



financial
counselling
australia

ican

CHOICE



ccls wa

JUNE 2020

Joint submission to the Standing Committee on
Indigenous Affairs

**Inquiry into food pricing and food security in
remote Indigenous communities**

Contents

INTRODUCTION	3
RECOMMENDATIONS	4
ISSUES FACING REMOTE INDIGENOUS CONSUMERS	4
Economic access	4
Physical access	7
Digital access	7
Social access	8
ALTERNATIVE MODELS AND APPROACHES	8
CONCLUSION	10

ABOUT

About CHOICE

Set up by consumers for consumers, CHOICE is the consumer advocate that provides Australians with information and advice, free from commercial bias. CHOICE fights to hold industry and government accountable and achieve real change on the issues that matter most.

About Consumer Credit Legal Service (WA) Inc.

Consumer Credit Legal Service (WA) Inc. (CCLSWA) is a not-for-profit charitable organisation which provides legal advice and representation to consumers in Western Australia in the areas of credit, banking and finance. CCLSWA also takes an active role in community legal education, law reform and policy issues affecting consumers.

About Financial Counselling Australia

Financial Counselling Australia is the peak body for financial counsellors. Financial counsellors assist people experiencing financial difficulty by providing information, support and advocacy. Working in not-for-profit community organisations, financial counselling services are free, independent and confidential.

About Indigenous Consumer Assistance Network Ltd

Indigenous Consumer Assistance Network Ltd (ICAN) provides consumer education, advocacy and financial counselling services to Indigenous consumers across the nation, with a vision of “Empowering Indigenous Consumers”. ICAN’s services are free, independent and confidential.

INTRODUCTION

All Australians should have access to reasonable and fair prices for essential goods. Communities in regional and remote areas should not be disadvantaged simply because of their geographical location.

CHOICE, Consumer Credit Legal Service WA (CCLSWA), Financial Counselling Australia (FCA) and the Indigenous Consumer Assistance Network (ICAN) welcome the Standing Committee on Indigenous Affairs' inquiry into food pricing and food security in remote Indigenous communities. We note that the previous Parliamentary Inquiry's report into Remote Aboriginal and Torres Strait Community Stores, *Everybody's Business* (2009), demonstrated the complexity of the operation, logistics and governance of such stores and we acknowledge that many issues put forward in the 2009 report are still relevant today.

We believe that consumers in remote Indigenous communities should have access to:

- **Fair and reasonable pricing** on essential goods such as fresh produce and pantry staples
- **Clear and transparent pricing** that offers an explanation where prices are unreasonably high
- **Community decision-making** on the supply of goods provided locally
- **Recourse to justice** where pricing for essential goods is unjustifiably high

The challenges experienced by Indigenous people living in remote communities are well-documented. Improved social, economic and health outcomes for this population is not possible without support from the government. We urge the Australian Government to seriously consider the needs of remote Indigenous communities and the risks of allowing their access to essential goods to remain as it is: unaffordable, unavailable and of poor quality.

Indigenous consumers in remote areas should have fair and equal access to essential goods. Unless the government acts, people in remote communities will continue to face unjust barriers to good health and economic outcomes.

RECOMMENDATIONS

We have developed the following set of recommendations in line with the consumer-centric principles outlined above.

1. That the Australian Government develops an affordable pricing policy in consultation with remote communities, which may include price caps, for basic goods in remote communities.
2. That remote community stores are regularly monitored for quality and quantity of stock and prices.
3. That the Australian Government supports innovative community-led approaches to addressing food insecurity through increased grant funding.
4. That the Australian Government increases income support for people living in remote communities to better reflect the high cost of living.
5. That the Australian Government supports consumer protection and engagement in regional and remote areas through increased funding for consumer advocacy, financial counselling and legal services organisations.

ISSUES FACING REMOTE INDIGENOUS CONSUMERS

Protections and benefits afforded to consumers should extend to everyone in Australia regardless of their age, income or location. Unfortunately, this is not the case for many remote Indigenous consumers who experience poor economic, physical and social access to essential goods, such as fresh produce, by virtue of where they live.

Economic access

Affordability

Indigenous consumers living in remote communities should not be disadvantaged when it comes to accessing affordable essential goods, such as food and medicine. This is particularly pertinent when household incomes in remote locations tend to be lower¹ and as a result, higher priced

¹ Australian Bureau of Statistics 2016, *2076.0 - Census of Population and Housing: Characteristics of Aboriginal and Torres Strait Islander Australians*, accessed on 19 June 2020, <https://www.abs.gov.au/ausstats/abs@.nsf/7d12b0f6763c78caca257061001cc588/392cd9a0e6f7c543ca2583bb000e233d!OpenDocument>

goods tend to make up a larger proportion of weekly expenditure. In WA alone, the price of a basket of goods was 26 per cent higher in remote community stores than elsewhere in the state.²

The following budget, provided by FCA, shows an example of fortnightly expenditure (May 2020) from a client residing in Broome where the proportion of income spent on food grossly outweighs any other expense and results in a budget deficit.

FORTNIGHTLY

Client Name: [REDACTED] Date: [REDACTED]

EXPENSES	Estimated	Actual		Estimated	Actual
Home			Personal & family cont'd		
Mortgage/ rent		162	Haircuts		—
Water rates		—	Pet expenses		—
Council rates		—	Charities		—
Home & contents insurance		—	Pocket money		—
Maintenance		—	Superannuation		—
Sub total			Sub total		
Vehicle & transport			Education & Health		
Car registration/ insurance		—	School fees/ books		—
Repairs		—	School clothes		—
Petrol/ diesel		20	School lunches		—
Licenses		—	General school expenses		—
Loan repayments		—	Medical/ dentist /chemist		—
Other vehicle costs		—	Health/ Life/ Funeral Insur.		—
Taxi/ bus fares		—	Ambulance fund		—
Sub total			Childcare		—
Utilities					
Gas		—	DEBTS & REPAYMENTS	Owing	F/N paying
Electricity		50	Centrelink repayments		—
Water usage		—	Credit card		—
Phone/ internet		—	Layby's		—
Sub total			Book- ups		—
Food			Fines		—
Groceries		300	Overdue bills		—
Alcohol		10	Hire		—
Cigarettes		—	Other?		—
Take-Away		40	TOTAL		—
Incidentals		—	INCOME		
Sub total			Centrelink 1		586
Personal & family			Centrelink 2		—
Clothing		5	Child support income		—
Sport and recreation		—	Wages (after tax)		—
Entertainment / holidays		—	Other		—
Lotto / Gambling		—	Sub Total		586
Newspapers / magazines		—	Fortnightly incoming		\$ 586
Birthdays and Christmas		10	Fortnightly outgoing		\$ 597
Hampers (ie Crisco)		—	Surplus		\$ —
Cultural Events		—	Shortfall		\$ 11

² WA Council of Social Services and Lotterywest 2019, *WA Food Relief Framework Report 2019*, p 27, accessed on 19 June 2020, https://wacoss.org.au/wp-content/uploads/2019/10/FRF-report_pages_DIGITAL_compressed.pdf

Below is a comparative list for a basket of goods from Halls Creek (IGA) and Sydney (Coles) in June 2020 where prices for the same items are generally more expensive in Halls Creek, a small community in the Eastern Kimberley region of WA. Of particular note is the price for nappies and infant formula where prices for these essential goods increase by up to 67 per cent.

Comparative pricing for a basket of goods from Halls Creek, WA and Sydney, NSW

Item	Quantity	Halls Creek (\$)	Sydney (\$)	Price Difference
Butternut Pumpkin	kg	4.99	3.00	66.3%
Bananas	kg	4.99	2.40	107.9%
Devondale UHT Full Cream Milk	1L	2.20	1.45	51.7%
Devondale Butter	500g	9.90	5.70	73.7%
Nescafe Blend 43	250g	19.45	10.75	80.9%
Bushells Blue Label	180g	5.74	3.50	64.0%
Country Grain Loaf	650g	4.30	3.80	13.2%
Carmans Fruit and Nut Muesli Bars	270g	8.36	6.00	39.3%
Huggies Ultra-Dry Nappy Pants	26 nappies	28.40	17.00	67.1%
Nestle NAN Supreme 2 Infant Formula	800g	35.45	23.95	48.0%
San Remo Spaghetti no 5	500g	3.51	2.60	34.9%
Saxa Iodized Salt	750g	4.06	2.95	37.6%
Bega Peanut Butter Smooth	780g	10.9	6.50	67.67%

Pricing transparency

Prices should be fair, transparent and non-opportunistic. High prices in remote communities are often blamed on the geographic location and cost of transporting goods to these areas, with little transparency as to whether this is actually the case. Since most remote stores operate in a monopoly environment, consumers are often limited to exclusively shopping there due to a lack of alternatives and must pay exorbitant prices for items sometimes without knowing the true cost of the item. In such a captive environment, it is difficult to challenge the status quo and question pricing.

Transparent pricing in the form of clearly displaying prices, including unit pricing, is crucial for consumers to make purchasing decisions that best suit their needs.

In 2018, CCLSWA made a complaint on behalf of a client to Consumer Protection WA in regards to a community store failing to display prices for goods and charging significantly above the recommended retail price (RRP). In this instance, the client purchased a mop bucket from the store for \$69 in February 2018. The price of the mop bucket was not displayed in the store and the client was only made aware of the price once it was scanned at the checkout. Online research later revealed that the bucket and mop was available for \$41 at other retail stores.

Failing to display prices of goods is likely to mislead or deceive a consumer because they are only able to obtain a price when they reach the counter to pay for the goods. At this point of sale, a consumer is more likely to be enticed to proceed with the transaction. They have already selected the product and are less likely to change their mind. They may be self-conscious or feel humiliated if they cancel a transaction once the price has been 'scanned' if doing so may imply that they can not afford the good. Equally, by the time the price of the good is disclosed to the consumer, they are about to pay for the good and may be induced into believing that the price is fair and reasonable. The lack of alternative services and suppliers in remote communities means that it is unlikely that the consumer will walk away from the sale.

Physical access

Availability

Food availability is a key condition for food security. In remote Indigenous communities, the availability of food and other goods is often disproportionately (to urban markets) impacted by temporary disruptions, such as seasonal flooding, or weather events such as cyclones. More recently, the COVID-19 pandemic which caused significant disruptions for urban and regional communities was also felt acutely in remote areas.

Almost two thirds of people in regional and remote areas feel stressed as a result of not having enough food.³ Scarcity of food and other essential goods can negatively impact the wellbeing of an individual and the outcomes of a community.

Consumer power

Consumers in densely populated areas can affect what is sold in local stores through their purchasing power. Unfortunately, this is not the case for remote communities who are often constrained to shopping in their community, as the next store may be hundreds of kilometres away. Initiatives that support community decision-making on the type of items stocked in the stores will help to put power back into the hands of Indigenous consumers.

Digital access

The Australian Digital Inclusion Index 2019 reported that Indigenous Australians living in urban and regional Australia report a lower level of digital inclusion than the Australian average. A remote community sample in far north Queensland indicates that digital inclusion further diminishes with remoteness, particularly in relation to access and affordability.⁴ The 2019 report

³WA Council of Social Services and Lotterywest 2019, *WA Food Relief Framework Report 2019*, p 27, accessed on 19 June 2020,

https://wacoss.org.au/wp-content/uploads/2019/10/FRF-report_pages_DIGITAL_compressed.pdf

⁴ Thomas, J, Barraket, J, Wilson, CK, Rennie, E, Ewing, S, MacDonald, T, 2019, *Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2019*, RMIT University and Swinburne University of

states that the internet is an important lifeline for people living in remote communities, but accessing it comes at a higher cost than for those living in urban areas.

For consumers in remote communities, the internet could provide an access point to shop online, find comparative product and pricing information, learn about consumer protections, and much more. However, limited internet availability and affordability restricts people living in remote communities from accessing online information and marketplaces.

Social access

Appropriate equipment for storage and food preparation, for example fridges and stoves, is essential in ensuring that fresh food is safe for consumption and maintains its nutritional value. Having access to such equipment can dictate consumer expenditure on fresh produce and dairy and therefore improve health outcomes.

Remote Indigenous consumers can also experience difficulty in accessing whitegoods due to the large transportation costs of delivering appliances to a remote area, as well as costs associated with warranties and repairs. When a whitegood breaks down, it can be an onerous and expensive process to return the item to the place of purchase for repairs. This problem is exacerbated by some businesses deliberately targeting remote communities with excessively high-cost goods or high-cost financing, like many consumer lease products. High cost consumer leases mean far too many people in remote communities are paying hundreds of dollars more to purchase basic appliances essential for food storage like fridges and freezers.

In 2019, CCLSWA interviewed a financial counsellor who reported that a client residing in the Gascoyne Murchison region in Western Australia had been targeted for an inappropriate consumer lease. The client was a single person living alone who was sold a 7kg capacity washing machine, which is usually considered 'family-size'. The client reported rarely having money left over at the end of the month because of the operational costs, including water and electricity, associated with a 7kg washing machine.

ALTERNATIVE MODELS AND APPROACHES

Community stores serve a particularly important role in remote Indigenous communities. They act as a place to access essential goods such as fresh food, essential services such as ATM cash withdrawal, and as a meeting place for social engagement. As such, they play a vital role in fostering positive health, economic and social outcomes for people living in remote communities.

Other models of food supply, such as community gardens and cooperatives, can work in tandem with community stores to enhance positive health outcomes for people living in remote

Technology, Melbourne, for Telstra. P 24, accessed on 29 June 2020, https://digitalinclusionindex.org.au/wp-content/uploads/2019/10/TLS_ADII_Report-2019_Final_web_.pdf

communities and improve self-sufficiency. Delivery options outlined below should also be explored as alternative models of food distribution.

Fresh produce boxes

This model ensures that customers receive a fixed quantity of fresh produce at a set price. One example of this model is the Mayi Market, an ‘online food market’ serving communities in Cape York.⁵ It delivers locally sourced fresh produce, such as meat and vegetables, on a weekly basis.

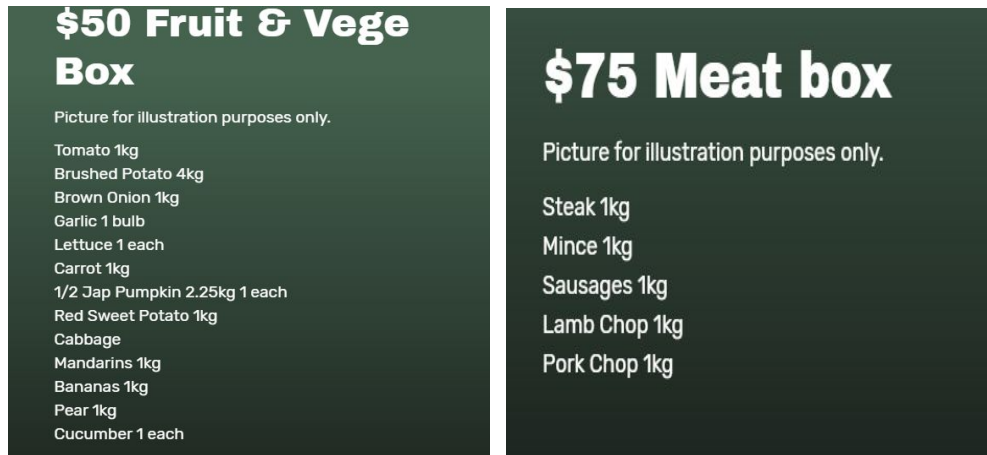


Figure 2. Examples of food boxes provided by Mayi Market

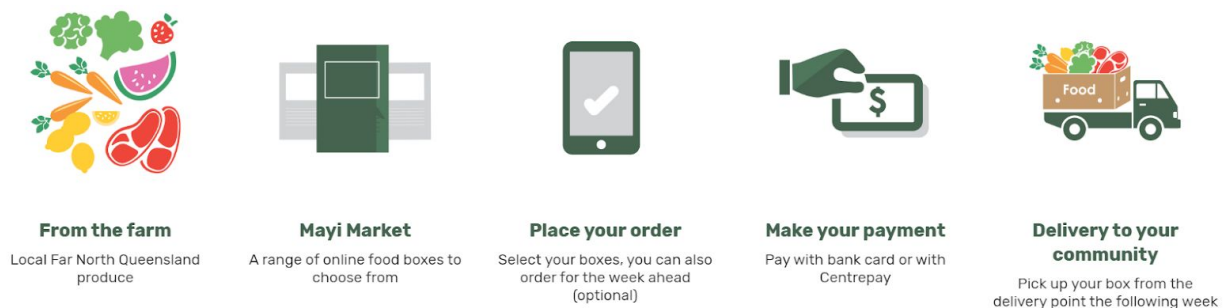


Figure 3. Process for purchasing food boxes from Mayi Market

Frozen meals using surplus perishable food

Research conducted by the Western Australian Council of Social Services (WACOSS) found that perishable surplus food could be transformed into nutritious meals that offer convenience by food banking organisations or catering companies.⁶ Such organisations could deliver pre-packed and frozen meals ready for distribution to remote communities. WACOSS points to catering companies who service mining companies in remote towns as an opportunity to assist with the solution for food relief if excesses can be refrigerated and transported.

⁵ Mayi Market 2020, accessed on 19 June 2020 <https://mayimarket.com.au/>

⁶WA Council of Social Services and Lotterywest 2019, *WA Food Relief Framework Report 2019*, p 30, accessed on 19 June 2020, https://wacoss.org.au/wp-content/uploads/2019/10/FRF-report_pages_DIGITAL_compressed.pdf

CONCLUSION

The detriment caused by a lack of food security in remote Indigenous communities is clear. CHOICE, CCLSWA, FCA and ICAN support systems and innovative approaches which address food insecurity, that are tailored to the community and its needs.

We urge the Australian Government to prioritise the needs of remote Indigenous consumers through increasing income support to better reflect the cost of living in geographically remote regions, developing affordable pricing policies in consultation with remote communities, as well as increasing funding for sustainable community-led approaches to addressing food insecurity and consumer protection services. Combined, these mechanisms will put downward pressure on weekly expenditure and increase the affordability of essential goods necessary for achieving improved outcomes for people living in remote Australia.