

**SUBMISSION NO. 1**  
**Horticultural Code and**  
**Farm Gate to Plate**



***Mareeba District***  
***Fruit and Vegetable Growers Association Inc***

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12 December 2011  
Committee Secretary  
House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Secretary

This is a joint submission presented in two parts part "A" as a public document and part "B" is exerts from our submission that we believe should be confidential to the committee. The submissions are on behalf of Scott Dixon and the Mareeba District Fruit and Vegetable Growers Association re the Competition and Consumer Amendment (Horticultural Code of Conduct) Bill 2011.

As the original driver and author of the above Bill being introduced into Parliament by our Federal representative the Hon Bob Katter, the MDFVGA believes the history behind and the reasons for this Bill should be brought to the attention of the Standing Committee.

**PART "A"**

1. It is my opinion and that of the executive committee of the Mareeba District Fruit and Vegetable Growers Association that prior to the introduction in 1996 of the Horticultural Code of Conduct by the Howard Government, Australia had a totally corrupt fruit and vegetable marketing system. Unfortunately since its introduction by the Howard Government nothing has changed.
2. This system in the opinion of the majority of family farmers legally allows the wholesaler to operate as a merchant whilst working under the definition of an agent (known as the Hybrid System). This allows the wholesaler to sit on a growers produce until he finds a buyer and within a nanosecond of finding that buyer and getting a guaranteed price changes hats, becomes a merchant and purchases the produce from the grower for a sum considerably less than what he was offered by

- his customer. It is the opinion of growers that the purchase price they receive compared to the price offered by the wholesaler's customer is calculated to allow the wholesaler to maintain their lifestyle and to return the balance to the grower.
3. During the term of the Howard Government the then Deputy Prime Minister John Anderson gave an undertaking to growers at a campaign meeting in Innisfail that if re-elected his Government would introduce legislation to bring transparency and integrity into Australia's fruit and vegetable marketing system.
  4. After their re-election we believe because of considerable pressure from the Liberals onto the Nationals, the coalition did everything in their power to renege on the commitment given by their Deputy John Anderson.
  5. Due to considerable pressure from our organisation (Mareeba District Fruit and Vegetable Growers Association) and others around Australia, the then coalition appointed CIE (the Centre for International Economics), to investigate the fruit and vegetable marketing system and compile a document that could become legislation. (See PART "B" for details)
  6. Unfortunately the then Government continued to do everything in their power to walk away from the John Anderson commitment and it is the belief of the growers that the code they eventually legislated was brought in to do nothing more than to save face on their commitment.
  7. At the time of its introduction we informed the then Government that it was not worth the paper it was written on and would never work as they were legislating a system that was no better than how growers were currently operating. It was in fact worse as it was now a legal requirement.
  8. The ACCC has held at least one inquiry into the current code (both myself and Joe Moro President of the Mareeba District Fruit and Vegetable Growers Association gave evidence) and has also made comment that they have received very few complaints regarding its operation. The reason for the lack of complaints is that due the total worthlessness of the current code we estimate that better than 90% of growers and wholesalers do not operate with agreements. Under the current code this of course is illegal and therefore when a problem arises the ACCC will not act, as there is no signed agreement.

The Competition and Consumer Amendment (Horticultural Code of Conduct) Bill 2011 being introduced on behalf of horticulturists Australia wide, is designed to provide growers with nothing more than what is regarded in any other business as "good business practice". We would ask this committee to consider this legislation in the understanding that farming IS a BUSINESS and not just a way of life. What our urban cousins must come to terms with is that regardless of your chosen occupation that is your way of life.

There are many instances of growers being deliberately and openly short changed by wholesalers this is one example. I was contacted by one of Australia's largest wholesalers seeking a consignment of mangoes, after being pestered by many phone calls; I agreed to send him a small consignment of approximately 1,000 trays for an agreed price per tray. When I received our returns there was a discrepancy of some \$8,000.00 between what he promised prior to delivery and what I actually received. When I challenged his honesty and

business ethics his response was "as long as Australian farmers are dumb enough to accept the current marketing system why would we want to see it change". To me that says it all.

The main points covered by this proposed code that are not covered by the current code are:

1. This code covers all persons or entities involved in the fruit and vegetable industry Sellers, Wholesalers, Retailers, Exporters and Processors. The current code only covers Growers and Wholesalers operating within the Metropolitan Markets.
2. The current code basically states that a grower should deliver his product to a Wholesaler within the Metropolitan Markets not knowing what they will be paid for it, not knowing when they will get paid for it and in a growing number of occasions not knowing if they will get paid for it. It also states they have no legal right to documented evidence of who bought it and what they paid for it. This code provides full transparency through a detailed paper trail from producer to the final retailer or processor.
3. An invoice/statement must be provided to the seller detailing - date of sale - name of purchaser - price per grade/count - total value of sale. Growers want and are entitled to a complete paper trail as to what their produce returned and who purchased it. This documented paper trail would also assist the ATO to curtail the estimated billion dollar black market currently operating within our Metropolitan Markets.
4. All monies are to be placed in a Market Authority controlled Trust Account. We estimate that growers lose millions every year by wholesalers declaring bankruptcy. When this was put to Bill Chalk in a recent ABC interview his response was that this happens in all businesses (see No 9).
5. Default clauses that automatically kick in when growers and wholesalers cannot amicably negotiate terms. These include when produce legally changes hands and time of payment. Default clauses allow the grower to maintain his relationship with his wholesaler as it removes the necessity for a grower to instigate a dispute with their wholesaler.

Yours faithfully

**SCOTT DIXON**  
**VICE PRESIDENT**  
**MAREEBA DISTRICT FRUIT AND VEGETABLE GROWERS ASSOCIATION**