

Public Submission to ACCC Grocery Inquiry by Dr Julie Brimblecombe, Professor Kerin O'Dea

20 March 2008

Mr Graham Samuel
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT, 2602

Dear Mr Samuel,

We welcome this ACCC inquiry into grocery prices and would like to support the NT Department of Health and Community Services in urging the inquiry to encompass remote and rural areas of Australia. The National Aboriginal and Torres Strait Islander Nutrition Strategic Action Plan (NATSINSAP) has identified the high cost of food in remote communities as a barrier to improving nutrition for Aboriginal and Torres Strait Islander people.

The majority of Aboriginal and Torres Strait Islander people living in remote Australia are of low socio-economic position – living primarily off pensions and other welfare payments. They are doubly disadvantaged as not only are they on low incomes but the cost of groceries, goods and services increase with remoteness. There is no household expenditure data available that is representative of Indigenous Australians. We do however know that in non-remote Northern Territory, households in the lowest income quintile in non-remote NT, expend almost one half (49.4%) of mean weekly household income on food and non-alcoholic beverages, compared to 12.1% for all households in non-remote NT. Where the majority of people's incomes in remote areas are welfare-based and the cost of food is higher than in non-remote areas, it is highly likely that people are spending more than half of their income on food.

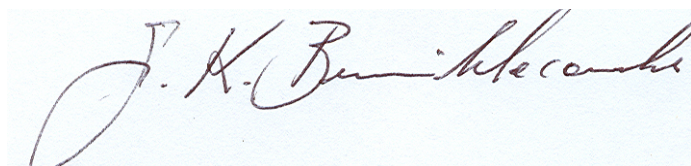
Evidence from the NT Market Basket Survey and the Queensland Healthy Food Access Basket indicate the markedly high cost of food for people living in remote areas of Australia. We believe that these surveys may underestimate the true food costs to consumers living remotely as they include a disproportionate amount of tinned and processed foods. We have evidence that consumers in remote Australia where possible select fresh produce in preference to canned foods. Due to transport and storage costs, unless perishables are subsidised, it is inevitable that their purchase price be higher than that of foods with a longer shelf life. In 2005 we collected receipts of all foods purchased over a fortnight period by one person from a remote community store and compared the cost of these foods to identical food items available through a metropolitan supermarket. The cost differential was approximately 50%. It is important to note that the fruit and vegetables available through this particular community store were subsidised and cost only 10% more than that of the metropolitan supermarket. This indicates that without subsidisation the cost differential would have been even higher.

Furthermore, research has shown that people experiencing financial difficulties tend to purchase foods that provide the most calories for the least cost. We have preliminary evidence suggesting that this may

apply to Aboriginal people living in remote Australia where flour, sugar, rice, fats and oils cost the least in terms of energy value (calories per \$) compared to the recommended foods – fruit, vegetables, lean meat and fish that are 10 to 100 times more expensive in calories per \$.

In view of the extremely high prevalence of diet related conditions among Aboriginal and Torres Strait Islander populations, it is critical that the pricing practices of food retailers and cost structures in remote community stores and grocery outlets be examined as part of the ACCC grocery inquiry. We would be happy to assist in any way possible.

Your sincerely,

A handwritten signature in dark ink, appearing to read 'J. H. Brimblecombe', on a light blue background.

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