

Submission to the

Australian Competition & Consumer Commission
Supermarkets Inquiry 2024-25

Supermarkets Inquiry Issues Paper 2024-25

https://www.accc.gov.au/system/files/supermarkets-inquiry-issues-paper_0.pdf

Mon, 1 Apr 24

Good morning,

I am forwarding this letter to the Supermarkets Inquiry as an interested consumer on the basis that the submission can be made public, but that I remain anonymous.

I travelled to King Island as a visitor three times recently and was surprised at the prices charged for basic food items, for example a 2 litre plastic container of milk costs \$7.99 compared to the \$4.30 that I would pay at a supermarket in Hobart.

A sample of 15 basic items shows a 76% increase over Tasmanian supermarket prices. The sample comparison of prices is attached to this letter.

The rationale held by many locals is that transport is expensive, and while that could be true, transport is also a cost to locate goods for sale in Hobart or at any other location.

There are two grocery outlets on King Island, IGA and Foodworks located side by side, so it would seem that competition would maintain reasonable prices.

Flinders Island to the east is similarly situated in Bass Strait and so transport costs would be similar, but I understand that the prices for basic grocery items on Flinders Island are far less.

Similar high prices for basic items also apply to many other remote locations in Australia. Higher prices impose an unfair burden on local residents in remote areas.

I would suggest that examination of the reasons for these high prices may provide some interesting information about the failure of the open market to supply basic items to consumers in remote locations at fair prices.

I also note that the need to regularly buy items at these high local prices seems to create a local high currency which carries over to other sales. For example, local market garden sales and sales of meat and community condiments appear to have similar high prices.

I trust that this submission is of interest, and I wish you well with your deliberations.

Yours sincerely,

[Redacted signature block]

Supermarket price comparison Wed, 28 Mar 24

King Island – IGA and Foodworks Hobart – Woolworths and Coles

Grocery Item	King Island Prices		Hobart Prices		Average Prices		KI - Hba Difference	
	IGA	Foodworks	Woolworths	Coles	King Island	Hobart	\$\$	Percent **
Oats - Uncle Toby traditional 1kg	8.95	8.65	6.50	6.50	8.80	6.50	2.30	35%
Yogurt - Farmers Union Greek style 1 kg	10.95	9.80	6.50	6.50	10.38	6.50	3.88	60%
Fresh full cream milk - 2 litre	7.99	8.25	4.30	4.70	8.12	4.50	3.62	80%
Longlife UHT Milk - 1 litre	2.80	3.15	1.60	1.60	2.98	1.60	1.38	86%
Bread - white sandwich	5.78	5.05	2.70	2.40	5.42	2.55	2.87	112%
Minced meat	15.49	Not available	10.00	10.00	15.49	10.00	5.49	55%
Fish fingers - Birdseye 1 kg	17.95	14.81	11.50	11.50	16.38	11.50	4.88	42%
Lemons - 1 kg	13.99	11.55	5.40	7.00	12.77	6.20	6.57	106%
Cherry tomatoes - punnet	5.70	6.85	3.00	3.50	6.28	3.25	3.03	93%
Vegemite - 560 gm	11.95	11.99	9.40	9.40	11.97	9.40	2.57	27%
Carrots 1 kg	5.75	5.35	2.40	2.40	5.55	2.40	3.15	131%
Tomato sauce - 500 ml Masterfoods	8.48	5.49	3.80	3.80	6.99	3.80	3.19	84%
Tuna - small can 95 gm Sirena	3.80	4.06	2.30	2.95	3.93	2.63	1.31	50%
Flour 1 kg	3.30	3.45	1.40	1.40	3.38	1.40	1.98	141%
Coke - 1.25 litre bottle	5.50	5.70	3.85	3.85	5.60	3.85	1.75	45%
Total	128.38	104.15	74.65	77.50	124.01	76.08		
Average	8.56	7.44	4.98	5.17	8.27	5.07		76%

** **Percent** = (Difference between 'King Island Average Price' and 'Hobart Average Price') divided by the ('Hobart Average Price')

Standard prices (no specials) are used.

Prices could vary slightly due to daily variations and misaligned comparisons.

The two decimal numbers above represent dollars (\$).