

INQUIRY INTO FRESH FOOD PRICING

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LEGISLATIVE COUNCIL
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SUBMISSION ON FRESH FOOD PRICING

Like most communities across NSW, families in Campbelltown are struggling with the constant increases in cost of living paired with stagnant wage growth that have characterised the NSW economy over the last decade.

A crucial component of these increases in the cost of living for families in my community has been the higher cost of groceries, particularly fresh meat and produce. While the end cost for consumers has increased, those increases are not being reflected by increased costs throughout the supply chain.

Farmers, drivers, wholesalers and all other parties involved in the supply chain are under extreme pressures to drastically reduce their supply costs while consumers are paying more for the end product. This seemingly paradoxical situation is caused by the aggressive behaviour of major supermarket chains, hell-bent on maximising profits.

This is well illustrated in the supermarket bread industry. Bread, like other fast-moved consumer goods (FMCGs) depreciates in value from the minute it is removed from the oven. As a result, supermarket chains are constantly pressuring bread delivery drivers to shorten delivery times, thereby maximising the value of the product when it arrives in-store.

However, this pressure to deliver product quicker is not being reflected in higher pay for the owner-drivers contracted to deliver the product from the point of manufacture to stores. I have recently met with several drivers in this industry during the development of the *Industrial Relations Amendment (Contracts of Carriage) Bill 2018*, which I introduced in the Legislative Assembly. The consistent theme from the conversations I had with drivers in the industry is that they are delivering increasing quantities of product for a decreasing piece rate – that is, they are doing more work for the same money, if not less money.

The supermarket bread industry is but one of many examples of this trend. Supermarkets are placing increasing pressure on all parties in the supply chain, driving down their supply costs

and in the process placing farmers, drivers and wholesalers under enormous financial pressure. Simultaneously, the prices paid by consumers for fresh food are only increasing, resulting in a situation where all parties are left worse off with the exception of the supermarkets themselves, who continue to earn enormous profits.

As the environmental effects of climate change begin to become more common and more severe, ensuring access to reliable and affordable fresh food for the people of NSW and Australia will become an increasing priority for government at all levels. While there are many factors involved in the solution to this problem, the anti-competitive and aggressive behaviour of major supermarket chains in the fresh food market and throughout the fresh food supply chain must be addressed for a long-term solution to be achieved.