

Supermarket Pricing Inquiry

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Committee Secretary
Supermarket Pricing Select Committee
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12th April 2024

Submission to the Inquiry Into Supermarket Pricing

Dear Committee,

I begin this submission by acknowledging the significant cost-of-living pressures faced by families across Queensland, and in my electorate of Nicklin in particular. From rising housing costs to increasing utility bills, Queenslanders are grappling with the challenge of making ends meet in an economy marked by inflationary pressures and large corporate profits. Among the myriad of expenses that burden households, the cost of groceries stands out as a fundamental concern affecting the daily lives and well-being of Queensland families.

The supermarket sector plays a pivotal role in the lives of Queensland consumers and the livelihoods of primary producers. However, the market power wielded by dominant supermarket chains has created a vulnerable position for both consumers and producers. Queensland consumers often find themselves at the mercy of the pricing strategies employed by these large supermarket conglomerates, which exert significant influence over the prices of essential goods.

Meanwhile, primary producers in Queensland face immense challenges in negotiating fair prices for their products, as they contend with the asymmetrical power dynamics inherent in their dealings with supermarket retailers. This power dynamic often results in primary producers receiving prices for their goods that do not adequately reflect the costs involved in production, leading to diminished profitability and sustainability for Queensland's agricultural sector.

One local ginger grower here on the Sunshine Coast has told me he receives \$4 per kg for his ginger, only to see it sold down the road at his local supermarket at prices over \$30 per kg. Considering the short distance his ginger needs to travel to reach the shelves, I don't see how the large supermarkets chains can justify a 750% markup on fresh produce.

The supermarket sector in Queensland has been marred by a string of anti-competitive behaviour, even as these supermarkets continue to report record profits. This behaviour includes tactics such as predatory pricing, supplier bullying, and vertical integration, all of which serve to stifle competition and limit consumer choice in the marketplace. Such practices not only harm consumers by driving up prices but also undermine the viability of small businesses and local producers who struggle to compete against the dominant market players.

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Over the past five years, Queenslanders have experienced a significant increase in the cost of groceries, exacerbating the financial strain on households already struggling to make ends meet. This surge in grocery prices has far outpaced the rate of inflation, placing an additional burden on families and individuals who are already grappling with rising living costs. Moreover, this trend has been accompanied by a notable shift away from the traditional dominance of big supermarket chains, as consumers seek alternatives that offer greater affordability and support local producers.

Constituent in my own electorate report their average weekly grocery shop increasing in price at least 50-100% over the last year, with many having to cut back on spending in other areas, skip meals and preparing food in bulk, while still continuing to struggle with other household bills. This isn't a sustainable outcome and is pushing many families to their breaking points, damaging the social fabric of our communities.

Some of the responses to my own survey on the issue includes:

It is pure greed on the part of the big supermarkets - they do it, because they can! They do not care about the homeless and struggling families who are really up against it - as long as they make huge profits, they don't care. – **Annete R**

It's not just the supermarkets... the whole retail section across the board. All the large companies and corporations are doing the same - making life more difficult for the average person. I know that over the last 20 years what effort I have to put in to make ends meet, and it's that now, making ends meet, while 15-20 years ago, I worked less hours, and had more free time and more savings. Now, I'm not an exuberant spender, am quite sensible with finances, it is quite clear that slowly our economy and way of life became more in favour of the people with money and power. The average person struggles with keeping afloat, let alone trying to make decent advances in life. We're too god damn busy surviving. The last few years, in many ways, were just a blatant manipulation and bullying of the public. - **Mike K**

It is outrageous that at a time when the average person is struggling with increased housing costs (mortgage or renting) and fuel costs, that Coles and Woolworths take advantage of their duopoly and massively increase the prices and their profits, while trying to pretend otherwise. – **Geoff B**

Basic essentials have risen sharply in past two years. Meat in particular has become overly expensive, and it just doesn't correspond to the prices farmers get. I watch "Landline" and livestock prices have hollowed-out significantly, yet supermarket prices have only dropped since the government announced a series of enquiries into supermarket pricing behaviours. The supermarkets show a corporate contempt for consumers. They know they dominate the food market, and they can control the cost of commodities. – **Anthony F**

As a rural produce provider to a farming community, I have seen firsthand the hardships that our primary producers are going through. There is definitely an imbalance in what they get paid to what the major retailers are profiting on. – **Shane S**

"We now shop at the FoodBank outlet in Nambour to be able to afford decent meals every day. Can't get everything, but it helps. We have freezers so I can bulk buy when items are cheaper. Avoid the big 2 where possible. Rarely eat out now. Make most meals from scratch. Buy Fruit and Veg from the local store as fresher (so keeps better) and better quality. Meat purchases greatly reduced, and from an actual butcher. Have found from supermarkets it is 50% filler and water added. - **Rosalie J**



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In light of these pressing concerns, I urge the Supermarket Pricing Select Committee to make bold and comprehensive recommendations aimed at addressing the root causes of increased supermarket prices in Queensland. Specifically, I'm calling for measures that support local producers, enhance transparency in the supermarket sector, and foster greater competition to hold supermarkets accountable and exert downward pressure on prices.

Recommendations should include initiatives to level the playing field for primary producers in negotiations with supermarket retailers, strengthen regulations to curb anti-competitive behaviour, and promote alternative distribution channels that empower consumers and support local businesses. Additionally, the committee should explore opportunities to enhance consumer education and access to information regarding pricing practices and product sourcing, enabling Queenslanders to make informed choices that align with their values and economic interests.

In conclusion, the Supermarket Pricing Select Committee has a critical role to play in addressing the systemic challenges facing Queensland consumers and primary producers in the supermarket sector. By prioritizing transparency, competition, and fairness, the committee can help build a more equitable and sustainable food system that serves the needs of all Queenslanders.

I thank the committee for their time and consideration.

Sincerely,



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