

PORTFOLIO COMMITTEE NO.1 – PREMIER AND FINANCE

INQUIRY INTO FRESH FOOD PRICING IN NEW SOUTH WALES

Answers to supplementary questions: Mr Scott Hansen, Department of Primary Industries

1. *In your opening statement, you said driving access to increased markets is a key lever for DPI. Do you explicitly aim to reduce fresh food prices for consumers, or actively ensure that farmers receive a fair price for their produce?*

NSW produces more food and fibre than can be consumed domestically, and improving access to markets provides flexibility for producers and ensures that farmers receive a fair price for their produce. DPI fosters relationships with domestic and international trading partners to ensure these markets have confidence in NSW primary industries and that producers can continue to benefit from these trading relationships, particularly when exportable surplus is readily available.

DPI also supports the principles contained in the relevant codes of conduct (eg. Horticulture Code of Conduct and the Grocery Code of Conduct) and encourages producers and suppliers to follow relevant industry codes of conduct to ensure that a fair price is given for produce. Complaints from primary producers who feel they are being unfairly treated by suppliers can also be made to the ACCC.

2. *Also in your opening statement, you talked about the role DPI has in applying technology to food production. Do any of these technologies aim to reduce fresh food prices for consumers? Have you any recent examples of these technologies being applied to reduce food prices?*

DPI undertakes projects aimed at increasing the profitability, sustainability and adaptability of the agricultural sector. A number of DPI's Research and Development (R&D) projects are aimed at improving productivity and reducing the costs of NSW farmers so that they can do more with less. This enables primary producers to better absorb fluctuations in price received at the farm gate and to have more flexibility in setting prices. However, this does not necessarily reduce food prices for consumers, as price fluctuations are less efficiently transferred through the entire supply chain. Farm gate prices also need to be distinguished between the retail prices consumers pay, the latter of which can be influenced by external factors outside the producers control.

In situations where farm production increases, retail food prices may decline if a proportionate increase in demand is not realised. Given that farmers are typically price takers, they may pass on the benefits of productivity gains up the supply chain in the form of reduced retail food prices.

One example of many R&D projects aimed at increasing productivity, is the work DPI has been undertaking with rice varieties. In March 2018, DPI in partnership with SunRice and AgriFutures Australia, launched a new rice variety, Viand. Viand is a high-yielding, fast maturing, medium grain rice which offers producers up to 10 per cent water-use efficiency gains on existing varieties through its shorter growing season. The shorter season varieties also add flexibility to

farming systems, giving producers options to manage risk and extend the sowing window for rice.

Finally, implementing digital technologies and analytics along supply chains can also drive supply chain efficiency, better decision making, increased productivity, production efficiency and reduce on-farm costs.

3. *What research have you done on the effect of climate change and drought in the future and NSW's crop capabilities?*

NSW DPI undertakes a range of research on the effects of a variable and changing climate on agriculture. Some key initiatives include:

- NSW Enhanced Drought Information System (EDIS) - improving the accuracy, reliability and comprehensiveness of drought assessment, monitoring and early warning;
- Seasonal climate forecasts - assessing the value of seasonal climate forecasts to agricultural industries across Australia;
- FarmDecisionTECH - field monitoring systems giving real time information on crops, livestock and soil resources in a variable climate;
- Climate impacts and adaptation - assessing impacts of climate change and potential adaptation options for agriculture in NSW;
- Case studies of the impact of climate change on weeds, pest and diseases of agricultural significance; and
- Crop breeding for tolerance to drought, heat, frost, water use efficiency, and resistance to pests and diseases that favour warmer, drier conditions.

4. *Do you provide any complaints mechanism for primary producers who feel they are being unfairly treated by suppliers?*

Complaints from primary producers who feel they are being unfairly treated by suppliers can be made to the Australian Competition and Consumer Commission (ACCC). It is the role of the ACCC to enforce the *Competition and Consumer Act 2010* and a range of additional legislation, promoting competition and fair trading.

5. *In your testimony you spoke about the difficulties in ascertaining what quality produce is. Many commercial agreements are very prescriptive in their requirements for fresh food produce, and as a result there is significant wastage of such produce that does not conform to aesthetic requirements, but is otherwise suitable for human consumption. To help alleviate this wastage, do you provide any connections between producers and organisations such as Foodbank?*

DPI helps facilitate connections between producers and organisations to improve output and profitability and DPI is continuing to look at how to best utilise Non-Government Organisations in primary industries.

DPI also undertakes R&D projects into how to alleviate food wastage. This includes projects aimed at:

- improving the farmgate quality of produce;
- reducing the percentage of production that is rejected post farmgate because of quality issue (e.g. the National Citrus Postharvest Science Program which aims to mitigate decay and spoilage in storage and prolong shelf life);
- reducing the risk of food-borne illness (e.g. the cold plasma project which uses cutting edge technology to sanitise horticultural products); and
- implementing digital technologies and analytics along supply chains to drive supply chain efficiency and reduce food waste.