Improving market transparency in perishable agricultural goods industries

Horticulture industry second workshop
4 November2021: Workshop communique

Background

In late 2020, the Australian Competition and Consumer Commission (ACCC) conducted an inquiry into bargaining power imbalances in supply chains for perishable agricultural goods (PAG) in Australia. The inquiry recommended that the government explore measures to increase price transparency in PAG industries to increase competition in those industries.

In response to this recommendation, the Australian Government, through the Department of Agriculture, Water and the Environment (DAWE) has committed $5.4 million to improve price and market transparency in PAG industries by:

- delivering co-design workshops with PAG industries to understand their market transparency issues, opportunities and requirements
- delivering a grants program to develop and implement tailored mechanisms to improve price and market transparency.

The workshops provide an opportunity for participants to discuss price and market transparency issues in their sector, brainstorm ideas to improve transparency and co-design the details of solutions going forward.

Workshop 2 outcomes

Twenty-two industry and government representatives attended the second horticulture price and market transparency workshop. The objective of the second workshop was to generate ideas that form the basis for potential projects for the grants program, and to identify further areas of work that can be undertaken outside of this program.

Prior to breaking out into small groups Horticulture Innovation Australia provided an overview of the following projects:

1) Harvest to Home – Insights from consumer market data.
2) Feasibility study to collect and report wholesale market price information for the Australian vegetable industry.

Participants ([Appendix A)](#) worked in small groups on the following opportunities that were prioritised through a poll available to participants after the first workshop. This poll was open from 25 – 29 October.

1) Technology to capture, analyse and report accurate and timely data

2) Education campaign on using market information

3) Mapping the supply chain and drivers/influences at each point.

Participants were placed into working groups, with the aim of generating ideas for potential projects. The whole group then came together to consider each idea including purpose, details, stakeholders, risks and benefits and next steps. Groups presented to each other to gather further input, look at next steps and prioritise which project should be progressed, for either application to grants funding during the first half of 2022, or for industry-led development.

Table 1 provides an overview of the potential projects that were prioritised by participants' votes.

At the end of the workshop, participants were asked to select their preferred project to be progressed either by industry or through a future government grant funding round. Participants nominated to add a fourth option, which was combining all projects due the similarity of their nature.
The participants prioritised projects in the following order:

1) Tie all three projects into one project starting with feasibility study – 43% (7 votes)

2) Education campaign and survey – 31% (5 votes)

3) Technology - real-time market data, trading platform – 25% (4 votes)

4) Mapping across the supply chain – 0% (0 votes)

Next steps

The next steps for the horticulture industry are to create a working group with representatives from across the supply chain, discuss and further map out the project concepts and then put a grants application together once the grants round opens. The first step for any project is to conduct a scoping study, with the project driven by industry.

Horticulture Innovation Australia has offered to work with key stakeholders to produce a plan on a page and collaborate with representatives who attended the workshops.

Table 1 – Potential projects

Project	Scope and risks	Stakeholders and resourcing	Next steps
Technology to capture, analyse and report accurate and timely data Real time market data that will: • Improve Return on Investment for growers • Assist in locating fair price through live data access • Benchmark pricing for growers to demonstrate their bottom line. • Provide information for better decision making and allow for short to medium term planning decisions • Have flexibility to use the right data for decisions as different products have different data requirements • Manage supply against demand and avoid oversupply in any market.	**Scope** A scoping exercise via a feasibility study – engaging with industry – will help to determine what is possible and identify the existing capabilities that can be leveraged. Considerations include: • Current yearly data reported quarterly • Reduce the lag time in data reporting • Data is currently captured with information gathered from provided inputs rather than raw data. • Live data will build trust by demonstrating that trend data over time helps to build decision making ability and will assist industry to elevate its critical planning • Adding volumes to prices in current reporting for which the sector needs to collect better data • Incorporation data that sits with credit services within markets as clearing houses manage the transactions. **Risks and mitigation strategies** Lack of engagement (continued engagement with users and industry). Clarity of information to frame scoping study (define information needs/expectations from industry in study). Focus is heavily reliant on market credit services (ensure multiple data sources are reviewed). Trying too much and failing (narrow the focus of study using phases: requirements of users; review available sources). Adoption and industry acceptance (able to evolve as tool with users and build trust with users). Playing the short game (clear strategy and roadmap).	**Stakeholders** The following stakeholders that need to be considered for consultation and collaboration include: • Growers/producers • Market credit services • Market wholesalers • Industry organisations and associations • Major retailers • Exporters. **Resourcing** Funding and resourcing will need to be costed for: • Sourcing data from market credit services (60-80%) and other data sources • Scoping service provider • Commissioning a study through an independent body • Establishing the right working group from key industry stakeholders.	A feasibility study in the first instance will map out the requirements of the project.

Project	Scope and risks	Stakeholders and resourcing	Next steps
Education campaign on using market information Education campaign to drive awareness of available market information, enable practical application of knowledge and facilitate better business decisions. The project would have four stages: 1) A needs analysis, which could be done through industry wide surveys to identify gaps, demonstrate reach and inform delivery platforms. 2) Develop options to deliver the campaign and package resources for the campaign. 3) Deliver the campaign through existing networks and include development of a toolbox of ideas that can continue to be delivered after the initial campaign. 4) Ongoing delivery of education by industry organisations after the initial campaign	**Scope** The scope of this project would be developed via a survey. Considerations include: • Education on existing market information • Business practices, for example, using the code of conduct and contracts effectively • Consistent use of product standards • Fundamentals of supply and demand. Project delivery would leverage existing networks and relationships, including industry liaison people, regional associations and growers' groups, and existing events and seminars, and using thought leaders and industry champions respected by peers. **Risks and mitigation strategies** Survey is deficient due to insufficient reach, underfunded, side-tracked by agendas, could lead to wrong product being delivered (survey design and delivery is critical: outsource survey design in collaboration with industry). Risk of overwhelming people with too much information (leverage existing resources and networks, prioritise topics). Lack of buy-in from constituents (industry leadership; need peak bodies to get behind it). Campaign stops when grant money runs out (industry leadership, develop toolbox of ideas including train the trainer).	**Stakeholders** Requires a coordinated approach led by Horticulture Innovation Australia and peak bodies as they hold much of the existing information and have existing connections with regional groups. Produce Marketing Australia and the Fresh Markets Associations are key players, for their networks and information. State government agricultural departments will be informed so they have awareness of the project. Training providers such as Primary Industries Education Foundation Australia and the Council of Deans in Agriculture could potentially include the training package in their existing curricula for farm business courses. The target audience is growers as a key beneficiary, with value extending across supply chain, particularly to small business. **Resourcing** Funding would be required to: • Engage third party provider to develop survey, coordinate and package up education resources for delivery and develop options on how to deliver • Develop toolbox of ideas for ongoing delivery. Consultation with the following stakeholders includes: • Collaboration with industry groups • Surveying industry to identify training needs • Peak bodies that have existing communication programs, which could be leveraged to provide ongoing delivery • Education providers that cater for farm business courses.	The first step is to develop the survey, engaging an expert to design and deliver it. Horticulture Innovation Australia and industry bodies would lead this project.

Project	Scope and risks	Stakeholders and resourcing	Next steps
Mapping the supply chain and drivers/influences at each point Scope how best to map the supply chain to: • Improve transparency of where cost is coming from/attributed • Improve transparency of where product held/additional costs are applied • Improve transparency in supply chains for domestic versus imported products • Provide visibility of the supply chain as a whole and consequently reduce waste • Drive positive change throughout the supply chain • Provide a reference point and trends to growers • Assist with forward planning for planting by providing signals to the market • Understand where ownership changes hands and transfer of risk.	**Scope** The scope includes the end-end supply chain from farmer through to consumer, and needs to consider the complexity of the horticulture industry. For example, the inclusion of planting data would be dependent on the sector of industry. Considerations include: • seasonal impacts and external events • cost of production from farmers • cost of wholesale and retail • include points where ownership of product changes hands (take on risk) • volume of produce from farms **Risks and mitigation strategies** Inaccurate data (use multiple sources of data and cross check, communicate the benefits of providing accurate data). Inaccessible data; unwilling to provide; non-participation (independent collection, communicate the benefits, demonstrate the usefulness of providing data, voluntary approach to start). Privacy issues (individual data protections, privacy checks, trusted communication conduits). Commercial sensitivities (use trends data, aggregated data to de-identify source, independent data collection). Skillsets to run the project (get experts in to provide advice).	**Stakeholders** The stakeholders that would be involved in consultation and development would comprise a committee representative across the sector, including relevant parties in the supply chain: • farmers/growers • wholesalers • retailers • ABARES • Australian Horticultural Exporters and Importers Association, and • industry bodies. The stakeholders involved in implementing a mapping mechanism would include: • 3rd party commercial providers • Horticulture Innovation Australia to oversee and manage the contract for the 3rd party • An independent body that can oversee over/under supply data. **Resourcing** The following resources would require funding: • 3rd party to consult and develop a mapping mechanism • Independent party to implement **Data can be sourced from the following:** • Levy Revenue Service • Government – ABS, ABARES, ATO, State and Territory departments of agriculture • AusMarket's data and Neilson data • Industry: growers, wholesalers, retailers, industry bodies and associations	This project requires further scoping and can be incorporated into a feasibility study being proposed for a technology solution to capture and analyse market information. A first step would be to develop a business analysis flowchart. This project could potentially provide trend data that is made available on a technology platform.

Appendix A: Participant organisation

- ALDI
- Alfred E Chave (Brisbane Markets)
- AusVeg
- Avocados Australia
- Berries Australia
- Fresh Markets Australia
- Horticulture Innovation Australia
- Melons Australia
- NSW Farmers Association
- Optomni
- Summerfruit Australia
- Australian Competition and Consumer Commission
- DAWE Agricultural Policy Division
- ABARES