JUNE 2020

Joint submission to the Standing Committee on Indigenous Affairs

Inquiry into food pricing and food security in remote Indigenous communities

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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 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, 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.

Remote Indigenous consumers 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 increase income support for people living in remote communities to better reflect the high cost of living.

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

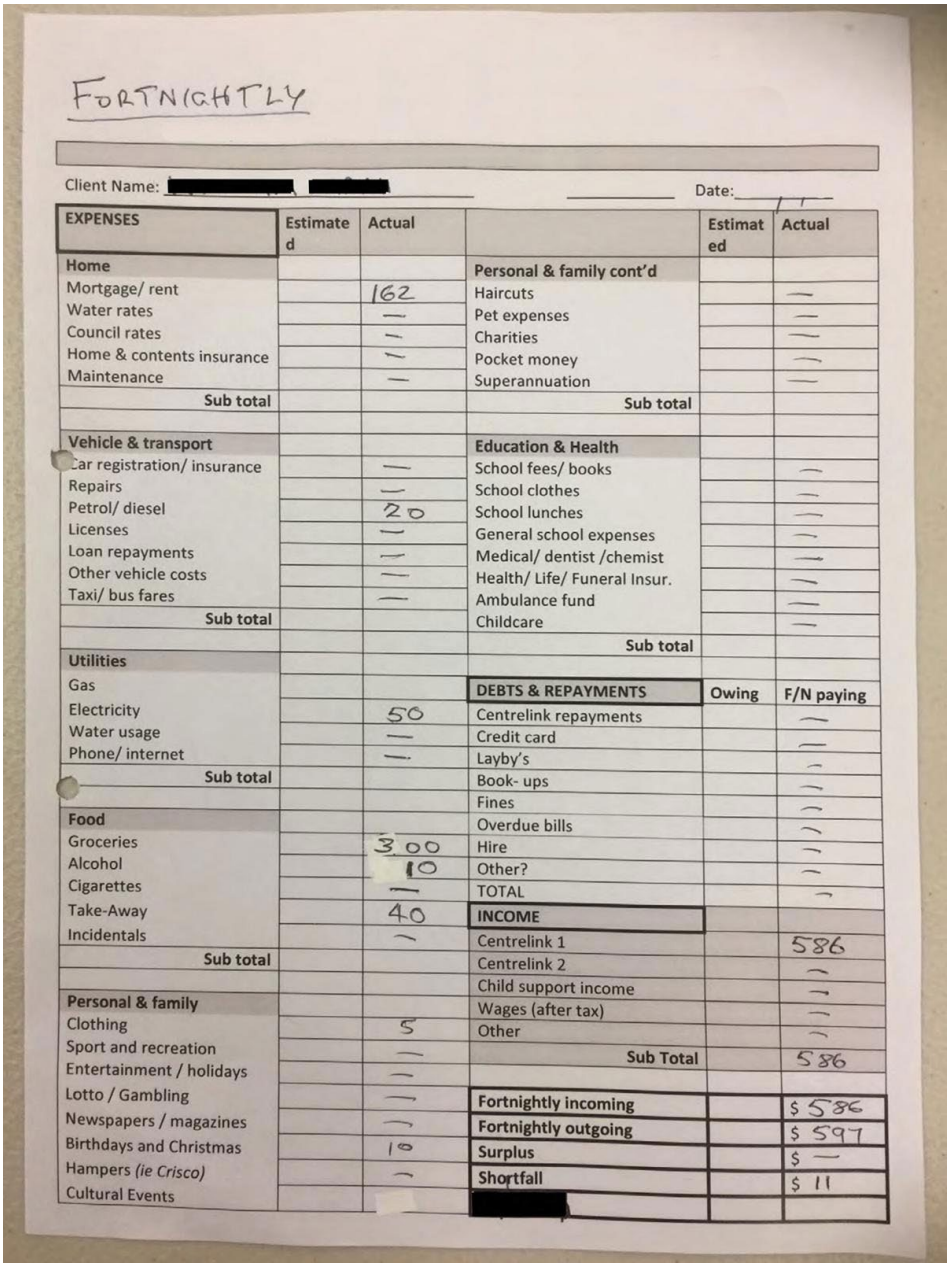
Affordability

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 lower[1] and as a result, higher priced 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]

[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*

[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

Figure 1, 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: /

EXPENSES	Estimated	Actual
Home		
Mortgage/ rent		162
Water rates		—
Council rates		—
Home & contents insurance		—
Maintenance		—
Sub total		
Vehicle & transport		
Car registration/ insurance		—
Repairs		—
Petrol/ diesel		20
Licenses		—
Loan repayments		—
Other vehicle costs		—
Taxi/ bus fares		—
Sub total		
Utilities		
Gas		
Electricity		50
Water usage		—
Phone/ internet		—
Sub total		
Food		
Groceries		300
Alcohol		10
Cigarettes		—
Take-Away		40
Incidentals		—
Sub total		
Personal & family		
Clothing		5
Sport and recreation		—
Entertainment / holidays		—
Lotto / Gambling		—
Newspapers / magazines		—
Birthdays and Christmas		10
Hampers *(ie Crisco)*		—
Cultural Events		

	Estimated	Actual
Personal & family cont'd		
Haircuts		—
Pet expenses		—
Charities		—
Pocket money		—
Superannuation		—
Sub total		
Education & Health		
School fees/ books		—
School clothes		—
School lunches		—
General school expenses		—
Medical/ dentist /chemist		—
Health/ Life/ Funeral Insur.		—
Ambulance fund		—
Childcare		—
Sub total		
DEBTS & REPAYMENTS	**Owing**	**F/N paying**
Centrelink repayments		—
Credit card		—
Layby's		—
Book- ups		—
Fines		—
Overdue bills		—
Hire		—
Other?		—
TOTAL		—
INCOME		
Centrelink 1		586
Centrelink 2		—
Child support income		—
Wages (after tax)		—
Other		—
Sub Total		586
Fortnightly incoming		$ 586
Fortnightly outgoing		$ 597
Surplus		$ —
Shortfall		$ 11
[redacted]		

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 without knowing the true cost of the

item. In such a captive environment, it is difficult to challenge the status quo and question pricing.

[COMPARATIVE PRICING FROM HALLS CREEK, WA HERE]

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.

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.

[3]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

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 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.[4] It delivers locally sourced fresh produce, such as meat and vegetables, on a weekly basis.

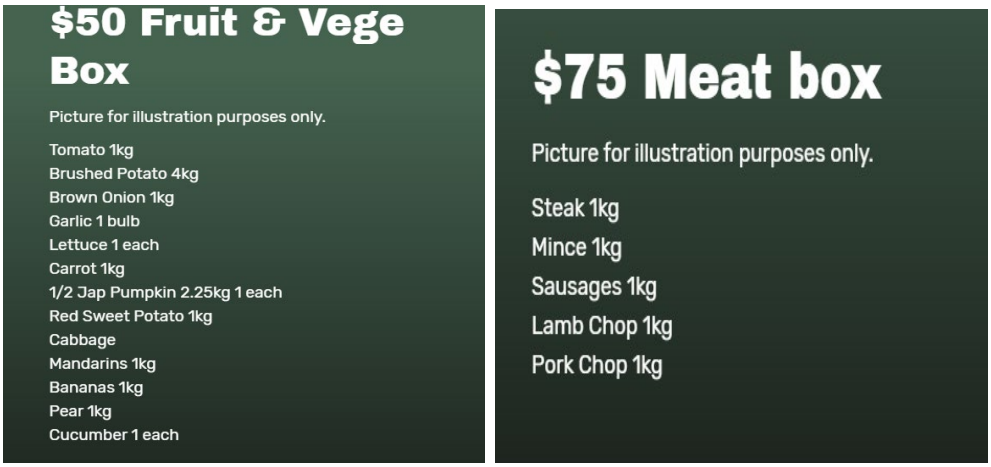


Figure 2. Examples of food boxes provided by Mayi Market

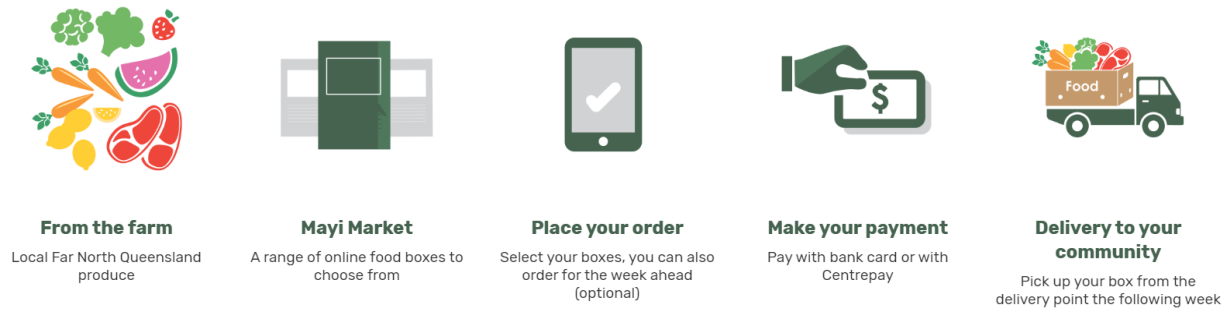


Figure 3. Process for purchasing food boxes from Mayi Market

[4] Mayi Market 2020, accessed on 19 June 2020 https://mayimarket.com.au/

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.[5] 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.

CONCLUSION

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

We encourage 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; supporting sustainable community led initiatives; and developing and enforcing pricing policies for community stores. 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.

[5]WA 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