
Paddock to Plate

Naomi Stuart
Stuart Consulting Australia
November 2009



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Introduction to research

Affordable access to fresh produce is the right of every Australian.

According to the Australian Bureau of Statistics food prices have increased by 4.7% at the supermarket over the past twelve months and have nearly doubled over the past 20 years.

Discrepancies exist between prices received by food growers and those that the average Australian pay in the supermarket.

A basket of five household items has been selected with the aim of comparing farmgate prices to those in Woolworths and Coles on a regular basis.

Research aims to raise public awareness.

Basket of produce

The basket of fresh produce selected includes:

- Potatoes: Loose washed and loose brushed potatoes as per the Sydney Markets. On average vegetables have increased 29.6% over the past two decades.
- Lamb: Prices as per the Wagga Wagga sheep sales for lambs of a dress weight of 18.1 – 20kgs to lamb roasts, loin chops and forequarter chops. Lamb has recorded the steepest increase at the supermarket in the past year, up 9.4%. Over the past 20 years lamb has increased 158.2%.
- Bread: Grain prices for quality APW1 to home brand white sliced, white toast and Buttercup Country Split. Bread has increased 145.8% over the past 20 years.



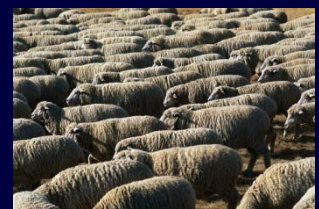
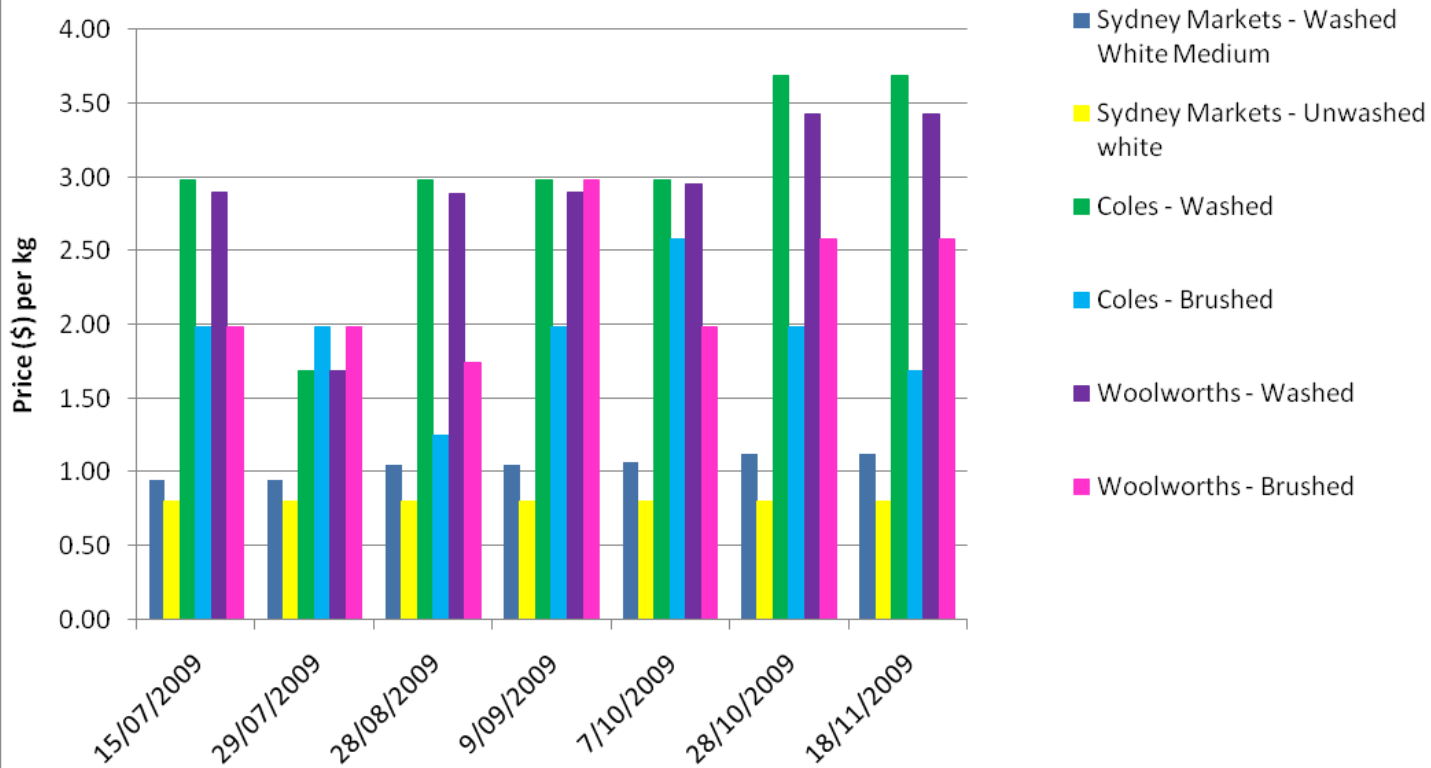
Basket of produce continued

- Oranges: Prices of seasonal oranges as per the Sydney Markets to both Woolworths and Coles. On average fruit has increased 7.5% over the past year.
- Milk: Farmgate prices, value adding post farmgate to home brand milk and Riverina Fresh milk. Milk has increased 121.1% over the past 20 years.

All figures quoted are from ABS data as per the Daily Telegraph article "Food costs 'fastest rising expense'" dated 27 July 2009.

Potatoes

Potatoes price correlation





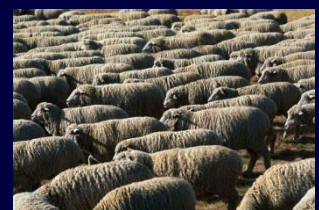
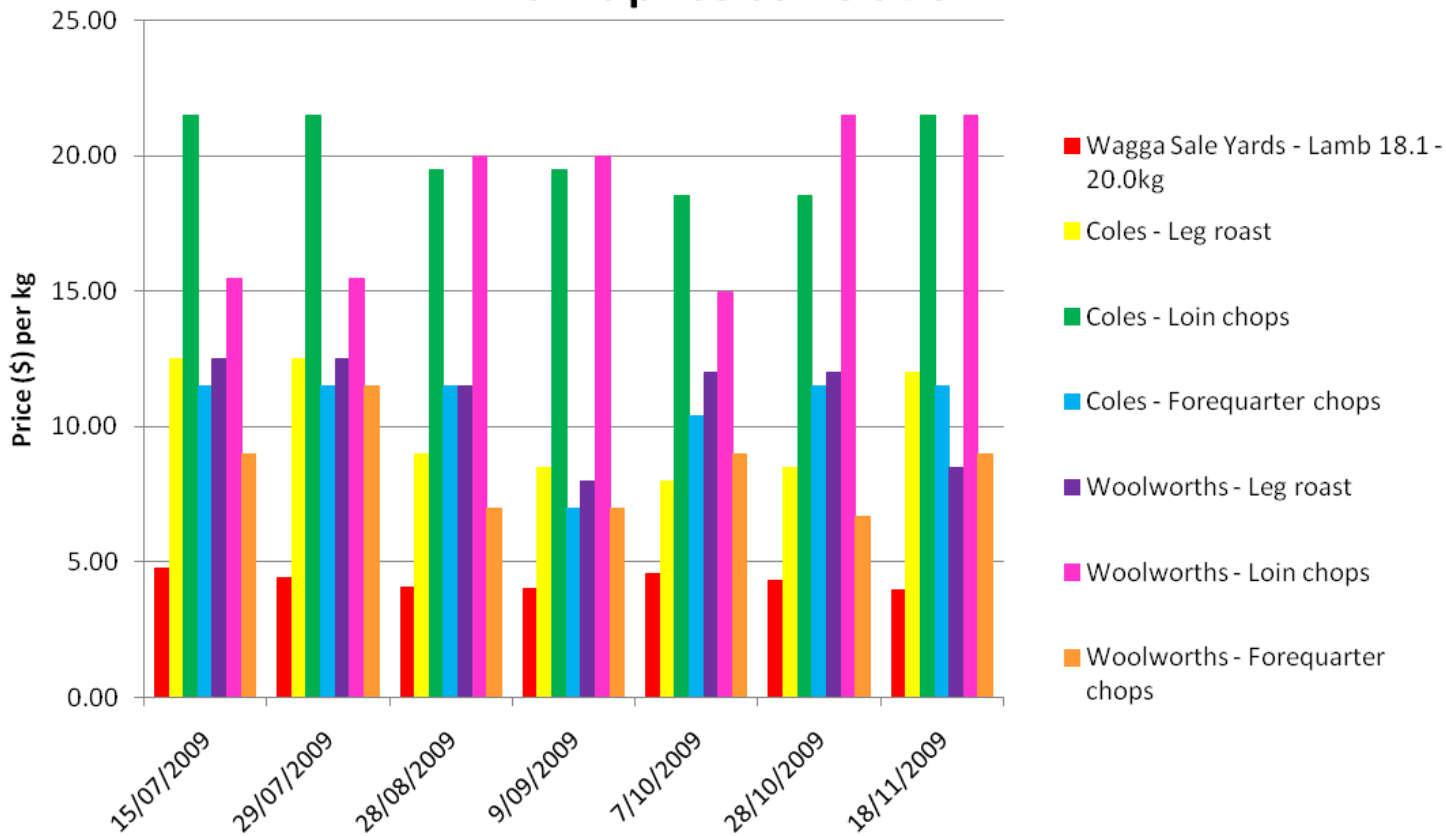
Potatoes continued

- The Sydney Market price for unwashed white potatoes has remained stable with good quality supply. Washed white potatoes have increased 5% in price over the past month.
- Over the past month supermarket prices have increased substantially including a 23% increase in Coles washed potatoes and a 30% increase in Woolworths brushed potatoes.

Grower source: Sydney Market price as per The Land Newspaper.

Lamb

Lamb price correlation





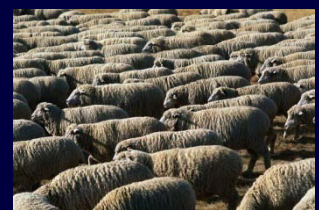
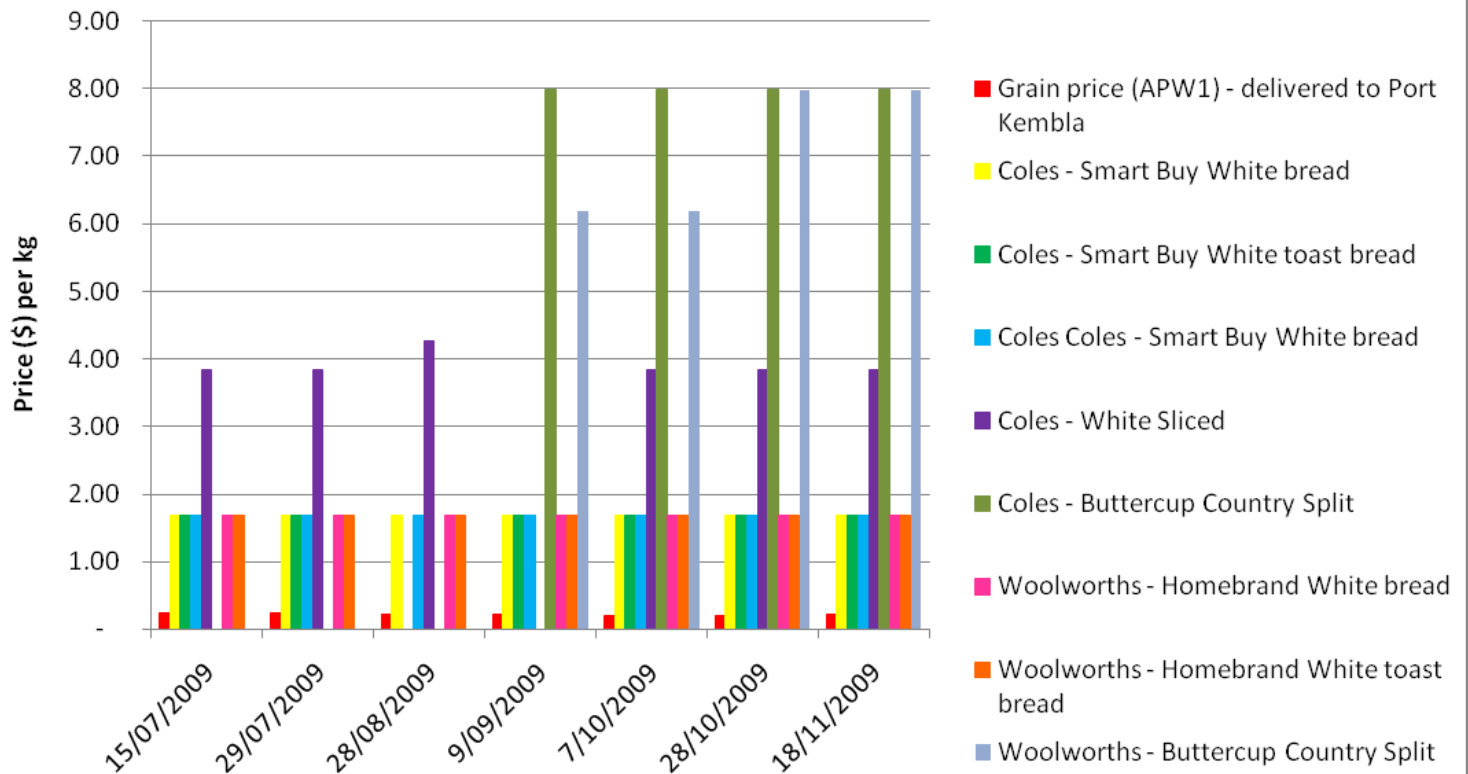
Lamb continued

- Sale yard prices have decreased over the past month due to a reduction in the quality of new season lambs.
- Ongoing drought conditions has resulted in farmers selling lower quality lambs due to feed supply constraints.
- The number of lambs sold is driven by seasonal conditions and farmer concerns regarding drought, low rainfall and feed pressure.
- Lamb prices fluctuate in the supermarket due to specials. However, the decline in the price of lamb at the sale yards is not being passed on to consumers in the supermarket.

Farmer price: Wagga Wagga Sheep sales. Prices quoted for lambs are dress weight of 18.1 – 20kg as per the Land Newspaper.

Bread

Wheat/ bread price correlation





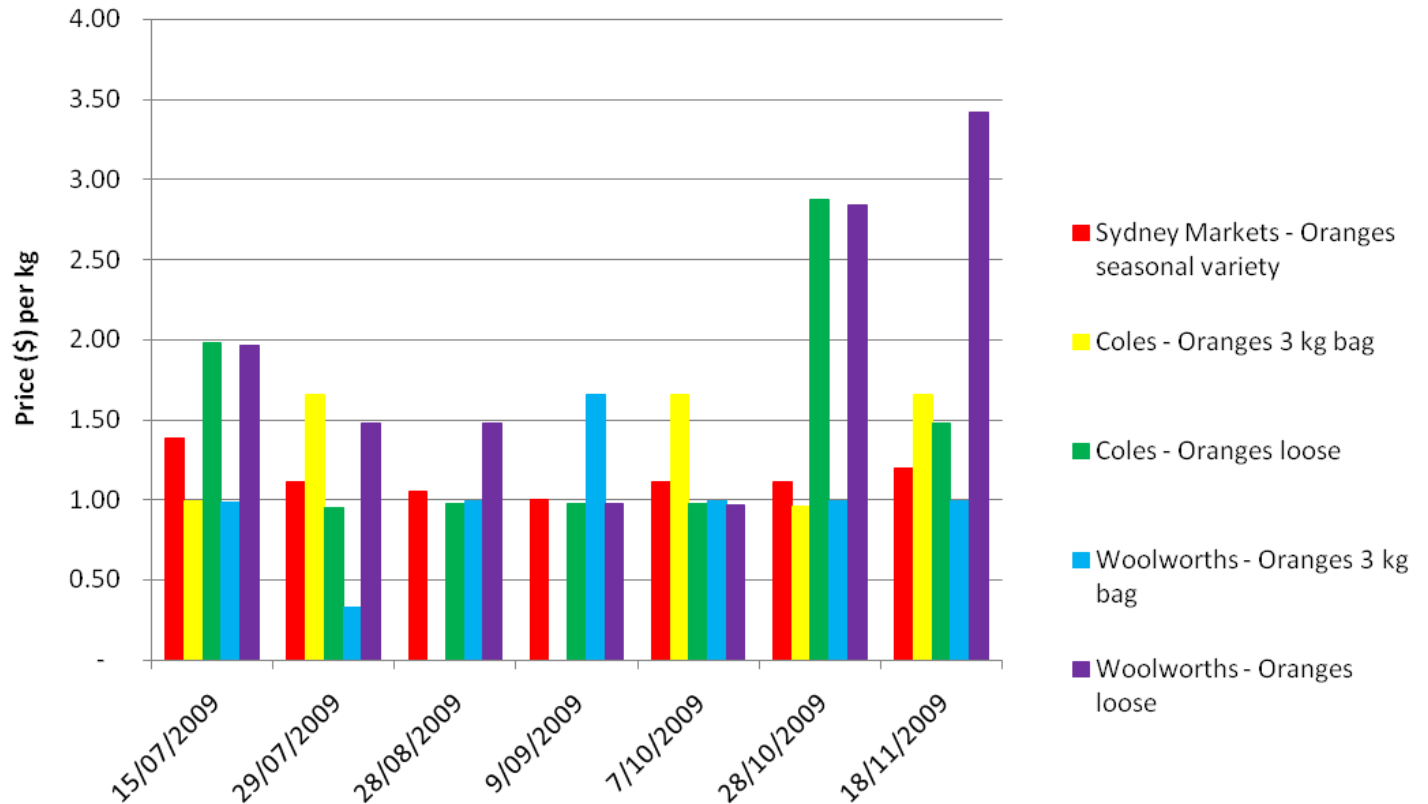
Bread continued

- Over the past two weeks domestic grain prices have increased due to frost damage of crops, quality issues and ongoing drought conditions.
- Farmers continue to revise their crop quantity and quality (screenings & protein) forecasts downwards which is reflected in the price increase.
- Internationally wheat prices are fluctuating weekly in line with the US dollar movements.
- The current season has also seen bumper wheat crops in North America and Europe.
- Feed quality grains have been significantly discounted and as such farmers are storing grain.
- The movement in wheat prices has not affected the price of bread in supermarkets which continues to remain stable.

Farmer price: Australian Grain Accumulation Market Report. Prices are delivered to the nearest port (Port Kembla). Quality is APW1 and The Land Newspaper, Market Guide.

Oranges

Oranges price correlation





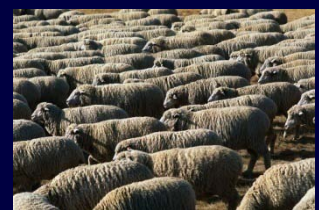
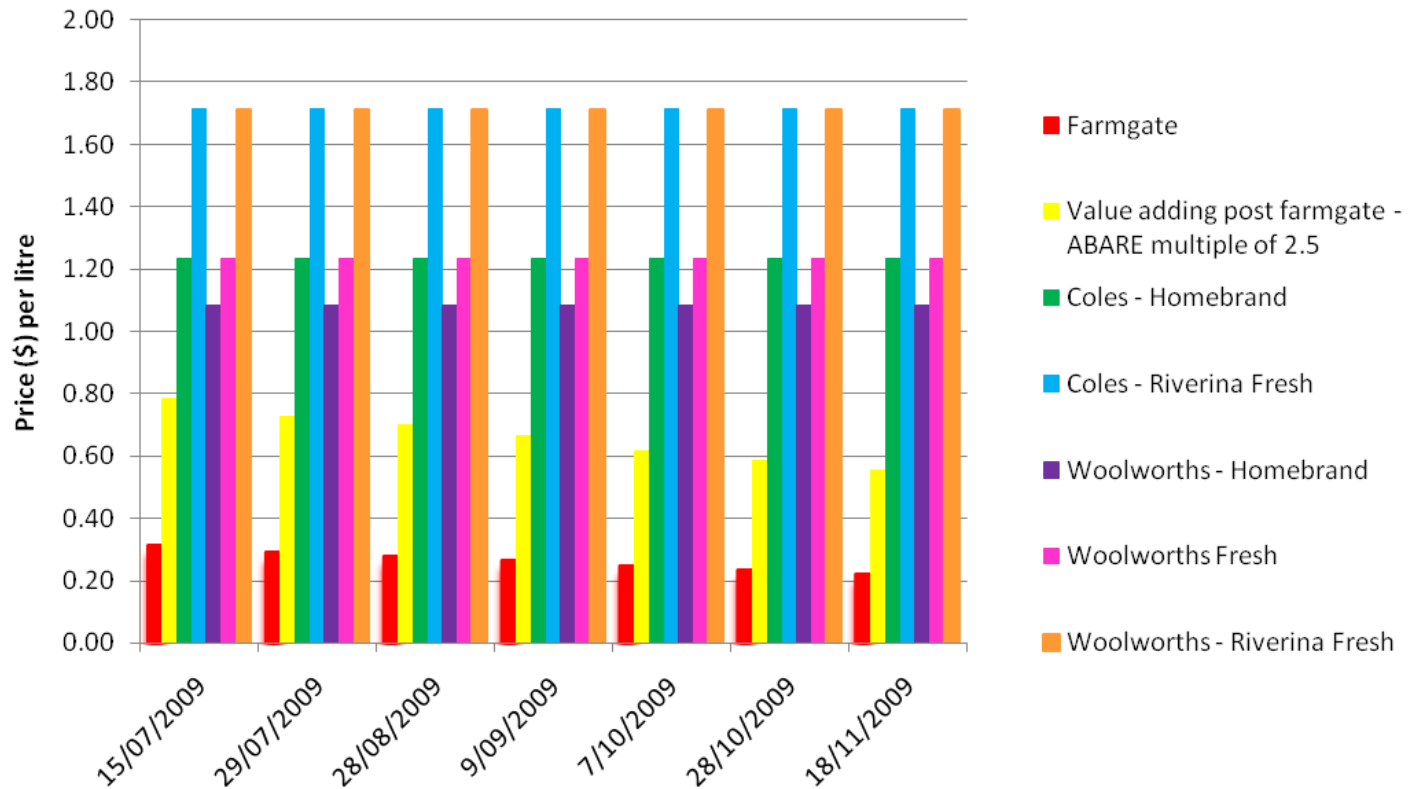
Oranges continued

- The fresh Navel season is now coming to a close which may affect supply at the Sydney Markets.
- The increase in price at the Sydney Markets is due to a change in varieties sold.
- Very few Navel oranges are available at the supermarket and are subject to discounting.
- Valencia oranges are currently being sold at the supermarket.
- The supermarket price of oranges has substantially increased over the last fortnight including a 20% price increase in Woolworths loose oranges.
- The Sydney Market price is not the price that the farmer receives for the produce. The farmer will receive a lower price than the market price which will depend on the quality of the fruit and contracts entered into.

Grower source: Sydney Market price as per The Land Newspaper. Cartons are 18 – 20kg (18kg approximation used).

Milk

Milk price correlation





Milk continued

- The appreciation of the Australian dollar has a negative impact on the farmgate price of milk, as each 10 cent appreciation in AUD\$ reduces farmgate price by approximately 6.5 cents.
- The Situation and Outlook report released by Dairy Australia in October 2009 reports the lowest opening farmgate milk prices for 5 years with many farmers operating below break even levels. However, the industry remains optimistic of a turnaround.
- Despite this, milk prices at the supermarket remain stable with cuts to farmgate prices not being passed on to consumers.

Farmgate price: Dairy Australia's forecast range for opening prices is between 24 to 29 cents per litre for 2009. All prices are adjusted for the movement in the Australian dollar. Value adding post farmgate (ABARE multiplier) is 2.5. This figure has been provided by Dairy Australia.