

Sent: Tuesday, 6 May 2008 9:06 AM
To: Leuner, Tom
Subject: Grocery Pricing vs Farm Gate Pricing

Dear Tom,

For 11 years now I've been developing Farmers Markets for farmers. The great thing about farmer markets is that the farmer sets the price he believes he should receive for that product so that he can sustain his business.

Grahame H. from Singleton travels each fortnight to attend the Newcastle City Farmers Market, along with 70 other farmers. 6000 shoppers attend this market each fortnight.

Grahame H. grows pumpkins. If he sells his product to Flemmington Markets in Sydney he'll be lucky to receive (top dollar) 70 cents a kilo for his pumpkins. At the farmers market he sells them for \$1.50 per kilo direct to the customer and he believes this is a reasonable price back to him to cover his costs and the costs of production.

Woolworths will sell a Queensland Blue pumpkin up to \$4 - \$6 a kilo at any one time direct to the customer. So we all wonder why there is a significant price difference paid to farmers who sell through the centralised regional market system (70 cents per kilo at Flemmington - Sandgate etc) and what the consumer finally pays at a supermarket (\$4 - \$6 a kilo).

Of course Graham H. doesn't have a company with shareholders. Company Law dictates that a company with shareholders must make a profit for those shareholders - nothing in Company Law to dictate elements such as social equity when it comes to making a profit for shareholders even if it means screwing down prices paid to farmers to such an extent that they are merely serfs on their own land.

Now I can take any one of these 70 farmers, except for the meat producers, and apply the same break-down of what they would receive going through a centralised system to what they receive selling direct to the public minus the middle-man. The price differential is extreme.

Meat and Poultry - a difference

Lamb farmer from Narromine - he is actually a couple of dollars more a kilo than a butcher or supermarket - one big difference though - the lamb is a graded premium product - this lamb is export quality - this is the meat we never get to see as it is usually exported. Same applies to the Beef producers at the market - it is graded and it is export quality meat - you can be guaranteed week after week that when you buy from him it will cut and taste the same every time.

The ACCC may not be aware that Meat & Livestock Australia has been pushing for a graded system for the sale of meat for many years. Of course supermarkets do not want this to occur as this may put an end to the purchase of "old" beef cattle at the saleyard and then passing it off as "Prime Beef" at an inflated price. When the consumer gets this home and cooks it he is left to wonder why it is so tough and yet it is labeled as "Prime Beef".

Personally I see a great future for Farmers Markets and my energies are directed towards creating as many farmers markets as possible in every sizeable town or city to accommodate farm fresh produce direct

from the grower. For consumers we receive a far better fresher product, cheaper and with an added bonus of social equity for those who feed us.

Further at the back end of food production are the fees and licenses imposed by local, State and Federal governments on farmers in their pursuit to feed us. Bureaucracy and there never ending pursuit to squeeze just that little bit more tax from fresh food producers through unreasonable taxes, fees and licenses is astounding.

As an example - to run a Farmers Market at the Newcastle Showground, a dedicated agriculture showground, Newcastle City Council will have a yearly inspection of the market. Each food producer will have to pay an additional fee of \$260 per year to operate in this councils' area. If these farmers sell in a different council area they will need to pay that particular Council fee - in Maitland Council area it is \$190. So for the sake of 20klm between two council areas the farmer will need to pay \$450 to bring fresh food to the community.

Any wonder farmers are leaving in droves from the land. Most if not all farmers would like to be self sufficient and not have to rely on Government hand-outs when combating drought, floods or fire. Perhaps if they were paid the worth and cost of production and having to work 365 days of the year we may be able to arrest the decline in fresh food production in this country.

Yours Sincerely

Kevin Eade
Newcastle City Farmers Market