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Clerk of the Senate

THE PRICES OF FROZEN AND CANNED VEGETABLES

Report from the Joint Committee on Prices



PARLIAMENT OF AUSTRALIA

JOINT COMMITTEE ON THE PARLIAMENTARY COMMITTEE SYSTEM

PARLIAMENT HOUSE
CANBERRA, A.C.T. 2600
TEL. 72 1211

4 June 1975

Dear Senator Gietzelt,

I am calling a special meeting of the Committee at 7 p.m. on Thursday 5 June. The meeting will be in House of Representatives Committee Room No. 3.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "H.A. Jenkins".

(H.A. JENKINS)
Chairman

Senator A.T. Gietzelt
Parliament House
CANBERRA, A.C.T. 2600

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

PRICES OF FROZEN AND CANNED VEGETABLES

Report from the Joint Committee on Prices

AUSTRALIAN GOVERNMENT
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JOINT COMMITTEE ON PRICES

The Committee was appointed by resolution of the House of Representatives on 18 July 1974 and the Senate on 23 July 1974 to inquire into and, as appropriate, report upon -

- (a) complaints arising from prices charged by private industry and by the public sector;
- (b) movements in prices of goods and services in particular fields or sections of private industry and the public sector, for example, as measured by price indices; and
- (c) such other matters relating to prices as may be referred to the Committee by resolution of either House of the Parliament.

These terms of reference are identical with those of the Committee established by the Twenty-eighth Parliament. On 10 May 1973 that Committee resolved that two Sub-committees be formed to be known as Sub-committee 'A' and Sub-committee 'B' and on 19 July 1973 directed Sub-committee 'B' to inquire into prices charged for frozen and canned vegetables.

At the dissolution of the Twenty-eighth Parliament the Sub-committee had made considerable progress in its investigations. On 30 July 1974 the present Committee resolved that it resume the Inquiry into prices charged for frozen and canned vegetables commenced by its predecessor in the Twenty-eighth Parliament.

The Inquiry, on which this Report is based, was undertaken mostly by the Sub-committee of the predecessor Committee. The conclusion and recommendations in the Report, however, are those of the present Committee.

Personnel of the Committee

Chairman Mr C.J. Hurford, M.P.
Members Senator F.M. Chaney
Senator R.N. Coleman
Senator A.T. Gietzelt
Senator D.B. Scott
Mrs G.J.L. Child, M.P.
Mr J.C. Hodges, M.P.
Mr J.W. Howard, M.P.
Hon. R.S. King, M.P.
Mr R.B. Whan, M.P.
Mr R. Willis, M.P.

Clerk to the Committee Mr M.E. Aldons

Personnel of the Committee in the Twenty-eighth Parliament

Chairman Mr C.J. Hurford, M.P.
Deputy Chairman Rt Hon. J.G. Gorton, C.H., M.P.
Members Senator A.T. Gietzelt **
Senator M.G.C. Guilfoyle
Senator J. O'Byrne
Senator E.W. Prowse ¹
Senator D.D. Reid ²
Hon. R.V. Garland, M.P. **
Hon. P.J. Nixon, M.P. **
Mr J.M. Riordan **
Mr R.B. Whan, M.P. **
Mr R. Willis, M.P.

Clerk to the Committee Mr M.E. Aldons

** Members of Sub-committee 'B'

¹ Senator E.W. Prowse resigned his place in the Senate on 31 December 1973.

² Senator D.D. Reid was appointed to the Committee on 7 March 1974.

The Adviser to the Committee was Dr J.H. Hatch, Senior Lecturer in Economics, Department of Economics, University of Adelaide. The Committee also engaged the services of Hungerford, Spooner and Kirkhope as accounting adviser to assist in the analysis of financial information.

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RECOMMENDATIONS

The Committee recommends that:

- (i) regulations be introduced, under Section 63 of the Trade Practices Act 1974, on quality standards for frozen peas; this would assist consumers to relate price with quality;
(paragraph 64)
- (ii) regulations be introduced, under Section 63 of the Trade Practices Act 1974, on quantity standards concerning the drained weight of canned vegetables and the net thawed weight of frozen vegetables; this would assist consumers to relate price with the actual weight of the vegetable in the packet or can;
(paragraph 70)
- (iii) because of the relatively stronger bargaining position of the processors, the Minister for Agriculture establish a National Panel of Vegetable Growers and Processors of Peas and Beans which would -
 - . consist of an official of the Department of Agriculture appointed as Chairman by the Minister, an equal number of growers and processors with a representative of the Australian Federation of Consumer Organisations having observer status
 - . discuss the long-term future of the industry and other matters of mutual interest such as prices and contracts;
(paragraph 92)

- (iv) the conduct engaged in by the members of the National Panel of Vegetable Growers and Processors of Peas and Beans, in relation to the functions of the National Panel, be exempted from the relevant provisions of the Trade Practices Act 1974 under Section 172(2) of that Act.
(paragraph 93)

REPORT ON PRICES OF
FROZEN AND CANNED VEGETABLES

1 INTRODUCTION

The Reference

In June 1973 the previous Committee resolved that Sub-committee 'B' inquire into the prices charged for frozen and canned vegetables. In selecting this reference the Committee was influenced by three factors. The first was the difference between prices paid to growers and retail prices. The second was allegations that processors had depressed prices to growers because of their relative bargaining strength. The third was the state of competition in the frozen vegetable industry because of increased concentration¹ which followed the termination of price fixing arrangements in 1971.

Public Hearings

2. In July 1973 the Committee advertised its reference, sent out questionnaires to processors and asked growers, retailers, wholesalers and consumer groups to submit evidence. The questionnaires asked for details of production, sales, costs and other financial information. A firm of chartered accountants, Hungerford, Spooner and Kirkhope, was engaged to analyse the financial information.

3. Public hearings were held in Canberra on -
- . 22 and 23 October 1973;
 - . 26 February 1974;
 - . 1, 5 and 22 March 1974.

¹ A concentrated industry structure is one in which a few firms account for a large proportion of industry activity. The growth in concentration and concentration itself, can be described by concentration measures which variously take into account the number and/or the size distribution of firms. This allows distinction between 'more' and 'less' concentrated industries.

4. On 25 February 1974 Sub-committee 'B' inspected farms and processing facilities in northern Tasmania.

5. A list of witnesses who appeared before the Committee is given at Appendix I. The Appendix also contains names of organisations that provided the Committee with submissions but were not required to attend at public hearings. Evidence given at the public hearings is available in Hansard form from Australian Government Publishing Service bookshops and is available for inspection at the Committee Office of the House of Representatives and at the National Library.

The Evidence

6. The Committee found that evidence given by some consumer groups was most useful to the Inquiry. However, some of the information provided was misleading and in some cases factually incorrect. This is probably the result of the limited financial resources of consumer groups. The Committee draws attention to its recommendation in the Report on Prices of Household Soaps and Detergents (the Soaps Report) relating to the need for financial assistance for such organisations.²

Scope of the Report

7. The Inquiry into the prices of frozen and canned vegetables was restricted to frozen and canned peas and beans and canned beetroot. In recent years peas and beans have accounted for some 65 to 70 per cent of the volume of production of total quick-frozen vegetables. Similarly, in the canned sector peas and beans, and beetroot, accounted for some 40 to 50 per cent of the production volume.

² Report from the Joint Committee on Prices, Prices of Household Soaps and Detergents, Parliamentary Paper No. 326 of 1974, recommendation (vii).

8. In this Report the Committee examines the matters referred to in paragraph 1. Such an examination requires an industry rather than individual firm approach, particularly since the Committee considers it necessary to comment on the effectiveness of competition in this industry. This comment is not dated, and is not reduced in strength or quality because the financial and statistical information relates mostly to the period 1970 to 1973; or because the Committee completed its inquiries in early 1974. The delay in presenting this Report to the Parliament has been caused by:

- the time taken by the major processors to provide certain confidential information;
- the double dissolution of the Twenty-eighth Parliament in April 1974; and
- staff movements caused by the under-classification of Committee staff.

9. Although the Committee recognises that there are factors that can change the character of competition in the short-term (for example, increased imports, legislation or changes in the number of competitors) such factors have not operated, to any significant extent, in the frozen and canned vegetables industry.

Confidential Information

10. Some cost and financial information given to the Committee was supplied on a confidential basis. The Committee has decided that it will not disclose information that could damage the legitimate business interests of any person or company. For this reason discussion of these matters is set out in broad terms only.

2 THE FROZEN AND CANNED VEGETABLES INDUSTRY

Definition of the Industry

11. Frozen vegetables and canned vegetables can be considered as either one or two separate industries. The 1970 price fixing agreements related solely to processors of frozen vegetables which suggests that the industry could be separable.

12. However, a strong case can be made for considering these products to form one industry. Retail organisations stated that there was some substitution at the retail level between fresh, frozen, freeze dried and canned vegetables when price relativities were altered. On the supply side the industry can be considered as one, as both sectors use the same basic raw materials. Also, much of the manufacturing process is common to the frozen and canned products. At the distribution level, frozen and canned vegetables require rather different physical facilities but some of the important marketing functions are similar for both products.

13. The Committee will treat frozen and canned vegetables as forming one industry. Much of the evidence was in respect of frozen vegetables and some parts of the Report discuss frozen and canned vegetables separately.

Description of Manufacturing Processes

14. After harvesting, the vegetables are inspected, sorted and graded. They are then prepared in various ways and washed and blanched. The blanching operation consists of hot water treatment for a period that is long enough to inactivate enzymes and thus ensure the stability of flavour and colour of the vegetables and also prevent organic deterioration. After blanching, the vegetables may be further trimmed and inspected prior to being allocated to either the canning or freezing line.

15. In the freezing line they are passed through continuous freezing tunnels which bring their temperature down to below -20°C. From the freezing tunnel the product proceeds into bulk storage prior to packing and despatch.

16. The canning process consists of filling various sized cans with vegetables and brine. After this the cans are passed through an exhaust box, sealed, retorted and cooled and finally labelled, at which stage they are ready for despatch.

17. Both these processes are highly automated, particularly in the case of frozen and canned peas and beans. Some other vegetables, for example, brussel sprouts and broccoli, involve much more labour intensive methods of production.

18. The production of frozen and canned vegetables is a manufacturing operation which requires use of sophisticated technology. Most of this technology is well known, well tried and freely available to firms irrespective of their origins or ownership. An automated frozen vegetable processing line can be purchased as a standard piece of equipment from several sources round the world. Improvements in techniques have occurred in recent years and several Australian plants have been updated by incorporation of these improvements. Similarly, canning technology has become increasingly mechanised.³

The Growers

19. Peas and beans are grown for processing in all States of Australia. Growers of peas and beans are not usually occupied solely with production of these vegetables and the proportion of land allocated to the production of peas and beans is largely influenced by returns from alternative land use.

³ Board, P.W., 'Australian Canning Industry from 1947-70' Food Technology in Australia, 22, 8 (1970), pp. 406-9.

20. Before the beginning of each growing season, processors contract with growers of peas and beans for specified acreages at agreed prices. Growers are required to prepare their land, plant and take care of the crop. The processors supply growers with seed (either free of charge or at the growers' expense), and give advice on planting, harvesting times, and, disease and weed control. The crop is mechanically harvested at the processors' expense.

21. Pea and bean seasons vary between States. Appendix II gives, for each State, the months during which negotiations, letting of contracts, planting and harvesting take place.

22. The number of holdings on which peas and beans are grown for processing and related production figures is shown in Table 1.

TABLE 1

Peas and Beans Grown for Processing
(Number of Holdings and Production: 1973-74)

	Number of holdings (a)		Production (tonnes) (b)	
	Peas	Beans	Peas	Beans
New South Wales	68	116	8,872	3,412
Victoria	281	98	23,058	3,624
Queensland	124	177	7,991	11,051
South Australia	121	(c)	15,179	(c)
Western Australia	108	87	13,343	1,093
Tasmania	350	131	38,073	8,800

(a) This represents the numbers of rural holdings reporting peas and beans but not necessarily the numbers of growers involved. Duplication can occur due to a holding reporting both peas and beans.

(b) Used for processing.

(c) Confidential, not available for release.

Source: Australian Bureau of Statistics.

23. Much evidence was given that the quality of vegetables deteriorated rapidly between harvesting and processing. The necessity for rapid freezing of peas was particularly stressed by witnesses. It was stated that peas must be processed within four or five hours of harvesting to avoid an appreciable deterioration in quality. The same is true of beans, but to a lesser extent. The result is that processing plants tend to be located close to suitable growing districts. These plants require vast quantities of vegetables for efficient operations and are supplied by large numbers of growers, as can be seen in Table 1. The foregoing largely explains why growers have limited choice as to which processor they supply their vegetables.

24. The arrangements which affect grower prices and contract conditions for peas and beans vary from State to State. In Queensland the Committee of Direction of Fruit Marketing (C.O.D.) was established under the Fruit Marketing Organisation Acts 1923 to 1964. Representatives of all processors operating in the State meet jointly with the C.O.D. before each growing season to negotiate such things as prices, provision of seed, expert advice, etc. Processors then offer contracts to individual growers using a standard contract agreed to at the negotiations.

25. The Victorian Farmers' Union (V.F.U.), which represents growers of peas and beans in Victoria, meets annually with the processors, Cottee's General Foods Ltd (Cottee's) and Wattie Pict Limited (Wattie Pict). Unlike Queensland, the results of discussions have no statutory backing and contracts offered to growers vary between processors.

26. Wattie Pict is the only processor that operates in South Australia. The company negotiates with the Millicent Pea Growers Association which represents the majority of growers of peas (for processing) in South Australia.

27. In Tasmania and in New South Wales each processor negotiates individually with individual growers or local grower organisations. The arrangements for negotiating contracts are discussed in detail at Appendix III.

The Processors

28. There are four major processors of frozen vegetables in Australia - Wattie Pict, Petersville Ltd (Petersville), Henry Jones (IXL) Limited (Henry Jones) and Cottee's.

29. Sixty-five per cent of the shares in Wattie Pict are owned by Allied Manufacturing and Trading Industries Limited (Amatil).⁴ The remainder is held by J. Wattie Canneries (Aust.) Pty Ltd an Australian subsidiary of Wattie Industries Limited, New Zealand. Wattie Pict produces a wide range of frozen vegetables at its plants at Notting Hill and Brooklyn in Victoria, Mt Gambier and Millicent in South Australia, Glen Innes in New South Wales (N.S.W.) and Brisbane in Queensland. The company recently acquired a vegetable processing plant at Scottsdale in Tasmania from Kraft Foods Ltd.

30. Petersville is a wholly owned subsidiary of Petersville Australia Limited which is Australian owned. Petersville has six divisions. The Edgell Division manufactures and distributes frozen and canned vegetables from plants at Manly in Queensland, Bathurst and Cowra in N.S.W. and Devonport and Ulverstone in Tasmania.

⁴ The Committee was told that 60 per cent of the shares in Amatil are held by Australian residents and that in practical terms Amatil is an Australian company.

31. Henry Jones is a wholly owned Australian company. Frozen foods are processed by a subsidiary, W.D. Peacock & Co. Pty Ltd at Smithton in Tasmania. Cottee's is a wholly owned subsidiary of General Foods Corporation of the United States of America (U.S.A.). The company processes frozen vegetables at Blackburn in Victoria, Salisbury in Queensland and Waterloo in N.S.W.

32. There are three major processors of canned vegetables in Australia - Petersville, The Golden Circle Cannery (Golden Circle) and Mountain Maid Foods Co-operative Limited (Mountain Maid).

33. Golden Circle is a growers co-operative company owned and controlled by the Cannery Board, a body corporate under the Queensland Fruit Marketing Organisation Acts 1923 to 1964. Golden Circle cans fruit and vegetables grown by members of the Cannery Board at a plant in Northgate, Queensland. Mountain Maid is a co-operative society registered under the New South Wales Co-operation Act 1923-1967. Mountain Maid cans vegetables grown by its shareholders at its plant in Batlow, N.S.W.

Market and Market Shares of Processors

34. During the ten years to June 1974 production of frozen vegetables increased by over 150 per cent and production of canned vegetables increased by over 50 per cent. For the year ended 30 June 1973, the latest year for which figures are available, the value of frozen vegetables produced in Australia was almost \$38 million of which beans accounted for \$9 million and peas \$17 million. The range of canned vegetables produced is much greater than frozen vegetables and was valued at \$50 million in 1972-73.

35. Both the freezing and canning sections of the industry are highly concentrated. For frozen peas and beans which account for over 60 per cent of quick-frozen vegetable production, the two largest processors (Wattie Pict and Petersville) produce over two-thirds of output. The four largest (Wattie Pict, Petersville, Henry Jones and Cottee's) produce more than 90 per cent of output.

36. The market for canned vegetables is even more concentrated. About half of the total canned vegetable production consists of canned peas, beans and beetroot. There are two processors of canned beetroot (Petersville and Golden Circle) and canned peas (Petersville and Mountain Maid) and three processors of canned beans (Petersville, Golden Circle and Mountain Maid).

37. Petersville has the largest share of the market for these three vegetables combined. Since the company is also one of the largest processors of frozen vegetables it probably has a strong influence on industry behaviour.

38. The position of Petersville is relevant to the increased level of concentration in the frozen vegetable section of the industry. In 1970 the seven major processors entered into agreements to fix minimum prices. In August 1971 these arrangements were found to be contrary to the public interest provisions of the Trade Practices Act 1965-1971.⁵ In 1972 by a series of mergers and transfer of assets Wattie Pict acquired the assets of two major processors of quick-frozen vegetables, namely Pict Limited and Allan J. Panozza & Co. Pty Ltd. Wattie Pict told the Committee that the creation of the company provided a counterbalance to the Petersville group.

⁵ Commissioner of Trade Practices, Fifth Annual Report Year Ended 30 June 1972, Parliamentary Paper No. 112 of 1972, pp. 27-9.

39. Although New Zealand is a major producer of frozen vegetables, the Australian processors do not face any significant competition from imports. In the period 1969-70 to 1971-72 imports of frozen peas and beans have represented between 2 and 8 per cent of total market availability (production plus imports). Frozen peas and beans from New Zealand are included in Schedule A of the New Zealand-Australia Free Trade Agreement (NAFTA) with a special formula for phasing out duties. From 1 January 1975 peas and beans imported from New Zealand have been free of duty. Under NAFTA the Joint Pea and Bean Panel was set up to maintain a continuing study of the supply/demand/price position of frozen peas and beans with a view to ensuring the orderly marketing of these products. The Panel consists of Government, processor and grower representatives from each country.

Distribution Channels

40. Frozen and canned vegetables are bulky, have a relatively low value/weight ratio and, in the case of frozen vegetables, require special freezing facilities at all stages of the distribution process.

41. Frozen and canned vegetables are distributed in several different ways. Processors sell direct to caterers and retailers which in turn sell to the final consumer; or they sell to distributors (wholesalers) who in turn sell to retailers.

42. About 70 per cent of production of frozen vegetables is distributed directly to retailers while the remainder is sold to caterers and distributors. These figures mask considerable differences between companies. For example, Cottee's makes very few house brands (products manufactured for major retailers under their own private label). The Company is fairly strong in the catering and institutional markets. Cottee's does not distribute its own products but sells to large distributors in each of the States. Wattie Pict, on the other hand, has a relatively high proportion of house brand sales.

It also delivers its products to distributors' warehouses or its own warehouses from where sales are made direct to the final retailer. Petersville delivers most of its products to its own warehouses and cold stores from where the products are delivered to wholesalers or retailers.

43. One constant trend in this complex distribution system is the tendency for large retail chains to acquire their own central warehouses. As a complement to this, independent retailers are increasingly serviced by specialist grocery wholesalers either on a contractual basis or on the basis of membership of franchised groups. By these means small independent retailers can reap many of the advantages of large scale ordering while remaining quite independent at the retailing level.

3 PRICES AND PRICE INCREASES

44. Some of the major processors are prescribed companies under the Prices Justification Tribunal Act 1973-1974 and as such have to notify the Prices Justification Tribunal (P.J.T.) of proposed increases in price. The Committee was told that the P.J.T. approved price increases in 1973 for frozen and canned vegetables on the basis of cost increases.

45. Petersville supplied the Committee with information on price movements for Birds Eye frozen peas and Edgell canned beetroot for the period 1963 to 1973. The figures show that prices were stable in the early sixties, then fell from these levels and were virtually stable until the end of the decade. Prices rose slowly in the early seventies but were below the level of the early sixties.

46. Confidential information confirms the slow rate of price increase in the period 1970 to 1972. Prices continued to rise in 1973 but part of this increase was absorbed by the retailers. Table 2 shows the movements in retail prices of frozen and canned vegetables in the period 1969 to 1974.

TABLE 2
Index of Retail Prices 1969 to 1974
(Base 1969 = 100)

	1969	1970	1971	1972	1973	1974
Frozen vegetables	100	96	99	102	103	113
Canned vegetables	100	99	97	100	103	118

Source: Derived from information supplied by the Australian Bureau of Statistics.

47. Index numbers of retail prices for the goods the subject of inquiry and the Food Group and All Groups in the Consumer Price Index are shown at Appendix IV. This information and that in the table indicate the slow rate of increase in retail prices for frozen and canned vegetables up to the end of 1974.

48. This rate can be attributed to a number of factors. Some of them are associated with processor prices which were discussed in preceding paragraphs. For frozen vegetables one reason is the realisation of scale economies in both processing and some aspects of distribution which were made possible by rapid increases in output. Another reason, which applies to both frozen and canned vegetables, is that retailers have absorbed some of the increases in prices. This was stated by Woolworths Limited (Woolworths) and supported by confidential information supplied by that company and G.J. Coles & Coy Limited (Coles). The rate of price increase is also influenced by the character of competition in the industry. This aspect will be discussed in the next chapter.

49. As in the case of the inquiry into prices of household soaps and detergents, consumer bodies stated that there were large differences in retail prices of identical brands as between stores or in the same store at different points of time.⁶ The Committee observes that such differences could be explained in part by promotional discounts and co-operative advertising which processors offer from time to time to increase sales. The discounts are passed on to the consumer and thereby used as a competitive device by retailers to attract customers.

⁶ Parliamentary Paper No. 326 of 1974, p. 11.

50. While the Committee sympathises with the point of view expressed by consumer bodies, it reiterates the point made in the Soaps Report, that competition should be seen as a dynamic process and that conformity is the hallmark of collusion or monopoly. While customer convenience and perhaps peace of mind might be increased by uniform and fixed prices, this situation may not be in the best interest of the consumer. In fact resale price maintenance is banned under Section 48 of the Trade Practices Act 1974.

51. Prices of both canned and frozen vegetables rose in 1973 and continued to rise after the Committee concluded its Inquiry. These increases have taken place at a time when prices in most sectors have been rising at a rapid rate. The reason for the former is that, notwithstanding the state of competition in an industry, cost increases cannot continue to be absorbed indefinitely so that eventually prices must increase.

4 COMPETITION IN THE FROZEN AND CANNED VEGETABLES
INDUSTRY

Background

52. The Committee has stated its attitude to competition in the Soaps Report.⁷ It is appropriate to reiterate some of the statements made in that Report. The Committee said that competition is something more than rivalry for market shares between competing companies. Where industries are highly concentrated, such as household soaps and detergents (and frozen and canned vegetables), the Committee is concerned to ascertain the existence of price competition because non-price competition in such industries may be detrimental to the consumer interest.

53. In this chapter the Committee will examine the ways in which competition manifests itself in the frozen and canned vegetables industry.

House Brands

54. House brands (private labels) are products which have the label of the retailer (or wholesaler) for which they are made by the manufacturer or processor. The label is exclusive to the retailer concerned and is thus distinguished from the processor's own label which sometimes is an abbreviation of the name of the company, for example Pict, Edgell, Cottees, Mountain Maid. Processors enter into contracts with the retailer to pack house brands and the contracts usually specify the quality of the product, the price and other terms and conditions of sale.

⁷ Parliamentary Paper No. 326 of 1974, p. 20.

56. The importance of house brands reflects buyer power. However, this in itself is not harmful to the character of competition or the method of price formation because it reflects the 'countervailing power' of large retailers.⁸ It gives the distributor a say in the quality of the product. Generally the distributor bears the promotional costs and the risks associated with selling his private label. This makes it necessary for the processor to compete mainly in terms of price. Davids Holdings Pty Limited, a large wholesaler, told the Committee that it was currently negotiating with two processors for a private label for frozen peas and that 'the man with the best price gets the business'.⁹ The evidence suggests that contracts for house brands are subject to regular review on the basis of 'meeting and matching' prices of competing processors.

57. Confidential information shows that retailers and distributors pay less for house brands than for equivalent processors' brands. This price differential is reflected at the retail level. If quality is in fact comparable then the consumer is receiving better value for money when he or she purchases house brands.

Product Differentiations

58. The major processors market, between them about ten processor labels of frozen vegetables and four brands of canned vegetables. There are also more than twelve private labels for frozen peas and beans and canned peas and beetroot. Appendix V contains a list of the various brands of frozen and canned peas and beans and canned beetroot together with the name of

⁸ A systematic propensity for power on the buyer's side is said to emerge whenever power exists on the seller's side - See Scherer, F.M., Industrial Market Structure and Economic Performance, Rand McNally College Publishing Company, Chicago, pp. 241-252.

⁹ Transcript of evidence, 22 October 1973, p. 210.

the processor.

59. The evidence indicated that advertising budgets were quite low. For a popular processor label it was estimated that advertising and promotional expenses were three to four per cent of selling costs. It does appear therefore that although processors sell a large number of small individual units at frequent intervals, they do not require large advertising outlays.

60. There is no evidence to show that competition for market shares manifests itself in brand competition. This is consistent with the presence of price competition for house brands which spills over into processor labels, a matter that will be discussed in paragraphs 78 and 79. The foregoing indicates that product differentiation in the frozen and canned vegetables industry does not assume the same importance and does not lead to an unnecessary proliferation of brands which the Committee noted to be the case in the household soaps and detergents industry.

61. There are, however, two matters relating to informative labelling where corrective action is necessary to enable the consumer to relate price with quality and actual weight of the vegetable.

62. The first concerns the need for a more accurate description of quality on frozen pea packets. At present consumers can choose between two qualities of frozen peas. The Committee was told that Petersville has first and second quality brands, 'Birds Eye' and 'Hy-Peak' respectively, for frozen foods. For house brands Woolworths sells a first quality pea called 'Woolworths'. The evidence indicates that consumers are not able to determine whether one retailer's first quality house brand is comparable with another retailer's first quality or with a processor's label, or whether or not what is first quality in one season is still first quality in another season.

There can be differences in absolute quality because pea crops vary in quality from season to season.

63. This can be overcome if labels contained information on absolute differences in quality. Australian processors grade the raw peas in the factory on the basis of the four United States of America, Department of Agriculture (USDA) grades. Wattie Pict and other processors said that quality is measured by the USDA classifications A, B, C and D on the basis of four factors, namely maturity, colour, taste and defects (splits and blemishes).

64. The Committee is of the opinion that the labels on frozen pea packets should contain information on absolute differences in quality. This can be achieved by the application of Section 63 of the Trade Practices Act 1974 which provides for regulations on consumer product information standards. The Committee recommends that regulations be introduced, under Section 63 of the Trade Practices Act 1974, on quality standards for frozen peas; this would assist consumers to relate price with quality.

65. The second matter on informative labelling relates to the actual weight of the vegetable in the packet or can. Consumers alleged that the weights shown on frozen vegetable packets were inclusive of water in a frozen state, and that the vegetable content of canned vegetables could be less than half of the stated net weight. The Committee supplied the Weights and Measures Office of the Department of the Capital Territory (the Weights and Measures Office) with frozen pea and bean packets and cans of peas, beans and beetroot for relevant analysis.

66. The analysis showed that the thawed weight of frozen peas was generally higher than the weight stated on the packet. For frozen beans the thawed weight was below the marked weight. However, the Weights and Measures Office stated that the deficiency was possibly the result of the slicing of beans which

releases natural juices that drain away with the frozen liquid in the pack when thawed. While the analysis does not support the allegation described in the preceding paragraph, the Committee considers that, as a preventative measure, frozen vegetable packets should be marked with the net thawed weight. The Committee will recommend accordingly.

67. Confidential information supplied to the Committee shows quite clearly that there is only about 10 ounces of peas in a can that has a marked net weight of 16 ounces. This compares with the analysis by the Weights and Measures Office summarised in Table 3.

TABLE 3
Analysis of Weights of Canned Vegetables
(grams)

	Product					
	Beetroot		Green beans		Green peas	
	(a)	(b)	(a)	(b)	(a)	(b)
Marked net weight	425	425	440	440	440	440
Fluid	113	176	129	234	151	182
Solid	335	282	324	218	305	275
Solid as % of marked weight	79	66	74	50	69	63

(a) Represents the can with the highest vegetable content.
(b) Represents the can with the lowest vegetable content.

Source: Derived from information supplied by the Weights and Measures Office, Department of the Capital Territory.

68. Because of the small size of the sample, the Committee has decided not to identify the brands in the above table. To do so would be unfair to individual processors. It is clear that there are marked variations in the vegetable content in cans of identical size. This points to the need for the consumer to be told what is the minimum weight of the vegetable

in the can, that is the minimum drained weight. Such information will enable the consumer to relate prices of competing brands to the actual vegetable content in the can.

69. Consumers cannot shop intelligently for tinned or packaged food unless they know what is in the tin or package and they will not know this unless the manufacturer or processor tells them by means of informative labelling. The Committee acknowledges that informative labelling relates to matters other than drained and net thawed weight of canned vegetables.

70. The Committee recommends that regulations be introduced, under Section 63 of the Trade Practices Act 1974, on quantity standards concerning the drained weight of canned vegetables and the net thawed weight of frozen vegetables; this would assist consumers to relate price with the actual weight of the vegetable in the packet or can.

Costs and Profits

71. The Committee requested information on unit costs to make and sell popular brands of frozen and canned vegetables and total sales (volumes and values) for 1970 to 1972 and the first six months of 1973. The information received from processors was incomplete. The result was that the Committee was not able to analyse cost/price information for the period under review in the detailed manner done in respect of household soaps and detergents.

72. The available information shows that the cost of the raw material (peas, beans, beetroot) constitutes a small percentage of the costs to make and sell canned and frozen vegetables. For frozen peas and beans the cost of the raw material ranges from 10 to 12 per cent of the retail price while for canned peas, beans and beetroot the range is 9 to 13 per cent. On the basis of the confidential information supplied, a one cent per pound increase in the return to the grower for peas could result in an increase of about 2 cents in the retail price of a one pound packet of frozen peas and a 1 cent increase

in the retail price of a 16 ounce tin of canned peas, if other costs remain constant.

73. Another feature of the costs of canned vegetables is that the cost of the can is greater than that of the raw material (not processed) in the can. This applies to canned peas, beans and beetroot.

74. The ability of firms to absorb cost increases, to recover cost increases or even to pass on more than cost increases depends on factors such as productivity and market power. The incompleteness of the financial information precluded the Committee from preparing an index of costs, sales and profits from which it would have been able to clearly establish the relationship of prices to costs in this industry. The available evidence, however, does allow the Committee to draw the conclusion that the major processors have absorbed cost increases in the period under review.

75. The Committee obtained information on profits, sales and the funds employed to generate such profits for frozen and canned vegetables. The purpose was to obtain various measures of profitability and to test the past profitability of the major processors in the industry by applying the measures used by the Industries Assistance Commission. The information provided was incomplete in respect of some processors. This made it necessary for the Committee to make certain assumptions and calculations to arrive at profitability ratios for those processors and for the industry as a whole. The Committee is of the opinion that the calculations so made are a sufficient guide as to the performance of the processors in the industry and the industry as a whole.

76. Of the six major processors, one made losses for each of the years 1971, 1972 and 1973, while another made a loss in 1971 and profits in 1972 and 1973. The remaining four processors made profits for each of the years for which information is available. Profitability for these firms and

the frozen and canned vegetable industry as a whole, whether calculated on the basis of profits/funds employed or profits/sales, is low when compared with averages for the Australian manufacturing sector or for industries within that sector. If profitability is measured by the ratio of profits/funds employed, then the frozen and canned vegetable industry is probably the least profitable industry in the manufacturing sector.¹⁰

77. The matters discussed in this chapter indicate that the consumer is not being exploited by the major processors in the industry. This is the result of the character of competition in this highly concentrated industry. This competition is in part the result of price competition and it is to this matter that the Committee now turns its attention.

Differential Pricing

78. The price war of 1970 between processors of frozen peas and beans indicated the extent to which vigorous and fierce price competition can occur. It is also probably relevant to point out that even during the short currency of the agreements (September 1970 to August 1971) the agreements were regularly breached.¹¹ The Committee was told that the processors have gone through a 'learning process' which may well prevent more extreme forms of price competition. But this does not imply the absence of price competition. As noted in paragraphs 54-57, the importance of house brands and the fact that retailers base their choice on price, other things being equal, indicates that in a large section of the market price competition exists. The evidence suggests that this competition appears to spill over into processors' brands as well. Confidential information supplied to the Committee indicates differential pricing for competing brands of peas and beans.

¹⁰ Comparison based on confidential information of processors in the frozen and canned vegetables industry and other information in Industries Assistance Commission, Annual Report 1973-74, Parliamentary Paper No. 266 of 1974, Table 4.2.3., pp. 90-100.

¹¹ Parliamentary Paper No. 112 of 1972, p. 29.
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79. It thus appears that the presence of house brands and competition for them is a major reason for the existence of price competition in this industry. The competition is partly historical. It is also probable that the nature of the product, the companies involved and the various market relationships are more conducive to price competition than to parallel pricing or to collusive price agreements which it should be noted contravene Section 45 of the Trade Practices Act 1974.

5 CONCLUSIONS

A National Panel of Vegetable Growers and Processors of Peas and Beans

80. In this Chapter the Committee brings together the salient features of the preceding chapters. It concentrates on two of the issues raised in paragraph 3. These were whether or not processors take advantage of their bargaining power to depress grower prices and the effect of increased concentration on competition and prices in the frozen and canned vegetable industry.

81. The major point to emerge from the evidence in respect of grower/processor relationships for peas and beans was the allegation that processors had depressed prices to growers because of their relative bargaining strength.

82. Evidence given to the Committee showed that, with the exception of Queensland growers, there was dissatisfaction with the method of price determination for peas and beans in the other States. This dissatisfaction centred on prices paid to growers and the fact that prices had remained depressed for a number of years and particularly from 1968-69 to 1972-73.¹² Growers felt that depressed prices were caused by the threat of imports from New Zealand, a lack of choice between processors, the playing off of growers in one State against the other State, and the late offering of contracts which gave the growers little option but to accept the terms and conditions.

83. The evidence given to the Committee on grower/processor relations is inconclusive as to the abuse of market power by processors. This is not surprising because grower complaints have been based generally on experience rather than

¹² Recent information provided to the Committee indicates that grower prices have increased. For instance prices paid to growers in Tasmania for the 1974-75 season are 31 per cent higher than for the previous season.

on facts which could be produced as evidence before investigatory bodies such as the Committee. The need for Government involvement would therefore have to be considered in terms of market structure and existing relationships between growers and processors.

84. In previous reports the Committee has commented on the lack of competition in certain industries and has recommended ways in which competition in those industries could be improved. In some circumstances government involvement in price determination is necessary because:

'...~~no~~ government is likely to give unqualified approval to the implications of the free working of the market mechanism as the means by which resources are allocated and incomes distributed in the economy. This is particularly true of the farming sector where, because of the inherent difficulties of adjustment to continual changes, the response to market prices often leads to undesirable results which require some action on the part of the governments ...'¹³

85. The 'Green Paper' on Rural Policy in Australia supported government involvement that restores the competitive balance in situations where there is a disparity in the relative bargaining strength of growers and processors. The Committee finds that the reasoning in the Green Paper has a particular relevance to the industry under examination where there is a vast disparity in the bargaining strength of processors and growers - four major processors deal with a large number of growers as can be seen from Table 1. Such involvement would also provide greater marketing intelligence which is a further means of improving the bargaining power of growers.

¹³ Rural Policy in Australia, Report to the Prime Minister by a working group, Australian Government Publishing Service (Canberra, 1974), paragraph 3.6.

86. A further reason for government involvement is the apparent lack of trust between growers and processors. This became evident to the Committee as the Inquiry progressed and is clearly demonstrated in the arguments the growers have put forward for government involvement. Widespread distrust of market forces in a particular area of economic activity may in itself justify government involvement.

87. The Committee has examined three proposals for government involvement in price determination and other matters. The first is the broadening of the functions of the Joint Pea and Bean Panel, described in paragraph 39. The second proposal made by the Processing Peagrowers Association of Tasmania was that the Australian Government seek powers from the States to control and supervise prices and contract conditions.

88. The Committee does not consider either of these proposals to be practical.

89. The proposal to which the Committee is attracted is for a national forum of growers and processors as suggested to the Committee by the V.F.U. and at the 1974 National Agricultural Outlook Conference.¹⁴ The V.F.U. saw the forum discussing matters of national concern, such as price relationships between the States. The Committee has developed this proposal and is of the opinion that a National Panel of Vegetable Growers and Processors (National Panel) should be established, initially to cover peas and beans and later, if circumstances warrant, other vegetables and fruits as well.

90. The initial and immediate benefit of the National Panel is that it would serve to bring together at regular intervals growers and processors to discuss the long-term future of the industry in which they both have a vital stake. The other

¹⁴ National Agricultural Outlook Conference 1974 (Crop Products), Documents and Discussion, Volume 3, Australian Government Publishing Service (Canberra, 1974), pp. N-1 to N-7.

matters the National Panel could discuss would be price relativities and contract conditions.

91. The National Panel should be chaired by an official of the Australian Government Department of Agriculture who is appointed by the Minister. Growers and processors should have equal representation and a representative from the Australian Federation of Consumer Organisations should be invited to attend meetings. The National Panel would have to liaise, from time to time, with State departments of agriculture.

92. The Committee recommends that because of the relatively stronger bargaining position of the processors, the Minister for Agriculture establish a National Panel of Vegetable Growers and Processors of Peas and Beans which would:

consist of an official of the Department of Agriculture appointed as Chairman by the Minister, an equal number of growers and processors with a representative of the Australian Federation of Consumer Organisations having observer status;

discuss the long-term future of the industry and other matters of mutual interest such as prices and contracts.

93. The Committee also recommends that the conduct engaged in by the members of the National Panel of Vegetable Growers and Processors of Peas and Beans, in relation to the functions of the National Panel, be exempted from the relevant provisions of the Trade Practices Act 1974 under Section 172 (2) of that Act.

94. The Committee considers that one matter the National Panel should look at is the need for standard contracts. Processors' contracts can and do vary from State to State and even within a State apparently for historical reasons. The grower would benefit from standardisation because it would increase his market knowledge and make a choice between processors less difficult. The processor would also benefit

because standardisation could remove some grower fears of processors being able to 'play off' some growers against others. The Committee is of the opinion that standard contracts for all pea and bean growers in Australia that deal with processors is therefore a worthwhile objective.

95. The question of increases in grower prices is a more difficult subject on which there are no easy answers. It is not simply a question of processors passing on these increases in higher wholesale prices for frozen peas and beans because the consumer too has to be protected. The prices growers receive, and the associated question of uniform prices, was a matter the Committee canvassed during the Inquiry. The major processors, Petersville and Wattie Pict, told the Committee that distance from the consumer market, alternative land uses and the differing requirements of different processors explained why grower prices were not uniform between States and sometimes even differed within States. The V.F.U. was in broad agreement with these views and accepted the existence of a series of prices. The Committee finds that a uniform national price is not a practical proposition. Even establishment of a minimum price is a matter that requires careful consideration.

Competition and Prices

96. During the course of the Inquiry allegations were made that certain processors had indulged in various unfair market practices. The allegations covered what amounted to exclusive dealing, price discrimination and so forth. There was no evidence to substantiate these allegations covering these practices which the Committee notes fall within the Trade Practices Act 1974. Complaints on such matters should be directed to the Trade Practices Commission.

97. The final matter is the effect on competition and prices of the mergers in the industry. The industry is highly concentrated. The competitive behaviour of the firms in this industry, however, contrasts sharply with those in the soaps industry.

98. Perhaps a major reason for this is, as previously stated, the importance of house brands in the frozen and canned vegetables industry. As was stated in paragraph 55 house brands account for about 40 per cent of the market for frozen peas and beans. There are also house brands in canned vegetables. Thus although the industry is highly concentrated, the countervailing power of retailers has acted as a check against the control the processors could have exercised in the market. In this context it is worth noting that concentration levels are only one and not necessarily the most important indication of the presence of effective competition in an industry.

99. Price competition has also spilled over into processor brands as the confidential information indicates. In addition, advertising budgets appear to be held to a very low level and there was no evidence of brand proliferation. This combination of factors is responsible for cost increases being absorbed by the industry in the period under review. One result of this is that some processors have sustained losses. While other processors have made profits, industry profitability is low.

100. The conclusion the Committee has reached therefore is that increased concentration in the industry has not led to a substantial reduction in competition and the consumer has not been disadvantaged by the pricing practices of the processors in the industry.



C.J. HURFORD
Chairman

June 1975

APPENDIX I

LIST OF WITNESSES
AND
SUBMISSIONS RECEIVED

BEAUMONT, Mr E.A.N., Secretary, Henry Jones (IXL) Limited.
BROWN, Mr J.F.S., Managing Director, The Golden Circle Cannery.
CLIFFORD, Mr J.D., Executive Officer, Vegetables Division, Victorian Farmers' Union.
FOO, Mr W.T., Executive Director, Independent Frozen Food Distributors Association of New South Wales.
FORSTER, Mr J.C., Group Agricultural Manager, Wattie Pict Limited.
GLEN, Mr A.E., Director, Cottee's General Foods Ltd.
HINWOOD, Mr I.R., Supervisor, Grower/Processor Liaison Service, The Committee of Direction of Fruit Marketing.
JOHNSON, Mrs P.S., Secretary, Campaign Against Rising Prices.
JONES, Mr P.N., Marketing Division, Henry Jones (IXL) Limited.
KEFFON, Mr J.F., Officer-in-Charge, Food Research Laboratory Division of Food Research, Commonwealth Scientific and Industrial Research Organisation.
KEMP, Mr J.P., Director, Wattie Pict Limited.
LEVITT, Mr B.A., Controller Food Buying, Woolworths Limited.
MAWDSLEY, Mrs B.E., Secretary, New South Wales Branch, Union of Australian Women.
McDONALD, Mrs A.J., President, New South Wales Branch, Union of Australian Women.
NIXON, Mr K.E., Chairman, Vegetable Processing Sub-committee, Vegetable Sectional Group Committee, The Committee of Direction of Fruit Marketing.
PETERSON, Mr J., Operations Manager, Cottee's General Foods Ltd.
RADFORD, Mr M.E., President, Australian Farmers Union.
SEABROOK, Mr G. Merchandising Manager, Supermarket/Grocery Operations, G.J. Coles & Coy Ltd.
SHEEAN, Mr P.W., Marketing Manager, Davids Holdings Pty Limited.
WEST, Mr W.G., Manager, Frozen Foods, Cottee's General Foods Ltd.
WHATMORE, Mr A.W., General Manager, Edgell - Division of Petersville Ltd.
WHEELER, Mr G.H., General Manager, Young Fruitgrowers Cool Stores Rural Co-operative Society Ltd.

APPENDIX I (cont.)

The following also presented submissions which were incorporated in the transcript of evidence.

Associated Co-operative Wholesalers Ltd
 Australian Bureau of Statistics
 Australian Consumers' Association
 Foodland Holdings Ltd
 Newcastle & Hunter Valley Consumer Committee
 For Price Control
 Pricewatchers
 Self Service Wholesalers Pty Ltd

APPENDIX II

PEA AND BEAN SEASONS BY STATE

	Negotiations	Contracts let	Planting	Harvesting
<u>Peas</u>				
Victoria	February to March	April	late May to mid-November	late September, early October to January
South Australia	March to April	April to May	late August to October	November to December
Tasmania	April to June	June to July	July to early December	late November to mid-February
Queensland	November	May to June	June to July	September to mid-November
<u>Beans</u>				
Victoria	conclusions of negotiations June to August	August to September	early November to early January	mid-January to mid-April
Tasmania	August to September	October	late November to mid-January	late February to mid-April
Queensland	(a) November	January to February	February to March	10 weeks after planting
	(b) June	July to August	late August to September	10 weeks after planting

(a) Autumn crop. (b) Spring crop.

Source: Victorian Farmers' Union.

APPENDIX II

APPENDIX III

CONTRACT NEGOTIATIONS

Negotiations in Queensland

The Queensland arrangements which regulate prices and contract conditions for peas and beans are unique in Australia.

Representatives of all processors operating in Queensland meet jointly with the Committee of Direction of Fruit Marketing (C.O.D.) to establish grower prices and contract conditions. The C.O.D. was established under the Fruit Marketing Organisation Acts 1923 to 1964. Its purpose is to enable the orderly marketing of fruits and vegetables grown in Queensland. Activities of the C.O.D. include transport and distribution services, wholesaling, retailing, cold storage and processing through its representatives on the Cannery Board which operates The Golden Circle Cannery.

The C.O.D. has six Sectional Group Committees representing growers of various types of fruits and vegetables. Members of these committees are elected by growers. The Vegetables Sectional Group Committee represents growers of vegetables including growers of peas and beans. The Processing Sub-committee represents the interests of vegetable growers in negotiations with processors. Members of the Processing Sub-committee attend local grower meetings where the views of growers are sought and problems discussed. The Processing Sub-committee meets with processors before each growing season to negotiate prices and contract conditions such as the provision of seed, fertiliser, expert advice, harvesting etc. The Processing Sub-committee has an expert staff to advise it prior to negotiations with processors.

There is no legal requirement under the Acts for the meetings with processors to take place but all processors in Queensland participate and it appears that the arrangement works well. If an agreement is not reached the Acts give the Sectional Group Committee the power to issue a 'direction' which may include setting minimum grower prices. Before a direction can be issued the Acts require certain steps to be taken including a poll of growers. The Committee was told that the meetings have always been successful in reaching agreement and directions on selling prices have never been required.

After agreement has been reached the processors offer contracts to individual growers using the standard contract agreed to at the negotiations with the Processing Sub-committee. The C.O.D. has responsibility to ensure that the contract conditions are adhered to and acts as arbitrator in disputes between individual growers and processors.

APPENDIX III (cont.)

Negotiations in New South Wales

The Committee was told that in contrast to Queensland, growers in N.S.W. are poorly organised on a State basis. The United Farmers and Woolgrowers' Association of N.S.W. (U.F.W.A.) said that growers either act as individuals or are organised on the basis of small district groups. No State-wide negotiations between processors and growers of peas and beans take place. Prices and contract conditions are decided on by the processors.

A joint meeting between growers of sweet corn and processors took place in 1973. The meeting was successful in that it led to higher prices to growers in all districts. However, processors refused to discuss uniform conditions for the whole State. The U.F.W.A. was unable to organise a joint meeting in 1974 as one processor refused to participate.

Negotiations in Victoria

The Vegetables Division is one of several industry divisions operated by the Victorian Farmers' Union (V.F.U.). Within the Division a number of specialist sections exist to serve the specific industry needs of growers involved in the pea, bean, tomato, potato and fresh vegetable industries.

In recent years the Division has maintained a major interest and involvement in matters relating to the supply of vegetables to processors on contract. The individual sections have undertaken negotiations with representatives of processing companies aimed at securing improved prices and general conditions of supply.

Growers of peas and beans are represented by the Pea Section and Bean Section of the Vegetables Division. These sections meet annually with processors, Cotte's and Wattie Pict, to negotiate prices and contract conditions to apply over the next season. The results of the discussions have no statutory backing. The V.F.U. told the Committee that for the 1973 season negotiations on bean prices and terms were satisfactory but that pea prices and terms were not.

Although the Inquiry was primarily concerned with peas and beans, the processing tomato industry bears attention. All processors of tomatoes in Victoria are required to use a uniform contract, the terms and conditions of which are enforced by the Tomato Industry Act. Amendments to the contract and the legislation are discussed at conferences of all interested parties convened by the Minister for Agriculture at the request of the Tomato Section. The V.F.U. stated that the Act and the uniform contract have led to a greater degree of stability in the industry and have led to increased prices to growers.

APPENDIX III (cont.)

Negotiations in South Australia

The Millicent Pea Growers Association, which represents the majority of growers of peas for processing in South Australia, negotiates with Wattle Pict at the beginning of each season. The Committee was informed that the Association is satisfied with the terms of contract and prices for the present season. It is proposed that negotiations for the coming season will be conducted in association with the V.F.U.

Negotiations in Tasmania

As in N.S.W. the Committee was told that Tasmanian growers are poorly organised on a State basis and no State-wide negotiations take place. Each processor negotiates with local grower organisations with the result that growers tend to negotiate prices without adequate reference to the rest of the industry. The Committee was informed that there are as many as 32 fruit and vegetable grower organisations operating in Tasmania.

The Tasmanian Farmers Federation (T.F.F.) informed the Committee that endeavours are being made to co-ordinate the growers of vegetables for processing into an industry division of the T.F.F.

APPENDIX IV
 CONSUMER PRICE INDEX
 Weighted average of six State capital cities
 (Base: 1966-67 = 100.0)

		Index Numbers			
		Vegetables		Food Groups	All Groups
		Frozen	Canned		
1968 -	March	96.3	98.2	104.6	103.4
	June	95.8	98.1	105.6	104.2
	September	96.5	98.1	105.3	104.6
	December	94.3	96.6	105.5	105.7
1969 -	March	94.6	96.7	105.7	106.4
	June	95.6	96.9	106.6	107.2
	September	93.8	96.5	106.6	107.8
	December	90.9	96.0	107.1	108.7
1970 -	March	90.8	95.8	108.7	109.8
	June	89.6	95.7	110.1	111.2
	September	87.5	95.8	110.9	111.9
	December	92.4	94.8	112.0	114.0
1971 -	March	92.7	93.0	112.3	115.2
	June	93.8	93.2	114.3	117.2
	September	91.6	93.1	115.6	119.4
	December	92.4	95.3	116.7	122.2
1972 -	March	96.1	95.6	117.5	123.4
	June	97.5	96.3	117.5	124.5
	September	97.3	96.6	120.1	126.2
	December	92.3	96.5	121.6	127.7
1973 -	March	93.6	96.1	126.9	130.4
	June	99.9	99.5	134.0	134.7
	September	97.9	99.5	141.4	139.6
	December	96.5	101.6	147.0	144.6
1974 -	March	98.8	103.8	152.0	148.1
	June	101.0	108.2	157.6	154.1
	September	110.4	117.7	161.9	162.0
	December	113.0	127.3	161.6	168.1

Source: Australian Bureau of Statistics.

APPENDIX V

BRANDS OF FROZEN AND CANNED VEGETABLES

<u>Company</u>	<u>Processor labels (a)</u>
<u>Frozen Vegetables</u>	
Petersville	Birds Eye, Edgell, Hy-Peak, Farmer Ed
Wattie Pict	Pict, Sunkist
Cottee's General Foods	Copper Kettle, Cottees, Cahills
Henry Jones	IXL, Ideal
<u>Canned Vegetables</u>	
Petersville	Edgell, Triangle, Hy-Peak
Golden Circle	Golden Circle
Mountain Maid	Mountain Maid

(a) In addition to company labels most companies pack private labels (house brands).

Source: Company submissions.