

WHOLESALEERS PUT THEIR CASE



FMA | FRESH MARKETS
AUSTRALIA

There are 10 key factors that Australia's fresh produce wholesalers highlight in relation to the review of the Horticulture Code of Conduct:

1. **The Code is discriminatory and inflexible. It discriminates against more than 1,600 primarily small businesses that operate as fruit and vegetable traders (wholesalers).**

The current Code demands methods of operation that are inconsistent with how growers and wholesalers do business, and how they want to do business.

Compliance costs are onerous. The Australian Competition and Consumer Commission (ACCC) turns a blind eye to growers who pick and choose if they want to operate under the Code and who face no penalty for non-compliance.

3. **It has given imported fruit and vegetables a commercial free kick because of the bureaucratic red tape that applies only to Australian grown produce.**

5. **Quality transparency is paramount to achieve Class One pricing, with the FreshSpecs standards on the Fresh Markets Australia website, which is included in the wholesalers Terms of Trade.**

7. **The ratio of complaints to transactions is low (.0000583%) with the cost to taxpayers of managing Code issues raising serious questions about its performance.**

There are about 12 million transactions between growers and wholesalers every year. Over the past five years, that is about 60 million transactions – resulting in just 21 inquiries and 35 complaints to the ACCC.

The low level of inquiry, mediation requests and formal action demonstrate that commercial interactions between growers and wholesalers are working. It is not, as some would try to spin it, evidence that the dispute resolution system is "too hard" for growers to use or that growers fear "retribution" by wholesalers. It's been in place for more than eight years.

9. **The wholesaling sector has proposed a range of changes to the Code to make it workable.**

See www.freshmarkets.com.au for more details.

2. **Fresh produce wholesalers make an enormous contribution to the Australian economy, and if not properly functioning, Australia's fresh fruit and vegetable supply chain would collapse.**

More than 90% of Australia's estimated 17,000 commercial fruit and vegetable growing establishments do business with a Central Market.

More than 50% of all fresh produce consumed in Australia is handled by a market wholesaler.

If the Code was followed to the letter, each week Australian wholesalers would be forced to return or reject about 40,000 tonnes (2000 semi-trailer loads) of fresh fruit and vegetables received from growers who refuse to sign Horticulture Produce Agreements or who choose to operate outside the strict requirements of the Code.

4. **Pricing transparency is available to growers through independently compiled market price reports.**

6. **Time is up. After eight years under the Code, and three reviews, it is too late to argue the same issues from the past with mere anecdotal evidence.**

Pre-Code agreements between growers and wholesalers have been operating under the Code for the past eight years. Growers can tear up their pre-Code agreements at any time.

8. **The two-person review panel includes a person with substantial experience and skills as a grower and a grower representative, with the review committee brief focussed on grower experiences/issues, failing to address issues of concern to wholesalers. There is no person with wholesaling/trader experience on the panel.**

10. **Retail chains operate under a flexible voluntary Code!**

The current situation is anti-competitive. The industry needs a fair, commercial and workable outcome.