

Supermarket Pricing Inquiry

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SUPERMARKET PRICING SELECT COMMITTEE

WESTERN DOWNS REGIONAL
COUNCIL SUBMISSION

2 April 2024

Supermarket Pricing Select Committee
Parliament House
George Street
BRISBANE QLD 4000

Sent via email: spsc@parliament.qld.gov.au

Dear Sir or Madam,

RE: SUPERMARKET PRICING SELECT COMMITTEE 2024

Western Downs Region Council (Council) is a local government Council in Queensland, Australia. The Council manages an area of 37,937 square kilometres (14,648 sq mi) with a population to around 35,000. Council is at the forefront of the changing world and works to support our growing region, with our Corporate Plan underpinned by progress, people, place, and performance.

We sincerely thank the Committee for undertaking its Inquiry into Supermarket Pricing, which is of strong interest to Council and our residents.

Please find enclosed a copy of the Council's submission regarding establishing the Supermarket Pricing Select Committee.

For any further information or questions, please contact Lidewij Koene-Sloss, Economic Development Manager via email [REDACTED]

Yours Sincerely,



Daniel Fletcher
GENERAL MANAGER COMMUNITY & LIVEABILITY

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About the Western Downs Regional Council

The Western Downs is located on the Darling Downs, approximately 207 kilometres north-west of Brisbane and 83 kilometres north-west of Toowoomba. The region encompasses the centres of Dalby, Chinchilla, Jandowae, Miles, Tara, and Wandoan, covering nearly 38,000 square kilometres. Combining country lifestyle with modern living, excellent retail offerings and conveniences, the area is home to a population of around 35,000 people and has a large working age population of 60.9% aged 15-64 years.

Built on agriculture and thriving in the intensive agriculture, energy and manufacturing industries, Western Downs Regional Council (Council) is focused on making our region a great place to live, work, visit and invest and to ensure our future generation have the opportunity to do what they love whilst enjoying a regional lifestyle and continue the strong economic growth of the region.

Council manage Australia's second largest road network of over 10,000 km with highways leading into the region include the Bunya, Leichhardt, Warrego & Moonie highways, an extensive water, gas, and sewage network, and one of Australia's largest cattle saleyards. Located in the heart of the resource rich Surat Basin, the Western Downs has a diversified energy portfolio with five pillars of energy generation: Coal, Gas, Ethanol, Wind and Solar cementing our reputation as the Energy Capital of Queensland. This contributes to the region's strong economic growth, investment, and consistently high employment with a GRP of \$3.68Billion with 15% growth over the past 5 years.

Council's five-year Economic Development Strategy (2023 to 2028) addresses critical issues and clearly articulates a strategic pathway for the Western Downs to diversify and grow its economy, building on the region's competitive advantage and further attracting business and investment in value-adding opportunities and emerging markets. The Economic Development Strategy focuses on five key pillars:

- **Jobs & Skills** - The Western Downs workforce is growing, optimised and fit for the future.
- **Liveability & Infrastructure** - The Western Downs is equipped with modern infrastructure and quality essential services across the region to enable liveability and wellbeing, whilst sustaining population growth.
- **Population** - The Western Downs demonstrates population growth to meet workforce demands.
- **Productivity & Innovation** - The Western Downs is a recognised leader in agribusiness, energy and manufacturing, and local productivity continues to increase.
- **Sustainability & Resilience** - The Western Downs is future-proofed for a changing climate and transitioning economies, and circular economy principles are stimulated.

This strategy aligns closely with Council's Corporate Plan and supports one of Queensland's most progressive Western Downs Planning Scheme which is committed to attracting and enabling development and ensure the Western Downs is a diverse region at the forefront of the changing world.

Executive Summary

On 7 March 2024, the Queensland Government Legislative Assembly agreed to a motion to establish the Supermarket Pricing Select Committee, with the following terms of reference:

(1) *A select committee, known as the Supermarket Pricing Select Committee (committee) be established to:*

- a. examine the causes and effects of increased supermarket prices; and*
- b. identify opportunities to increase transparency in the supermarket sector for consumers and producers.*

(2) *In undertaking the inquiry, the committee consider:*

- a. rising grocery prices in Queensland and discrepancies between retail and wholesale and farmgate prices, including different-sized businesses;*
- b. the variability in supermarket offerings and pricing across the state, particularly in regional Queensland and in remote Aboriginal and Torres Strait Islander communities;*
- c. the long-term trends in profits accruing along the supply chain for perishable produce, with particular regard to impediments to the profitability of primary producers;*
- d. the conduct of retailers in negotiations with Queensland producers, and the prevalence and effects of information asymmetry between these parties;*
- e. improvements to Queensland's policy environment to increase transparency for producers, including what data will reduce information asymmetry, and/or reduce prices for consumers; and*
- f. any other reviews or inquiries occurring in Australia regarding this matter, with a view to complement these analyses by focusing on potential Queensland Government responses.*

(3) *The committee:*

- a. has the power to call for persons, documents and other things;*
- b. must present a report to the Legislative Assembly by Friday, 31 May 2024;*
- c. ceases upon the tabling of its report to the Legislative Assembly; and*
- d. consists of six members.*

Recommendations

Western Downs Regional Council recommends the Supermarket Pricing Select Committee:

1. To differentiate investigating the variability in supermarket offerings and pricings based on the following categories:
 - a. Metropolitan;
 - b. Regional; and
 - c. Rural and Remote
2. To differentiate investigating the variability in supermarket offerings and pricings based on:
 - a. national corporate retailers, and

- b. locally owned and operated supermarkets.
3. To embed a strong stakeholder consultation and engagement approach as part of the investigation, ensuring the Australian Competition and Consumer Commission, key industry stakeholders, community members, primary producers and local governments can provide their insights.

Submission

Western Downs Regional Council extends its appreciation for the opportunity to contribute to respond to the draft Terms of Reference for the Supermarket Pricing Select Committee.

The Western Downs region contributes significantly to the national economy. The GRP has increased by 12% over the past year to \$3.68bln and the region lists \$6.9bln of developments at various stages in the pipeline.

Agriculture is at the heart of the region and continues to underpin our economy being the largest employer. The Western Downs' beef production is the largest economic contributor to the agricultural sector, with 42% of the national feedlot occupancy within a 200-km radius of Dalby. In addition, the region has thriving broadacre cropping properties.

The Western Downs is serviced by a number of supermarket stores, including ALDI, Coles, Drakes, Food Works, SPAR, and Woolworths, with a number retailing local produce from primary producers in the Western Downs region.

Considering farmers are the backbone of our region, it is of importance that local producers are supported, and their profit margins remain strong to ensure viable farming enterprises for future generations.

Council is proud of the regional lifestyle that the Western Downs has to offer and supports the enquiry to investigate price differences between metropolitan areas and regional areas. To ensure affordability for regional communities, local retailers should be competitive in price when market conditions are absent.

Council supports shop local and buy local campaigns to support local supermarkets, as they provide an important service and employment opportunity to regional communities.

Council believes that the draft Terms of Reference for the Supermarket Pricing Select Committee are balanced in nature, considering:

- The cause of increased supermarket prices;
- Variability in supermarket prices between metropolitan and regional areas;
- Discrepancies by increased retail prices and resulting impediments for primary producers.

Whilst the draft Terms of Reference are balanced in nature, Council believes that the Terms of Reference can be strengthened and recommends the Supermarket Pricing Select

Committee to include a differentiation based on regional, rural, and remote classifications, as well as the national corporate retailers and locally owned and operated supermarkets.

In addition to this, Council recommends embedding a strong stakeholder consultation and engagement approach to ensure that key stakeholders have the opportunity to provide their insights.

Conclusion

Western Downs Regional Council extends its appreciation for the opportunity to contribute to respond to the draft Terms of Reference for the Supermarket Pricing Select Committee.

Council would like the opportunity to provide further insight to the Supermarket Pricing Select Committee upon endorsement of the Terms of Reference and establishment of the Committee.

Contact Details

Please do not hesitate to contact Lidewij Koene-Sloss, Economic Development Manager via email via email [REDACTED] should you wish to discuss any aspect of this submission.

Appendix

1. Western Downs Regional Council, Economic Development Strategy 2023 - 2028, [economic-development-strategy-document-ver-22.02.23.pdf \(wdrc.qld.gov.au\)](https://www.wdrc.qld.gov.au/economic-development-strategy-document-ver-22.02.23.pdf)
2. Western Downs Regional Council, Corporate Plan 2021 - 2026, [Plans & Publications Western Downs Regional Council \(wdrc.qld.gov.au\)](https://www.wdrc.qld.gov.au/plans-publications)
3. Western Downs Regional Council, Western Downs Planning Scheme, [Western Downs Planning Scheme Western Downs Regional Council \(wdrc.qld.gov.au\)](https://www.wdrc.qld.gov.au/western-downs-planning-scheme)