Evidence, Mr Mark Tyler, Inspector, Technologies, Curriculum Standards Directorate, NSW Education Standards Authority, 9 August 2018, p 20.

- Years 3-4 – a student describes how agricultural processes are used to grow plants and raise animals for food, clothing and shelter
- Years 7-8 – a student investigates how food and fibre are produced in managed environments and explains how the characteristics and properties of food determine preparation techniques for healthy eating.<sup>218</sup>

**3.27** Mr Tyler went on to explain some examples of elements in the curriculum as children progress through school:

It starts from early stage one [that is, kindergarten], recognising that plants and animals can be used as food or materials for fibres for clothing and shelters. They explore every item that is designed to be produced from fibres. As it moves through the stages, students identify plants and animals that are grown and used for food production. They explore the tools, equipment and techniques used to prepare food safely and hygienically for healthy eating. They are the sorts of statements that are written into the curriculum to guide the teachers in what they might be delivering in the class.<sup>219</sup>

**3.28** Mr Tyler advised that in combination with these syllabuses, those for the personal development, health and physical education learning area provide additional opportunities for students in years kindergarten to 10 to learn about nutrition, healthy eating and where their food comes from. There are also syllabuses for the elective study of agriculture and food technology from year seven to year 12, as well as VET courses in primary industries and hospitality.<sup>220</sup>

### *Healthy School Canteen Strategy*

**3.29** While stakeholders did not raise the issue of school canteens except in very general terms, the committee took evidence specifically on this topic from Ms Alonso Love, who advised the committee that Department of Education's key initiative in respect of healthy eating is the Health School Canteen Strategy, introduced in February 2017 with the aim that all school canteens in New South Wales will transition to become healthy school canteens by the end of 2019.<sup>221</sup>

**3.30** The aim of the strategy is to increase the availability of healthy food and drink options on school canteen menus. It is based on the Australian Dietary Guidelines and uses the national health star rating to guide menus. To qualify, 'Everyday' foods including fruits, vegetables, sandwiches, salads, pasta and stir fries must comprise at least three-quarters of the menu, while 'occasional' foods such as pies and sausage rolls must have at least 3½ stars on the national healthy food rating and make up no more than 25 per cent of the canteen's menu. A range of resources have been developed to support schools to implement the changes, including the *Great Choice: Healthy School Canteens* kit and a dedicated website.<sup>222</sup>

<sup>218</sup> Evidence, Mr Tyler, 9 August 2019, p 18; Answers to questions on notice, Mr Mark Tyler, NSW Education Standards Authority, received 7 September 2018, p 1.

<sup>219</sup> Evidence, Mr Tyler, 9 August 2018, p 20.

<sup>220</sup> Evidence, Mr Tyler, 9 August 2019, p 18.

<sup>221</sup> Evidence, Ms Alonso Love, 9 August 2019, p 18; Supplementary answers to questions on notice, Ms Lisa Alonso Love, NSW Department of Education, received 6 September 2018, p 1.

<sup>222</sup> Supplementary answers to questions on notice, Ms Alonso Love, received 6 September 2018, p 1; Evidence, Ms Alonso Love, 9 August 2019, pp 18 and 21.

- 3.31** Ms Alonso Love advised that the strategy is being driven under the Premier's priority to reduce childhood obesity by 5 per cent by 2025, then provided further context to the program and spoke of how it dovetails with the school syllabus:

In terms of how we teach children, the idea is that the Healthy Canteen Strategy is done in collaboration with students in the school and what they learn in the classroom. It was developed in collaboration with local health districts, the food industry, nutritionists, school principals, parents and canteen managers. ... It provides a good opportunity to connect with ... the syllabus, the curriculum, and what children learn in classrooms so the messages are translatable when they walk out of the classroom door and they are choosing food from the canteen.<sup>223</sup>

- 3.32** In terms of pricing within healthy canteens, Ms Alonso Love advised that the strategy encourages canteen operators to keep the prices of healthy foods within the existing price range, and that the 'everyday foods' required to comprise the majority of the menu are encouraged to be the cheapest foods in the canteen, to drive choices towards them.<sup>224</sup>

- 3.33** Ms Alonso Love advised that as of August 2018 there were 114 canteens out of a total of around 1800 school canteens across the state.<sup>225</sup> She observed that having the Healthy Schools Canteen Strategy as a Premier's priority has given it significant impetus. She further noted that the schools that have reached the healthy canteen status, 67 per cent of them are run by P and Cs or other parent bodies, 3 per cent are run by schools, and 30 per cent are run by licensed operators. 'Parents and P and Cs have really taken it on and we are able to then drive that behaviour. Of the licensed canteens there are five providers who operate 129 of those canteens, so the ability to drive that behaviour through just five licensed operators to have bigger outcomes is also there.'<sup>226</sup>

### *Crunch & Sip and other programs*

- 3.34** The committee is also aware of the Crunch & Sip program running in many primary schools across New South Wales. Crunch & Sip is a set time each day when children 'refuel' on vegetables, salad and fruit and 'rehydrate' with water. An initiative of NSW Health, NSW Department of Education, Office of Sport and the Heart Foundation, health promotion officers from local health districts support schools to implement the program, supported by a range of resources. Whether a school implements Crunch & Sip is a decision for principals in consultation with their community.<sup>227</sup>

- 3.35** Other programs implemented in schools include:

- Live Life Well @ School, a collaborative initiative between NSW Health and school sectors to promote healthy eating and physical activity to students. It aims to get more students more active, more often and to focus on healthy eating habits.

<sup>223</sup> Evidence, Ms Alonso Love, 9 August 2019, p 18.

<sup>224</sup> Evidence, Ms Alonso Love, 9 August 2019, p 25.

<sup>225</sup> Answers to questions on notice, Ms Alonso Love, received 6 September 2018, pp 1-2.

<sup>226</sup> Evidence, Ms Alonso Love, 9 August 2019, p 24.

<sup>227</sup> NSW Ministry of Health, *Crunch & Sip, Healthy Kids: Eat well, get active*, <https://www.Healthykids.nsw.gov.au/campaigns-programs/crunchsip.aspx>.

- Initiatives such as Fruit and Veg Month, Vegetable Week, The Big Veggie Crunch, Get Up and Grow and Munch and Move, all developed by NSW Health.<sup>228</sup>

### Committee comment

- 3.36** Like many participants in this inquiry, the committee recognises schools as one of the numerous settings that government can use to enable greater consumption of fresh and nutritious foods among children and their families. Schools are uniquely placed to influence children's everyday life experiences as well as their longer term opportunities, and by taking a holistic approach in respect of classroom learning, canteens and breakfast programs, schools can powerfully shape the immediate and longer term choices of children and families.
- 3.37** As a core element of this approach, the committee was pleased to learn that the new primary and secondary school syllabuses to be implemented from 2019 will have a greater focus on food and fibre and food technologies. This will be driven via the science and technology syllabus in primary school, then technology mandatory in early high school, complemented and reinforced by learning in other subject areas. We were also pleased to hear that there is a practical, hands on approach built into this learning, as was recommended to us. We trust that over time this will enhance every child's understanding of the food production process, help to promote healthy food choices and habits, and build children's competence in preparing nutritious foods.
- 3.38** In respect of breakfast programs, the evidence appears very clear that by providing a nutritious start to the day, school breakfasts programs are effective in improving children's engagement in learning and their academic performance and overall health and wellbeing. From our perspective, it makes a great deal of sense to move from an ad hoc to a more systemic program through New South Wales, in the first instance targeting schools in disadvantaged areas, and utilising food that has substantially been donated. The costing provided by Foodbank suggests significant value for money, with substantial gains from a relatively small investment of \$8 million over four years on the part of government, to reach children in an estimated 600 schools. In doing so, the government would make a laudable and tangible difference in the immediate lives and the learning of many, many children across the state, and thereby to those children's futures.
- 3.39** We take on board the further evidence that the most effective school breakfast programs have strong parental or community involvement, and as a matter of principle, agree that a commitment such as this on the part of government must be evidence based. The committee thus recommends that the Department of Education and NSW Health, in liaison with Foodbank and other non government stakeholders, introduce a comprehensive, evidence based school breakfast program across New South Wales that targets schools with a high proportion of children from socially disadvantaged families, by the end of 2019.

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<sup>228</sup> Answers to questions on notice, Ms Alonso Love, received 6 September 2018, p 3.

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**Recommendation 11**

That the NSW Department of Education and NSW Ministry of Health, in liaison with Foodbank NSW and ACT and other non government stakeholders, introduce an evidence based school breakfast program across New South Wales that targets schools with a high proportion of children from socially disadvantaged families, by the end of 2019.

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- 3.40** The committee also considers that there is sufficient evidence before the inquiry to substantiate the potential value of school lunch programs for children experiencing food insecurity. The committee notes the evidence provided by Foodbank that three students in every class, or one in ten children, attends school hungry. Accordingly, we recommend that the Department of Education and NSW Ministry of Health investigate the need for and cost of introducing a school lunch program that targets children from socially disadvantaged families and provides emergency food relief for children suffering from food insecurity.
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**Recommendation 12**

That the Department of Education and NSW Ministry of Health investigate the need for and cost of introducing a school lunch program that targets children from socially disadvantaged families and provides emergency food relief for children suffering from food insecurity.

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- 3.41** The committee welcomes the Department of Education's introduction of the Healthy School Canteens Strategy as a means of influencing the immediate and longer term eating habits of children across the state. We note that the strategy has a robust base in the Australian Healthy Eating Guidelines and appears to be supported via a range of practical resources. Based on the take up of only 114 out of approximately 1,800 schools as of August 2018, we are somewhat apprehensive of whether the ambitious but worthy target that all schools will qualify by the end of 2019. While we appreciate the challenges of achieving take up in the landscape of school communities, we underscore the value of this task and encourage the department to do all it can to support this strategy. For this reason the committee recommends that department consider options to further drive the implementation of the Healthy Schools Canteen Strategy, to ensure that all school canteens transition to becoming healthy school canteens by its target date of the end of 2019.
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**Recommendation 13**

That the NSW Department of Education consider options to further drive the implementation of the Healthy School Canteen Strategy, to ensure that all canteens transition to becoming healthy school canteens by the end of 2019.

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## Other people focused strategies

- 3.42 Aside from strategies delivered in educational settings, inquiry participants recommended a number of other people focused measures with the aim of enhancing people's access to and consumption of fresh foods.

### Capacity building programs

- 3.43 The Dieticians Association of Australia said it would welcome greater investment by local and state government into programs that build the capacity of people to adopt healthy dietary behaviours, suggesting that the cost of such programs could be addressed via measures such as taxes on energy dense, nutrient poor foods such as sugar sweetened beverages.<sup>229</sup>
- 3.44 Dr Chapman recommended that the NSW Government invest in holistic nutrition education programs in all local health districts, working in partnership with non government organisations to develop programs based on the sharing of skills and knowledge.<sup>230</sup> NCOSS also recommended developing place-based food hubs that create opportunities for people to develop skills around healthy eating and food preparation.<sup>231</sup>
- 3.45 Cancer Council NSW ran a community-based program called *Eat It to Beat It* until earlier in 2018. In their submission, they stated that the 'program ... aims to increase fruit and vegetable consumption among parents with primary school aged children. Fruit and vegetables are the focus of this program as they help to protect against a number of chronic diseases, including some cancers, and they are also important in preventing obesity. *Eat It To Beat It* has been comprehensively evaluated and the results have demonstrated significant outcomes for the program in the Hunter region in terms of helping families to increase their fruit and vegetable consumption.'<sup>232</sup>

### Subsidised fresh food programs

- 3.46 A range of participants called for greater investment in subsidised fresh food programs including local food basket programs and food pantries.
- 3.47 Ms Fernandez of NCOSS attested to the value of locally based food basket programs and similar initiatives around the state that assist vulnerable families who cannot afford food from week to week. She referred to examples within Aboriginal community controlled organisations such as the Tharawal Aboriginal Medical Service which provides fresh food and vegetables at a reduced rate.<sup>233</sup> Her colleague Dr Chapman also supported subsidies for the cost of food, referring to the statistic that about 85 per cent of people on low incomes spend 29 per cent of their total budget on food, and observing, 'That is a very large chunk of the budget that has to go towards housing, rent, paying utilities, education, costs and all other parts of cost of living. If such a big

<sup>229</sup> Submission 9, Dieticians Association of Australia, pp 3-4.

<sup>230</sup> Evidence, Dr Chapman, 9 August 2018, p 2.

<sup>231</sup> NSW Council of Social Service, *Access to healthy food: Cost of living report*, 2018, p 4; Dr Chapman, 9 August 2018, p 2.

<sup>232</sup> Submission 7, Cancer Council NSW, p 12.

<sup>233</sup> Evidence, Ms Fernandez, 22 June 2018, p 21.

chunk of it has to go to food, which is so essential, they are the people that definitely need the most assistance.<sup>234</sup>

- 3.48** Ms Millen and Dr Muthayya of the Right to Food Coalition underscored the evidence base showing that exposure to healthy food does improve consumption of healthy food.<sup>235</sup> Ms Millen cited research from small-scale local projects showing that community pantries and community kitchens making healthy food more accessible by providing fruit and vegetable boxes, even on a small scale, do increase people's intake of fruit and vegetables. She reported that, 'A mixture of providing access and providing the non-judgemental education will make people change.'<sup>236</sup> Dr Muthayya explained how this behavioural change occurs:

If families are accessing fresh fruit and vegetables there is a larger likelihood that the kids will carry that to school, because they have programs where they are expected to bring in fresh fruit for mid-morning snacks. So if it is available in the house, they are likely to take it to school for their mid-morning break. If it is not there then they are not able to do that. So there are several ways in which the consumption of fresh food could be enhanced if it was made accessible.<sup>237</sup>

- 3.49** In keeping with this, the Right to Food Coalition called for subsidies to support the affordability of fresh foods in rural and remote areas, for example in the form of transport subsidies or vouchers for people on very low incomes.<sup>238</sup> They also gave more detail on the food pantry model operating in Bargo mentioned in chapter 1 as having extremely high participation from local families, which provided not only food, but also practical tips for healthy choices:

It was originally in Tahmoor and moved to Bargo. It is a social enterprise and I think it sources a lot of food from Foodbank. They have a membership scheme, and people might pay \$20 for a food container that might have \$80 or \$90 worth of food in it. There is a strong focus on healthy food. Certainly in its original conception it was not only healthy food because they recognised that sometimes people prefer foods that they are familiar with. So they have had a process of educating people that you can get a lot more food if you are buying healthy food. It was in six-dollar lots. You can get a little bit of junk food for \$6 or a lot of healthy food. So it is gradually encouraging some changes in people's habits. It provides a large amount of fruit and vegetables. They also provide things like meal tips. They might have the ingredients for a particular meal and the recipe. Again, it is very directly enabling people to provide a healthy cooked meal for a family.<sup>239</sup>

- 3.50** The Dieticians Association of Australia noted that subsidies on fruit and vegetables have been shown to increase consumption and reduce body weight,<sup>240</sup> and proposed that while population-

<sup>234</sup> Evidence, Dr Chapman, 9 August 2018, p 5.

<sup>235</sup> Evidence, Ms Millen, 22 June 2018, p 54; Evidence, Dr Muthayya, 22 June 2018, p 55.

<sup>236</sup> Evidence, Ms Millen, 22 June 2018, p 54.

<sup>237</sup> Evidence, Dr Muthayya, 22 June 2018, p 55.

<sup>238</sup> Submission 10, Right to Food Coalition, p 7.

<sup>239</sup> Evidence, Ms Millen, 22 June 2018, p 54.

<sup>240</sup> A Afshin, JL Peñalvo, L Del Gobbo, J Silva, M Michaelson and M O'Flaherty, 'The prospective impact of food pricing on improving dietary consumption: A systematic review and meta-analysis,' *PLoS ONE* (2017) 12(3) e0172277. <https://doi.org/10.1371/journal.pone.0172277>, cited in submission 9, Dieticians Association of Australia, p 4

wide subsidies may not be feasible, strategies targeting vulnerable groups such as those in remote areas may be more practicable.<sup>241</sup>

- 3.51** Two organisations operating food pantries offered their valuable perspectives. Belmont Neighbourhood Centre told the committee that “The real strength of [its OzHarvest and community pantry] program is in developing community connectedness, trust and respect, as well as providing supported referrals to local service agencies. The food is just a bonus.”<sup>242</sup>
- 3.52** Vine Community FoodCare in Yass advised that in recent months they have received less donations of fresh food via local retailers and from Foodbank NSW (which can only send a limited offering of perishable foods to rural areas owing to transport costs) such that they are no longer confident of being able to provide each family with half a bag of vegetables and half a bag of fruit per week – still well below the amount needed for a healthy diet. It made two recommendations to boost their supply of fresh foods in their community and in others like it:
- additional financial support to Foodbank to increase the fresh produce it provides, and to address its transport costs to rural areas
  - funding for a collaborative program between community groups, social services, agriculture/local land services, and small business to identify ways to increase the local supply of fresh fruit and vegetables available to community groups through partnering with existing and new farms.<sup>243</sup>
- 3.53** Foodbank called for an increase to the funding it receives from the Department of Family and Community Services (FACS) to fully cover the transport of donated food that it distributes to charities for food relief programs in regional, rural and remote areas, ‘so that these charities and the communities they serve are no longer disadvantaged by transport costs’.<sup>244</sup>
- 3.54** Mr Robertson explained that Foodbank currently receives around \$460,000 per year as a direct transfer which it uses to offset the costs of transporting donations to regional charities. However, Foodbank estimates that it subsidises this by around \$200,000. At present the shortfall means that Foodbank must charge charities \$50 per pallet of food, but this itself does not cover Foodbank’s costs.<sup>245</sup>

### **Income support**

- 3.55** As another people focused measure, albeit in a Commonwealth Government policy area outside the scope of this inquiry, several participants called for increases to income support payments to address food insecurity and enable people to eat more healthy food.
- 3.56** For example, in the context of the substantial growth in demand for their emergency relief program documented in chapter 1, the St Vincent de Paul Society recommended an urgent

<sup>241</sup> Submission 9, Dieticians Association of Australia, p 4.

<sup>242</sup> Submission 1, Belmont Neighbourhood Centre, p 1.

<sup>243</sup> Submission 11, Vine Community FoodCare, pp 1-2.

<sup>244</sup> Submission 18, Foodbank NSW and ACT, p 6.

<sup>245</sup> Evidence, Mr Robertson, 22 June 2018, p 41.

review of the income support system to address the adequacy of payments, especially Newstart.<sup>246</sup>

- 3.57** In the same vein, NCOSS recommended that the NSW Minister for Health write to the Commonwealth Minister for Human Services to urge the Commonwealth Government to increase the rate of income support payments including Newstart and Youth Allowance, with the aim of improving the capacity of low income families to afford healthy food.<sup>247</sup>

### **Social marketing**

- 3.58** The final people focused strategy canvassed in the inquiry was social marketing. The committee sought the advice of Dr Chapman about the value of education campaigns to promote healthy eating. Dr Chapman advised that social marketing such as NSW Health's current campaign 'Make Healthy Normal' has an important role to play among the range of strategies to increase individuals' consumption of foods, including school based programs and other programs that can be delivered in partnership with non government organisations that have reach into the community.<sup>248</sup>

### **Committee comment**

- 3.59** On the basis of the powerful evidence from inquiry participants about the prevalence and impact of food insecurity on people's health and life opportunities, as well as the evidence above about the effectiveness of subsidising fruit and vegetables in increasing people's consumption of healthy foods, the committee wholeheartedly supports greater investment in food subsidy programs in disadvantaged communities around New South Wales, whether urban, regional or remote.
- 3.60** The committee understands that current programs around the state are resourced by FACS as well as other government programs. Also, they appear to be both relatively inexpensive for government and very cost effective, in that they rely heavily on donated goods, and by producing good health outcomes, they reduce the need for much more expensive health services in the longer term. We recommend that the NSW Government increase its funding commitment to these programs, to increase access to and consumption of fresh foods among people experiencing food insecurity throughout New South Wales.
- 3.61** We consider that one component of the increased funding – but not the only component – should be funding to fully meet Foodbank's costs of transporting donated foods to regional charities. Based on the evidence documented in chapter 1 about the incidence of food insecurity increasing as remoteness increases, it is highly appropriate that additional funding be provided to help overcome transport costs as a barrier to access, which will help to ensure the viability and effectiveness of food subsidy programs in rural and remote communities. In addition, it is also highly appropriate that the provision of these local initiatives – which we have been told not only provide food but community connection and referrals to other services – be further

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<sup>246</sup> Submission 4, St Vincent de Paul Society, p 3; Ms Joanne Yates, Executive Director, Executive Secretariat, St Vincent de Paul Society, p 47; see also Evidence, Ms Millen, p 53.

<sup>247</sup> NSW Council of Social Service, 2018 *Cost of Living Report: Access to healthy food*, pp 3-4.

<sup>248</sup> Evidence, Dr Chapman, 9 August 2018, p 5.

resourced so that more communities have them. Finally, we see significant value in the recommendation of one rural provider that funding be provided to support collaboration between local groups, social services, producers and small business, to identify ways to increase the local supply of donations of healthy foods.

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**Recommendation 14**

That the NSW Government increase its funding for food subsidy programs around New South Wales to:

- enable the establishment of more programs in metropolitan, regional and remote communities
  - fully fund the transport costs associated with Foodbank donations distributed in regional communities
  - support collaboration between local groups, social services, producers and small business, to identify ways to increase the local supply of donations of healthy foods.
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## Appendix 1 Submissions

<b>No.</b>	<b>Author</b>
1	Belmont Neighbourhood Centre
2	San Remo Neighbourhood Centre
3	Wthdrawn
4	St Vincent de Paul Society
5	Federation of Parents and Citizens Associations of New South Wales
6	Public Health Association of Australia
7	Cancer Council NSW
8	NSW Farmers Association
9	Dietitians Association of Australia
10	Right to Food Coalition
11	Vine Community FoodCare
12	Mr Kelvin Wynn
13	Australian Food Sovereignty Alliance
14	National Irrigators' Council
15	Mr Greg Warren MP
16	NSW Council of Social Service
17	Transport Workers' Union of NSW
18	Foodbank NSW & ACT Limited
18a	Foodbank NSW & ACT Limited
19	Country Women's Association of NSW

## Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
<b>Friday 22 June 2018</b> <b>Jubilee Room, Parliament House, Sydney</b>	Dr Jon Wardle	Co-Convenor, Complementary Medicine, Evidence, Research and Policy, Public Health Association Australia
	Ms Kathy Rankin	Policy Director – Rural Affairs & Business Economics & Trade, NSW Farmers Association
	Mr Ash Salardini	Chief Economist, NSW Farmers Association
	Ms Clare Hughes	Nutrition Program Manager, Cancer Council NSW
	Ms Jane Dibbs	Senior Nutrition Project Officer, Cancer Council NSW
	Ms Tammi Jonas	President, Australian Food Sovereignty Alliance
	Ms Sarah de Wit	Paralegal, Australian Food Sovereignty Alliance
	Mr John Robertson	Executive General Manager, Foodbank NSW & ACT Limited
	Ms Kathryn Gong	Special Projects Officer, Foodbank NSW & ACT Limited
	Ms Joanne Yates	Executive Director – Executive Secretariat, St Vincent de Paul
	Ms Liz Millen	NSW Convenor, Right to Food Coalition
	Dr Sumithra Muthayya	Consultant, Right to Food Coalition
Ms Louise de Plater	Legal Officer, Transport Workers Union of NSW	

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**Thursday 9 August 2018**  
**Macquarie Room, Parliament**  
**House, Sydney**

Ms Kathy Chapman	Acting Chief Executive Officer, NSW Council of Social Services
Mr Scott Hansen	Director General, Department of Primary Industries
Ms Sarah Hill	Chief Executive Officer, Greater Sydney Commission
Mr Gary White	Chief Planner, Department of Planning and Environment
Ms Lisa Alonso Love	Executive Director, Learning and Wellbeing, NSW Department of Education
Mr Mark Tyler	Inspector, Technologies, Curriculum Standards Directorate, NSW Education Standards Authority

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## Appendix 3 Minutes

### Minutes no. 32

Friday 13 April 2018

Portfolio Committee No. 1 – Premier and Finance

Members' Lounge, Parliament House, 1.17 pm

#### 1. Members present

Revd Nile, *Chairman*

Mr Franklin, *Deputy Chair* (via teleconference)

Mr Farlow (via teleconference)

Mr Field (via teleconference)

Mrs Houssos (substituting for Mr Primrose)

Mr Martin (via teleconference)

Mr Veitch (substituting for Mr Searle)

#### 2. Draft minutes

Resolved, on the motion of Mr Field: That draft minutes no. 31 be confirmed.

#### 3. Correspondence

The committee noted the following items of correspondence:

##### *Received*

- 11 April 2018 – Letter from Revd Nile, Mr Searle and Mr Field to Committee Director requesting a meeting of Portfolio Committee No. 1 to consider a proposed self-reference into fresh food pricing
- 12 April 2018 – Email from Mr Moselmane, Opposition Whip, to secretariat advising the substitution of Mr Searle and Mr Primrose by Mr Veitch and Mrs Houssos for the meeting.

#### 4. Consideration of terms of reference

The Chair tabled the following proposed self-reference:

##### **Inquiry into fresh food pricing**

That Portfolio Committee No. 1 – Premier and Finance inquire into and report on the price of fresh food in New South Wales, and in particular:

- (a) trends in pricing, comparable to other states in Australia and internationally
- (b) the relationship between wholesale prices paid to farmers and the retail price paid by consumers
- (c) payment arrangements between growers, wholesalers and fresh food retailers
- (d) the prevalence of food insecurity in New South Wales
- (e) the identification of 'food desserts' and any efforts to address them
- (f) the impact on fresh food prices in New South Wales of:
  - (i) transportation costs
  - (ii) the level of competition between retailers,
  - (iii) drought, climate change and extreme weather events,
  - (iv) new retail operators, such as AmazonFresh, and
- (g) any other related matter.

Resolved, on the motion of Mrs Houssos: That the committee adopt the terms of reference.

## 5. Conduct of the inquiry into fresh food pricing

### 5.1 Closing date for submissions

Resolved, on the motion of Mrs Houssos: That the closing date for submissions be 25 May 2018.

### 5.2 Stakeholder list

Resolved, on the motion of Mr Veitch: That the secretariat circulate to members the Chairs' proposed list of stakeholders to provide them with the opportunity to amend the list or nominate additional stakeholders, and that the committee agree to the stakeholder list by email, unless a meeting of the committee is required to resolve any disagreement.

### 5.3 Hearing dates

Resolved, on the motion of Mrs Houssos: That:

- the committee hold 3-4 public hearings, including one in western Sydney and the balance in regional locations to be determined following the receipt of submissions
- hearing dates be determined by the Chair after consultation with members regarding their availability.

## 6. Other business

## 7. Adjournment

The committee adjourned at 1.25 pm, *sine die*.

Alex Stedman

**Committee Clerk**

## Minutes no. 33

Friday 22 June 2018

Portfolio Committee No. 1 – Premier and Finance

Jubilee Room, Parliament House, Sydney, 9.17 am

## 1. Members present

Revd Nile, *Chairman*

Mr Colless (substituting for Mr Franklin for the duration of the inquiry into fresh food pricing)

Mr Farlow

Mr Field

Mrs Houssos (substituting for Mr Primrose for the duration of the inquiry into fresh food pricing)

Mr Martin

Mr Veitch (substituting for Mr Searle for the duration of the inquiry into fresh food pricing)

## 2. Previous minutes

Resolved on the motion of Mr Farlow: That draft minutes no. 32 be confirmed.

## 3. Correspondence

The Committee noted the following items of correspondence:

### *Received*

- 17 April 2018 – Email from Mr Shaoquett Moselmane MLC, Opposition Whip, to secretariat, advising the substitution of Mr Primrose and Mr Searle by Mrs Houssos and Mr Veitch for the duration of the inquiry into fresh food pricing

- 4 May 2018 – Letter from Ms Lisa Anne Ayres, Director, Executive Office, Australian Competition and Consumer Commission (ACCC) advising the committee that the ACCC will not be making a submission to the inquiry into fresh food pricing
- 25 May 2018 – Correspondence from Mr Mark Pace, National President, and Mr Jordon O'Reilly, National Welfare Officer, National Union of Students, to committee, regarding student poverty, rental affordability, Newstart payments and penalty rates
- 5 June 2018 – Email from Mr Liam Bennett, A/Manager, Cabinet Branch, Department of Premier and Cabinet, to secretariat, advising that no government agency is preparing a submission to the inquiry into fresh food pricing
- 6 June 2018 – Letter from Mrs Natasha Maclaren-Jones MLC, Government Whip, to secretariat, advising the substitution of Mr Franklin by Mr Colless for the duration of the inquiry into fresh food pricing
- 14 June 2018 – Email from Ms Jennifer Cleaver, Manager, Office of the Chief Executive, Northern NSW Local Health District, requesting that the submission prepared by Mr Adam Guise, Health Promotion Officer, be withdrawn from the inquiry into fresh food pricing as it was not approved by the Chief Executive nor submitted via the NSW Ministry of Health.

Resolved, on the motion of Mrs Houssos: That the committee:

- treat as correspondence the documents received from the National Union of Students, received 25 May 2018, as they do not address the terms of reference for the inquiry into fresh food pricing, and that the secretariat write to the authors to advise them of this
- at the request of the Chief Executive, Northern NSW Health District, permit the withdrawal of the submission prepared by Mr Adam Guise, Health Promotion Officer, Northern NSW Health District, from the inquiry into fresh food pricing.

#### **4. Inquiry into fresh food pricing**

##### **4.1 Public submissions**

The committee noted that the following submissions were published by the committee clerk under the authorisation of the resolution appointing the committee: 1-2 and 4-19.

##### **4.2 Future inquiry activities**

Resolved, on the motion of Mrs Houssos: That consideration of future inquiry activities be deferred until the end of the day's hearing.

Mr Field joined the meeting.

##### **4.3 Public hearing**

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was sworn and examined:

- Dr Jon Wardle, Co-Convenor, Complementary Medicine, Evidence, Research and Policy, Public Health Association of Australia.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Ash Salardini, Chief Economist, NSW Farmers' Association
- Ms Kathy Rankin, Policy Director – Rural Affairs & Business Economics & Trade, NSW Farmers' Association.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Clare Hughes, Nutrition Program Manager, Cancer Council New South Wales
- Ms Jane Dibbs, Senior Nutrition Project Officer, Cancer Council New South Wales
- Ms Melanie Fernandez, Deputy Chief Executive Officer, NSW Council of Social Service.

The evidence concluded and the witnesses withdrew.

Mr Colless left the hearing at 12.04 pm.

The following witnesses were sworn and examined:

- Ms Tammi Jonas, President, Australian Food Sovereignty Alliance
- Ms Sarah de Wit, Paralegal, Australian Food Sovereignty Alliance.

Ms de Wit tendered the following document:

- Report, 'From uniformity to diversity: a paradigm shift from industrial agriculture to diversified agroecological systems', International Panel of Experts on Sustainable Food Systems, 2016.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr John Robertson, Executive General Manager, FoodBank NSW & ACT Limited
- Ms Kathryn Gong, Special Projects Manager, FoodBank NSW & ACT Limited.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Ms Joanne Yates, Executive Director – Executive Secretariat, St Vincent de Paul

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Ms Liz Millen, NSW Convenor, Right to Food Coalition
- Dr Sumithra Muthayya, Consultant, Right to Food Coalition.

Ms Millen tendered the following document:

- Report, 'The right to eat well, no matter where you live', Right to Food Coalition, 2016.

The evidence concluded and the witnesses withdrew.

Mr Martin left the meeting at 4.15 pm.

The following witness was sworn and examined:

- Ms Louise de Plater, Legal Officer, Transport Workers Union of NSW.

The evidence concluded and the witness withdrew.

The public hearing concluded at 4.48 pm. The public and media withdrew.

## 5. Deliberative meeting

Mr Colless and Mr Martin joined the meeting via teleconference.

### 5.1 Tendered documents

Resolved, on the motion of Mr Veitch: That the committee accept and publish the following documents tendered during the public hearing:

- Report, 'From uniformity to diversity: a paradigm shift from industrial agriculture to diversified agroecological systems', International Panel of Experts on Sustainable Food Systems, 2016, tendered by Ms de Wit
- Report, 'The right to eat well, no matter where you live', Right to Food Coalition, 2016, tendered by Ms Millen.

### 5.2 Future inquiry activities

Resolved on the motion of Mrs Houssos: That on Thursday 9 August 2018, the committee conduct:

- a half day hearing, inviting the following representatives to attend:
  - Greater Sydney Commission
  - Department of Planning and Environment
  - Department of Primary Industry

- NSW Department of Education
- NSW Council of Social Service, to discuss the findings of their forthcoming 2018 cost of living report
- an optional afternoon site visit to Green Camel and Foodbank NSW & ACT.

## 6. Adjournment

The committee adjourned at 4.53 pm until Thursday 9 August 2018, Macquarie Room, Parliament House.

Merrin Thompson  
**Committee Clerk**

## Minutes no. 34

Thursday 9 August 2018

Portfolio Committee No. 1 – Premier and Finance

Macquarie Room, Parliament House, Sydney

### 1. Members present

Revd Nile, *Chairman*  
Mr Farlow  
Mr Field  
Mrs Houssos  
Mr Martin  
Mr Veitch

### 2. Apologies

Mr Colless  
Mr Fang

### 3. Inquiry into fresh food pricing

#### 3.1 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was sworn and examined:

- Dr Kathy Chapman, Acting Chief Executive Officer, NSW Council of Social Service.

Resolved, on the motion of Mr Field: That the committee authorise the publication of submission no 20.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Scott Hansen, Director General, Department of Primary Industries
- Mr Gary White, Chief Planner, Department of Planning and Environment
- Ms Sarah Hill, Chief Executive Officer, Greater Sydney Commission.

Ms Hill tendered an extract from the Greater Sydney Commission's *Greater Sydney Region Plan 2018*.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Lisa Alonso Love, Executive Director, Learning and Wellbeing, NSW Department of Education
- Mr Mark Tyler, Inspector, Technologies, Curriculum Standards Directorate, NSW Education Standards Authority.

Ms Alonso Love tendered the *Great Choice: Healthy School Canteens* kit produced by the NSW Department of Education.

The evidence concluded and the witnesses withdrew

The public hearing concluded at 11.50 am. The public and media withdrew.

#### **4. Deliberative meeting – Inquiry into fresh food pricing**

##### **4.1 Previous minutes**

Resolved, on the motion of Mr Veitch: That draft minutes no.33 be confirmed.

##### **4.2 Correspondence**

###### *Received*

- 26 June 2018 – Email from Dr John Wardle, Member, Public Health Association Australia, to committee, attaching article on the potential public health impact of lack of competition in the grocery sector
- 9 July 2018 – Letter from Ms Jane Dibbs, Senior Nutrition Project Officer, Cancer Council NSW to Chair, clarifying statistics cited in the 22 June 2018 public hearing
- 30 July 2018 – Email from Ms Vittoria Bon, Government Relations Manager, to secretariat, advising that Coles is unable to attend the attend public hearing on 9 August 2018
- 2 August 2018 – Email exchange between Mr Christian Bennett, Head of Government Relations & Industry Affairs, Woolworths Group, and secretariat, advising that Woolworths will not be attending the public hearing on 9 August 2018
- 7 August 2018 – Email from Ms Elyse Cain, Advocacy Manager, NSW Council of Social Service, forwarding an embargoed draft of NCOSS' *2018 Cost of Living Report*, and requesting that the committee keep the report confidential
- 7 August 2018 – Email from Mr Brett Fifield, Deputy Director General, Strategy, Policy and Engagement, Department of Primary Industries, advising that the Department of Primary Industries is not in a position to appear at the 9 August 2018 hearing
- 8 August 2018 – Email from Mr Brett Fifield, Deputy Director General, Strategy, Policy and Engagement, Department of Primary Industries, advising that Mr Scott Hansen, Director General, Department of Primary Industries, will appear at the 9 August 2018 hearing
- 9 August 2018 – Letter from the Hon Natasha Maclaren-Jones MLC, Government Whip, to secretariat, advising that Mr Wes Fang MLC will be substituting for Mr Rick Colless MLC for the 9 August 2018 hearing.

Resolved, on the motion of Mrs Houssos: That the committee publish on the inquiry website the article provided by Dr Wardle on the potential public health impact of lack of competition in the grocery sector.

Resolved, on the motion of Mr Farlow: That the embargoed draft of NCOSS' *2018 Cost of Living Report* be kept confidential, at the request of NCOSS.

##### **4.3 Transcript clarification**

Resolved, on the motion of Mr Veitch: That:

- the committee include a footnote in the transcript of 22 June 2018 noting the clarifications received on 9 July 2018 from Ms Jane Dibbs, Senior Nutrition Project Officer, Cancer Council NSW
- the correspondence from Ms Dibbs be published on the inquiry website.

##### **4.4 Public submission**

Resolved, on the motion of Mrs Houssos: That the committee authorise the publication of submission no. 18a.

##### **4.5 Answers to questions on notice and supplementary questions**

The committee noted that the following answers to questions on notice and supplementary questions were published under the resolution appointing the committee:

- Transport Workers' Union of NSW

- Public Health Association of Australia
- Australian Food Sovereignty Alliance
- NSW Farmers' Association
- St Vincent de Paul Society (NSW)
- Right to Food Coalition.

Resolved, on the motion of Mrs Houssos: That the committee publish on the inquiry website the two research papers attached to the answers to questions on notice received from the Right to Food Coalition.

#### 4.6 Witnesses for 9 August 2018 hearing – Coles and Woolworths unable to attend

Resolved, on the motion of Mr Farlow: That:

- the committee accept Coles' offer to provide written responses to any questions posed in writing by the committee
- any questions prepared by committee members be provided to the secretariat by close of business two days after members receive the transcript of evidence from the 9 August 2018 hearing, then the secretariat circulate the questions to the committee for comment, and pending the committee's approval, then submit them to Coles.

Resolved, on the motion of Mr Veitch: That should committee members have any questions in response to the Woolworths submission, they provide these questions to the secretariat by close of business two days after members receive the transcript of evidence from the 9 August 2018 hearing, then the secretariat circulate the questions to the committee for comment, and pending the committee's approval, then submit them to Woolworths.

#### 4.7 Tended documents

Resolved, on the motion of Mrs Houssos: That the committee accept and publish the following documents tendered during the public hearing:

- *Great Choice: Healthy School Canteens* kit produced by the NSW Department of Education, tendered by Ms Alonso Love
- extract from the *Greater Sydney Region Plan 2018*, tendered by Ms Hill.

Mrs Houssos tendered the following documents:

- Daniel Graham, *Taking the pulse of the nation* (18 November 2016), Choice, <https://www.choice.com.au/money/budget/consumer-pulse/articles/consumer-pulse-september-2016-171116>
- Rachel Clemons, *Which supermarket has the cheapest groceries?* (5 June 2017), Choice, <https://www.choice.com.au/shopping/everyday-shopping/supermarkets/articles/cheapest-groceries-australia>
- Shannon Marshall-McCormack, *Meat off the menu as prices soar* (10 March 2018), Nine News, <https://www.msn.com/en-au/news/australia/meat-off-the-menu-as-prices-soar/ar-BBK4B8w>
- Belinda Crawford et al, 'Socioeconomic differences in the cost, availability and quality of healthy food in Sydney', (2017) 41 *Australian and New Zealand Journal of Public Health*, pp 567-571
- Laurel Barosh et al, 'The cost of a healthy and sustainable diet – who can afford it?', (2014) 38 *Australian and New Zealand Journal of Public Health*, pp 7-12
- Deloitte Access Economics, *ALDI household expenditure report: How economic pressures and societal trends are impacting grocery spending*, November 2017.

Resolved, on the motion of Mr Farlow: That the committee accept and publish the following documents, tendered by Mrs Houssos:

- Daniel Graham, *Taking the pulse of the nation* (18 November 2016), Choice, <https://www.choice.com.au/money/budget/consumer-pulse/articles/consumer-pulse-september-2016-171116>
- Rachel Clemons, *Which supermarket has the cheapest groceries?* (5 June 2017), Choice, <https://www.choice.com.au/shopping/everyday-shopping/supermarkets/articles/cheapest-groceries-australia>

- Shannon Marshall-McCormack, *Meat off the menu as prices soar* (10 March 2018), Nine News, <https://www.msn.com/en-au/news/australia/meat-off-the-menu-as-prices-soar/ar-BBK4B8w>
- Belinda Crawford et al, 'Socioeconomic differences in the cost, availability and quality of healthy food in Sydney', (2017) 41 *Australian and New Zealand Journal of Public Health*, pp 567-571
- Laurel Barosh et al, 'The cost of a healthy and sustainable diet – who can afford it?', (2014) 38 *Australian and New Zealand Journal of Public Health*, pp 7-12
- Deloitte Access Economics, *ALDI household expenditure report: How economic pressures and societal trends are impacting grocery spending*, November 2017.

#### 4.8 Report deliberative date

Resolved, on the motion of Mr Veitch: That the report deliberative meeting for the inquiry into fresh food pricing take place at 10.00 am, Friday 12 October 2018.

#### 5. Adjournment

The committee adjourned at 12.00 pm, until Tuesday 14 August 2018.

Merrin Thompson  
Committee Clerk

## Draft minutes no. 41

Friday 12 October 2018

Portfolio Committee No. 1 – Premier and Finance

McKell Room, Parliament House at 10.10 am

#### 1. Members present

Mr Farlow

Mr Field (via teleconference, Budget Estimates)

Mr Graham (substituting for Mr Searle, Budget Estimates)

Mrs Houssos (Fresh food pricing)

Mr Khan (substituting for Mr Franklin, Budget Estimates then Mr Colless, Fresh food pricing)

Mr Martin

Mr Primrose (Budget Estimates)

Mr Veitch (Fresh food pricing)

#### 2. Apologies

Revd Nile

Mr Colless (Fresh food pricing)

Mr Franklin (Budget Estimates)

Mr Field (Fresh food pricing)

Mr Searle (Budget Estimates)

#### 3. Election of Chair

The Clerk noted the absence of both the Chair and Deputy Chair for the meeting.

The Clerk called for nominations for a member to act as Chair for the purpose of the meeting.

Mr Khan moved: That Mr Farlow be elected Chair of the committee.

There being no further nominations, the Clerk declared Mr Farlow elected Chair.

Mr Farlow took the chair.

#### 4. Previous minutes

Resolved, on the motion of Mr Martin: That draft minutes no. 33, 34, 36, 37, 38, 38, 39 and 40 be confirmed.

## 5. Correspondence

The committee noted the following items of correspondence:

### *Received:*

- 7 September 2018 – Email from Mr Chris Twitchen, Executive Planning Officer, Office of the Chief Planner, Department of Planning and Environment, attaching additional information on strategic planning for the inquiry into fresh food pricing
- 24 April 2018 – Email from Ms Rebecca Steffan, Acting Executive Officer to Ms Heather Smith, Secretary, Department of Industry, Innovation and Science, advising that the Department will not be making a submission to the inquiry into fresh food pricing
- 10 September 2018 – Letter to Chairman from the Hon John Ajaka MLC, President, Legislative Council, with transcript clarification
- 27 September 2018 – Letter from Hon Victor Dominello MP, Minister for Finance, Services and Property, attaching answers to questions on notice and answers to supplementary questions
- 28 September 2018 – Email from Mr Thomas Ryan, Office of the Hon Dominic Perrottet MP, Treasurer, advising that the Treasurer's answers to questions on notice will not be provided to the committee until Tuesday 2 October 2018
- 2 October 2018 – Letter from Hon Dominic Perrottet MP, Treasurer, attaching answers to questions on notice and answers to supplementary questions
- 2 October 2018 – Letter from Hon Gladys Berejiklian MP, Premier, attaching answers to questions on notice and answers to supplementary questions
- 2 October 2018 – Letter from Hon John Ajaka MLC, President of the Legislative Council to the Chair, attaching answers to questions on notice and answers to supplementary questions
- 2 October 2018 – Letter from Hon Matthew Kean MP, Minister for Innovation and Better Regulation to the Chair, attaching answers to questions on notice and answers to supplementary questions
- 8 October 2018 – Letter from Hon Natasha Maclaren-Jones MLC, Government Whip, to secretariat, advising the substitution of Mr Colless by Mr Khan for the report deliberative for the inquiry into fresh food pricing on 12 October 2018
- 12 October 2018 – Letter from Hon Natasha Maclaren-Jones MLC, Government Whip, to secretariat, advising the substitution of Mr Franklin by Mr Khan for the meeting to discuss supplementary Budget Estimates hearings on 12 October 2018
- 12 October 2018 – Email from Mr Justin Field MLC to secretariat, giving apologies for the fresh food pricing inquiry report deliberative, expressing his thanks to the committee for the inquiry and noting his support for the draft report's recommendations.

### *Sent:*

- 4 July 2018 – Email from secretariat to Mr Mark Pace, National President, and Mr Jordan O'Reilly, National Welfare Officer, National Union of Students, advising that the documents received on 25 May 2018 do not address the terms of reference for the inquiry into fresh food pricing and will be treated as correspondence
- 21 August 2018 – Email from secretariat to Ms Vicki Bon, Government and Industry Relations Manager, Corporate Affairs, Coles Limited, advising no further questions from the committee at this stage
- 21 August 2018 – Email from secretariat to Mr Christian Bennett, Government Relations and Industry Affairs, Woolworths Limited, advising no further questions from the committee at this stage
- 6 September 2018 – Email from secretariat to Mr James Camilleri and Ms Olivia Roth, Minister Dominello's office, attaching transcript of evidence with questions on notice highlighted, supplementary questions and instructions on how to correct the transcript and return answers to questions
- 6 September 2018 – Email from secretariat to Mr Thomas Ryan, Treasurer Perrottet's office, attaching transcript of evidence with questions on notice highlighted, supplementary questions and instructions on how to correct the transcript and return answers to questions

- 11 September 2018 – Email from secretariat to Mr Richard Hodge, Minister Kean’s office, attaching transcript of evidence with questions on notice highlighted, supplementary questions and instructions on how to correct the transcript and return answers to questions
- 11 September 2018 – Email from secretariat to Ms Tori Crisp and Mr David Blunt, President Ajaka’s office, attaching transcript of evidence with questions on notice highlighted, supplementary questions and instructions on how to correct the transcript and return answers to questions
- 11 September 2018 – Email from secretariat to Mr Zach Bentley and Mr Jerome Boutelet, Premier Berejiklian’s office, attaching transcript of evidence with questions on notice highlighted, supplementary questions and instructions on how to correct the transcript and return answers to questions
- 12 September 2018 – Email from secretariat to Mr John Schmidt, NSW Electoral Commissioner, advising that the committee resolved to publish various correspondence between the Hon Adam Searle and the Electoral Commission tendered by Mr Searle during the Budget Estimates hearing on Thursday 6 September 2018.

The committee noted that it agreed via email to publish the additional information received from Mr Chris Twitchen, Executive Planning Officer, Office of the Chief Planner, Department of Planning and Environment, for the inquiry into fresh food pricing, received 7 September 2018.

## 6. Inquiry into Budget Estimates 2018-2019

### 6.1 Supplementary hearings

Mr Primrose moved: That the committee hold a further hearing to consider matters relating to the portfolios of Finance, Services and Property, on a date to be determined by the Chair in consultation with members.

Question put.

The committee divided.

Ayes: Mr Field, Mr Graham, Mr Primrose

Noes: Mr Farlow, Mr Khan, Mr Martin.

Question resolved in the negative on the casting vote of the Chair.

Resolved, on the motion of Mr Graham: That the committee:

- seek further detailed answers from the Treasurer, the Hon Dominic Perrottet MP, regarding:
  - answers to supplementary questions 198 to 205
  - answers to questions on notice or supplementary questions to be identified by Mr Searle and Mr Field by 5.00 pm Monday 15 October
- meet following receipt of the further answers to decide whether to hold a supplementary hearing for the portfolios of Treasury, Industrial Relations.

Resolved, on the motion of Mr Primrose: That the committee hold no further hearings to consider matters relating to the following portfolios:

- The Legislature
- Innovation and Better Regulation
- Premier.

Mr Field, Mr Graham and Mr Primrose left the meeting.

Mrs Houssos and Mr Veitch joined the meeting.

## 7. Inquiry into fresh food pricing

### 7.1 Answers to questions on notice and supplementary questions

The committee noted that answers to questions on notice and supplementary questions from the following organisations were published by the Committee Clerk under the authorisation of the resolution appointing the committee:

- NSW Council of Social Service, received 5 September 2018

- NSW Department of Education, received 6 September 2018
- NSW Education Standards Authority, received 7 September 2018
- Department of Planning and Environment, received 7 September 2018
- Department of Primary Industries, received 9 September 2018.

## 7.2 Consideration of Chair's draft report

Consideration of Chair's draft report, entitled 'Fresh food pricing'.

Resolved, on the motion of Mrs Houssos: That paragraph 3.39 be amended by inserting 'or community' after 'strong parental'.

Resolved, on the motion of Mrs Houssos: That paragraph 3.40 be amended by omitting 'applauds' before 'the Department of Education for introducing the Healthy School Canteens Strategy' and inserting instead 'welcomes'.

Resolved, on the motion of Mr Martin: That the following new paragraph be inserted after paragraph 3.43:

'Cancer Council NSW ran a community-based program called *Eat It to Beat It* until earlier in 2018. In their submission, they stated that the 'program ... aims to increase fruit and vegetable consumption among parents with primary school aged children. Fruit and vegetables are the focus of this program as they help to protect against a number of chronic diseases, including some cancers, and they are also important in preventing obesity. *Eat It To Beat It* has been comprehensively evaluated and the results have demonstrated significant outcomes for the program in the Hunter region in terms of helping families to increase their fruit and vegetable consumption.' [Footnote: Submission 7, Cancer Council NSW, p 12.]'

Resolved on the motion of Mrs Houssos: That a new recommendation and accompanying paragraph be inserted after recommendation 11:

'That the Department of Education and NSW Ministry of Health investigate the need for and cost of introducing a school lunch program that targets children from socially disadvantaged families and provides emergency food relief for children suffering from food insecurity.'

Resolved, on the motion of Mrs Houssos: That:

- The draft report as amended be the report of the committee and that the committee present the report to the House;
- The transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry be tabled in the House with the report;
- Upon tabling, all unpublished attachments to submissions be kept confidential by the committee;
- Upon tabling, all unpublished transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, and correspondence relating to the inquiry, be published by the committee, except for those documents kept confidential by resolution of the committee;
- The committee secretariat correct any typographical, grammatical and formatting errors prior to tabling;
- The committee secretariat be authorised to update any committee comments where necessary to reflect changes to recommendations or new recommendations resolved by the committee;
- Dissenting statements be provided to the secretariat by 5.00 pm Monday 15 October 2018;
- That the report be tabled on Wednesday 17 October 2018.

## 8. Adjournment

The committee adjourned at 10.27 am.

Merrin Thompson  
Committee Clerk