



# Fair Food WA | WACOSS Joint Submission

Senate Select Committee on Supermarket Prices

2 February 2024

## Executive Summary

Since the pandemic, the focus on major supermarkets and their relationship with consumers has gained significant attention. Australians rely heavily on supermarkets to supply them with food, groceries and essential items, making consumers vulnerable to their conduct. The current cost of living crisis has further highlighted this dependency and reignited concerns about supermarket pricing, which has been the subject of past inquiries. We welcome Prime Minister Albanese's announcement to the National Press Club on 25 January that the Australian Competition and Consumer Commission will lead a 12-month inquiry into supermarket prices. This is an important step in ensuring that the findings of the inquiry will lead to lasting benefits for Australian consumers.

Our submission to this Committee explores the impact of supermarket prices on Australian households, particularly those on the lowest incomes. We encourage the Committee to consider the consequences for consumers living with financial hardship and how supermarket pricing can contribute to increased food insecurity and overall disadvantage.

## Recommendations

- Ensure the recommendations of this inquiry consider food pricing in regional and remote areas.
- Establish a routine mechanism for monitoring food and grocery prices nation-wide and make this data publicly available.
- Empower a single department to oversee food related policy and ensure a coordinated response to issues impacting Australia's food system.
- Consider the effects of climate change on Australia's food system and develop strategies to minimise the impact of subsequent issues such as high food and grocery prices.

## Background

Fair Food WA (FFWA) and the WA Council of Social Service (WACOSS), welcome the opportunity to submit a response to the Senate Select Committee on Supermarket Prices.

FFWA is a collaborative group working together to address food insecurity in Western Australia (WA). Our membership is comprised of not-for-profit organisations, research institutes, advocacy groups, relevant government departments, and peak bodies that are committed to improving food security for all or are recognised as contributing to the food relief sector. This work is funded by Lotterywest and secretariat support is provided by WACOSS.

WACOSS is the peak body for the community services sector in Western Australia and works to create an inclusive, just and equitable society. We advocate for social and economic change to improve the wellbeing of Western Australians, and to strengthen the community services sector that supports them. WACOSS is part of a network consisting of National, State and Territory Councils of Social Service, who advance the interests of people on low incomes and those made vulnerable by the systems that have been put in place.

Last year, food insecurity impacted more than 388,000 Western Australian households. Fair Food WA (FFWA) member organisations have reported the growing demand for food relief, including from people who are employed but are unable to keep up with the rising cost of living. Disaster events have highlighted the precarity of our food system for people living in regional and remote areas, and the latest state inquiry on food has revealed the devastating impact of hunger on children and young people. For those on the lowest incomes, food insecurity is likely to be entrenched and is the driver of a range of unacceptable health and social outcomes. Now more than ever, we need support from all sectors to tackle this complex problem.

This submission explores the link between the Terms of Reference and how supermarket prices contribute to food insecurity. FFWA defines food insecurity as the reduced or

unreliable access to nutritionally appropriate or safe foods required for good health and wellbeing. Food insecurity is underpinned by four pillars: availability, access, utilisation and stability. Of these, food access recognises that people should have the necessary economic and physical resources to obtain foods that meet their nutritional requirements. Food relief or food assistance, is the provision of low or no-cost food to people in need. Food relief may be provided to people as a one-off, or on an ongoing basis when the experience of food insecurity is entrenched. Emergency food may also be provided to people or communities following a disaster event. Food relief is delivered by not-for-profit emergency relief organisations in the community service sector and may include pre-prepared meals, food hampers and community meals.

## Rising supermarket profits and the large increase in price of essential items

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### How the cost of food contributes to food insecurity

The high cost of supermarket items is contributing to financial hardship and putting many Australian households at risk of food insecurity. The WACOSS *Cost of Living Report (2023)*, found that when coupled with increasing costs of living, low wage growth means many people, particularly those on minimum wage or government supports, are struggling to cover the cost of essentials.<sup>1</sup> The Australian Bureau of Statistics' June Quarter data revealed that food prices have also risen 7.5 per cent on the previous year.<sup>2</sup>

This is having a significant impact on household food security. Foodbank Australia reported that in the past year, 3.7 million Australian households (36 per cent) experienced moderate to severe food insecurity.<sup>3</sup> Of these, 79 per cent reported that cost of living expenses (such as housing and food) was the primary reason for food insecurity.

Emergency relief organisations in Western Australia have also highlighted the cost of living impacts on people accessing their services. While emergency relief is typically provided to people on the lowest incomes, providers are also seeing a growing number of requests for assistance from working and middle-income households. In October 2023, the Financial Wellbeing Collective's Emergency Relief and Food Access Service received 3,165 calls for assistance, compared to 2,275 calls in the same month in the previous year.

Local agencies are also being inundated with requests for assistance, with one service seeing a 30 per cent increase in demand. The St Vincent de Paul emergency relief call centre is receiving between 4,000 and 6,500 calls per month, which is around 2000 more calls than the monthly average in 2022. We continue to hear anecdotes of people queueing for assistance

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<sup>1</sup> Hansen, G. & Hull, E. (2023). *Cost of Living 2023 Report*. Western Australian Council of Social Service.

<sup>2</sup> Australian Bureau of Statistics. (2023). *Consumer Price Index -Australia (September Quarter 2023)*.

<sup>3</sup> Foodbank Australia (2023). *2023 Foodbank Hunger Report*.

and providers being unable to meet this demand, meaning they have to turn away those in crisis.

WACOSS operates a free online directory of community service providers for people looking for assistance in WA, called WACConnect. The directory contains real time search results of emergency and community relief providers, including food relief, financial counsellors, emergency accommodation and other services. From January to October 2023, the directory saw 303,116 searches for services, from 55,330 people. Compared to the same period last year, the number of users increased by 18 per cent, the number of visits to the directory increased by 18 per cent, and the number of searches for services increased by 15 per cent (equivalent to 40,116 more searches for services). Food relief services were the most searched services during this period, totalling 31 per cent of all searches (94, 150 searches).

### **Food pricing in regional and remote areas**

Food insecurity increases with remoteness in Australia,<sup>4</sup> with people living in remote communities experiencing the highest food prices across the country. The National Indigenous Australians Agency found that residents of remote communities pay, on average, 39 per cent more for supermarket supplies than those in capital cities.<sup>5</sup> It is expected that this disparity has only worsened from the time of analysis.

People living in remote communities are often limited to a single store for their food purchases,<sup>6</sup> meaning that they are unable to respond to high prices by shopping elsewhere and are particularly vulnerable to disruptions in supply. As such, the Australian Government agreed to consider the House of Representatives Standing Committee on Indigenous Affairs, recommendation for a real-time price monitoring and disclosure system across all remote community stores to monitor information about changes in price and patterns of consumption and supply.<sup>7</sup>

Given that people in regional and remote parts of the country already experience much higher supermarket prices, the Committee should consider how food prices impact people outside of capital cities and explore recommendations that reduce the impact of high food prices on people in regional and remote areas.

**Recommendation:** Ensure the recommendations of this inquiry consider food pricing in regional and remote areas.

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<sup>4</sup> Landrigan, T., Kerr, D., Dhaliwal S., & Pollard C. (2018). Protocol for the Development of a Food Stress Index to Identify Households Most at Risk of Food Insecurity in Western Australia. *International Journal of Environmental Research and Public Health*, 16(1), 79.

<sup>5</sup> House of Representatives Standing Committee on Indigenous Affairs. (2020). *Report on food pricing and food security in remote Indigenous Communities*.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

## Monitoring food and grocery prices

There is currently no routine system to monitor the cost of food and grocery items in Supermarkets across Australia. Growing inflation has contributed to higher food prices for consumers,<sup>8</sup> whilst global events, supply chain restrictions, weather conditions and climate related shocks, can also contribute to changes in food prices that are difficult to measure.<sup>9</sup>

A 2016 review of Australian food price and affordability monitoring tools, protocols and methods, found 59 instances of surveys on healthy food pricing.<sup>10</sup> Whilst these methods provided a snapshot of food prices at the time, the food pricing assessment methods lack comparability and none have been applied on a national scale.

Establishing a routine system to monitor the cost of food and grocery items across the country will enable transparent access to data including information about the farm-gate prices, wholesale prices and those set by supermarket retailers. This is critical to ensuring that food system policy minimises the risk of unequal market concentration.

**Recommendation:** Establish a routine mechanism for monitoring food and grocery prices nation-wide and make this data publicly available.

## Improving food system policy responses

Australia has an opportunity to strengthen outcomes for our food system by coordinating policy responses across government departments. Successive governments have demonstrated an ongoing interest in food related issues but have taken a siloed approach to policy making.

Australia is a signatory to the International Covenant on Economic, Social and Cultural Rights (1975) and as such, recognises the right to an adequate standard of living, including food, water and housing (Article 11).<sup>11</sup> Article 11 states that signatories must take the appropriate steps to ensure the right to be free from hunger. It is therefore expected that all laws, policies and action plans led by the Australian Government will uphold the standards and principles related to the right to food.

Food policy responses are led by multiple government departments and have been the focus of several recent inquiries. These include the Inquiry into Food Security in Australia (2022),

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<sup>8</sup> Australian Bureau of Statistics. (2023). *Consumer Price Index, Australia (September Quarter 2023)*.

<sup>9</sup> The World Bank. (2024). *Food Security Update. Global Food and Nutrition Security Dashboard*.

<sup>10</sup> Lewis, M. & Lee, A. (2016). Costing 'healthy' food baskets in Australia – a systematic review of food price and affordability monitoring tools, protocols and methods. *Public Health Nutrition*, 19 (16), 2872-2886.

<sup>11</sup> Australian Human Rights Commission. *International Covenant on Economic, Social and Cultural Rights*.

Select Committee on Cost of Living (2023), Inquiry into Food Pricing and Food Security in Remote Indigenous Communities (2020), Food and Grocery Code of Conduct Review (2023-2024) and of a similar nature, the Inquiry into the Competitiveness of Retail Prices for Standard Groceries (2008). Research into Australia's food system found that 11 government departments contribute to National food policy, each focused on individual aspects of the food system. Whilst these activities demonstrate the importance of addressing food related issues, the inability to establish cross-sector strategies does little to address the underlying causes of the issue and is likely to contribute to flow on effects to other parts of the food system.

Established in response to the COVID-19 pandemic, the Supermarket Taskforce demonstrated the value of a collaborative approach to issues impacting the food system. The Taskforce became a mechanism for supporting industry cooperation with the aims of stabilising consumer confidence, maintaining equitable access to food, and minimising the negative impacts of the pandemic on the supermarket industry and consumers. Membership included government agencies, private sector entities, and community relief organisations. The Taskforce was able to achieve several positive outcomes, such as imposing industry limits on items subject to excess demand, supporting the supply of certain goods to regional and remote Australia, and establishing a remote food security working group. Responses such as the interagency taskforce can achieve shared outcomes for issues of a national scale if they have a clearly defined purpose that is integrated within a systems focused strategy. FFWA propose that the Committee investigate the establishment of a single agency to coordinate food system policy in Australia. The department would be responsible for overseeing the integration of a national food system framework that achieves positive outcomes for producers, suppliers, retailers and consumers and can explore issues such as supermarket pricing within the context of the National food system.

**Recommendation:** Empower a single department to oversee food related policy and ensure a coordinated response to issues impacting Australia's food system.

### Other related matters

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#### **How climate impacts the food system**

Every segment of Australia's food system is vulnerable to the impacts of climate change. Starting with production, the changing climate is impacting the food grown on farms across Australia. Weather conditions such as high temperatures or decreased rainfall, create

seasonal variance and can hinder crop growth and overall yield.<sup>12</sup> For the livestock industry, weather affects forage growth and the health of livestock, exposing them to heat stress, parasites and disease.<sup>13</sup>

Along the supply chain, food transport is highly vulnerable to disruptions. This may be caused by the breakdown of physical infrastructure following an extreme weather event, or where cold storage refrigeration is unavailable or unsuitable in high temperatures.<sup>14</sup>

There is also a growing body of research exploring the impact of climate change on pest control, and how the nutritional value of crops is being compromised by rising temperatures. In addition to the social and health impacts of food scarcity, declining food availability will result in consumers having to pay more for food and groceries at the supermarket checkout.<sup>15</sup>

The IPCC has concluded that the likelihood of severe weather and climate extreme events is increasing. This is exposing populations to reduced food security and affected water security.<sup>16</sup> Planning for the inevitable impact of climate change on our food system is a necessary step to address the risk of rising food and grocery prices.

**Recommendation:** Consider the effects of climate change on Australia's food system and develop strategies to minimise the impact of subsequent issues such as high food and grocery prices.

### **The relationship between emergency relief organisations and major supermarkets**

Emergency relief organisations across Australia work closely with major supermarkets to support people experiencing food insecurity. Of the three major food distribution organisations in Western Australia, Woolworths partners with Ozharvest whilst Coles holds partnerships with Secondbite and Foodbank (who also receive donations from Aldi, Costco and Woolworths Nationally). Through these partnerships, major supermarkets reduce their food waste and donate surplus food and essential items to charity food organisations to distribute to community partners. Whilst these partnerships are vital to the impact of the

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<sup>12</sup> Department of Primary Industries and Regional Development. (2020). *How wheat yields are influenced by climate change in Western Australia*. (Article)

<sup>13</sup> Department of Primary Industries and Regional Development. (2022). *Climate change and broadacre livestock production in Western Australia*. (Article)

<sup>14</sup> Farmers for Climate Action. (2022). *Fork in the Road: Impacts of Climate Change on our Food Supply*. (Report).

<sup>15</sup> Department of Foreign Affairs and Trade. (2024). *Improving food and water security*. Online.

<sup>16</sup> IPCC, 2023: Summary for Policymakers. *In: Climate Change 2023: Synthesis Report*. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.



food relief sector, emergency relief providers supporting people in financial hardship remain subject to high supermarket prices in other ways.

Emergency relief organisations provide food and material assistance to people in financial hardship. To provide flexible assistance that meets the needs of community members, providers will offer different types of assistance. Emergency relief organisations often purchase large quantities of staple products that are used to cook pre-prepared meals or are provided directly to their clients. Some agencies will also purchase supermarket gift cards, giving clients the choice to select the required food and grocery items direct from supermarket shelves. Whilst Coles offer not-for-profit organisations a 5 per cent discount on bulk orders of gift cards through their business platform, there are otherwise no discounts available to emergency relief organisations to reduce the cost of goods that are passed onto the most vulnerable people in the community.

In Western Australia, there are more than 300 agencies providing emergency relief assistance, many of which are volunteer run and do not have the resources to establish food donation pathways or ongoing partnerships with major supermarkets. With a growing number of Australians relying on the support of emergency relief organisations, the high cost of supermarket items is straining already insufficient emergency relief funding and limiting the amount of support that can be provided by relief agencies to people in need.

**FFWA member organisations:**

- Curtin University Public Health Advocacy Institute
- Foodbank WA
- Food Community Project (Edith Cowan University)
- Margaret Court Community Outreach
- Ozharvest WA
- Secondbite WA
- St Vincent de Paul Society WA
- The Salvation Army WA
- WA Local Government Association
- Western Australian Council of Social Service

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