

## Supermarket Pricing Inquiry

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Supermarket Pricing Select Committee  
Parliament House  
George Street  
BRISBANE QLD 4000

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### Submission to Inquiry into Supermarket Pricing

Dear Committee

Thank you for the opportunity to provide a submission from the Torres Strait Regional Authority to the Supermarket Pricing Select Committee's Inquiry into Supermarket Pricing.

The following submission is targeted towards two of the Terms of Reference for your inquiry, highlighting the unique challenges faced in the Torres Strait Region. The submission provides general commentary against the following terms:

- (1) a. examine the causes and effects of increased supermarket prices; and
- (2) b. the variability in supermarket offerings and pricing across the state, particularly in regional Queensland and in remote Aboriginal and Torres Strait Islander communities.

It is recommended that the Committee reviews the Closing the Gap National Agreement and implementation plans part of this inquiry. This will ensure the inquiry maintains a line of sight to this critical reform agenda and that the Committee's recommendations have clear alignment with achieving Closing the Gap targets, specifically:

- Target 1 – Closing the Gap in life expectancy within a generation, by 2031; and
- Target 2 – by 2032, increase the proportion of Aboriginal and Torres Strait Islander babies with a healthy birthweight to 91 per cent.

The Committee should also consider how this inquiry and its recommendations can help contribute to achieving the intent of the Northern Australia Indigenous Development Accord (to which the Queensland Government is a signatory), and the overall Developing Northern Australian agenda. The Northern Australia Agenda seeks to drive resilient and sustainable economic and social growth to maximise development through a whole-of-government approach.

I also recommend that TSRA's submission is read with reference to that of Community Enterprise Queensland (CEQ), a Queensland Government statutory body overseen by a Board that reports to the Minister for Aboriginal and Torres Strait Islander Partnerships. CEQ is the primary supermarket service provider in the Torres Strait and Northern Peninsula Area region, operating a total of 19 stores, including 3 on Thursday Island.

TSRA looks forward to the opportunity to participate in the public hearings process to discuss our submission with members of the Select Committee. I strongly encourage the Committee to consider holding a public hearing in the Torres Strait region, to help the Committee understand the challenges faced by remote and Indigenous communities.

Yours sincerely



**Vonda Malone**  
**Chief Executive Officer**

# Submission to the Inquiry into Supermarket Pricing from the Torres Strait Regional Authority April 2024

## General comments

The Torres Strait is classified as 'very remote' under the Accessibility/Remoteness Index of Australia (ARIA+). Consisting of 17 inhabited islands and two mainland communities, the Torres Strait region is heavily reliant on air and sea transport services for freight and passenger movements. As a consequence, our remote location is highly vulnerable to supply pressures and increased costs. In many cases, a single provider is responsible for delivering essential goods and services to the Torres Strait region, including for shipping and freight services, food and retail goods, fuel supply, and passenger transport.

Research indicates that basic goods and services in remote Queensland can cost over 45 per cent more than the same goods in urban areas. The cost of freight alone adds more than 14 per cent to the cost of goods sold. According to recent ABC news reports, people travelling home to the Torres Strait are buying extra checked luggage to fill with groceries because it is cheaper than having groceries shipped up.<sup>1</sup> In our region, community choice is limited, increasing the risk in terms of access and affordability of goods and services, and minimising competitive incentives for businesses to lower prices.

The TSRA is working with our communities, key partners and stakeholders exploring initiatives to drive down costs for the Torres Strait region. Options we put to the Committee for consideration include:

- Increased Queensland Government freight subsidies for essential items and fuel to better reflect the true costs.
- Advocacy to the Australian Government for full freight equalisation for remote communities.
- Investment in supply chain centres in northern Queensland.
- A joint Commonwealth and State commitment to an ongoing program of works to fully seal the Peninsula Developmental Road to enhance freight movements.
- Additional investment in regional and community infrastructure such as roads, community access points, marine facilities and barge ramps, warehousing, and cold storage to improve supply chain stability.
- Create an enabling environment for local food production hubs.

## (1) a. Causes and effects of increased supermarket prices

High supermarket prices have a profound impact on remote and disadvantaged communities in the Torres Strait region and Northern Peninsula communities of Bamaga and Seisia, exacerbating existing economic inequalities and limiting access to essential goods. 83% of people in the region are

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<sup>1</sup> Testa, Christopher 'Cost of living crisis causing health concerns in Torres Strait, Cape York ahead of \$64m subsidy scheme', November 2023. [Cost-of-living crisis causing health concerns in Torres Strait, Cape York ahead of \\$64m subsidy scheme - ABC News](#)

in the most disadvantaged quintile for socio-economic disadvantage, compared to 20% for the whole of Queensland.

There are several factors influencing supermarket pricing in the region:

*Freight costs* – transportation costs to the Torres Strait region are extremely high, as suppliers must travel long distances to deliver goods. These increased transportation costs are typically passed on to consumers in the form of higher prices. The cost of freight alone has reportedly risen by 43 per cent in recent times.

A February 2023 study commissioned by the Torres Cape Indigenous Council Alliance found that the cost of freight to the outer islands of the Torres Strait for food and household goods totals up to \$9.2 million annually. The freight cost for the same items to Thursday Island and Horn Island is slightly less at up to \$8.2 million per annum.<sup>2</sup> With only one sea freight provider operating within the Torres Strait, there is no competitive tension to drive costs down.

A Remote Community Healthy Food Supply Chain Study commissioned by Health and Wellbeing Queensland found that the paddock to plate supply chain to the mainland community of Bamaga can reach up to 3,675 kilometres, involve up to 20 touch points and 7 different organisations in moving produce.<sup>3</sup>

Produce and other freight travels to Bamaga by both sea and road, with the Peninsula Developmental Road (PDR) the only road in the Cape York region for freight and goods. The PDR can be impassable for months at a time during the wet season due to road flooding and washouts. 145 kilometres of the road is currently unsealed and while there have been two stages of a sealing program funded by the Australian and Queensland governments, there are no commitments to stage 3 and beyond. Full sealing of the road is estimated to take another 10 to 15 years, leaving communities without year-round access and reliant on expensive sea and air transport for essential goods during the wet season for many years to come.

*Economies of scale* – supermarkets in remote areas have lower sales volumes compared to stores in urban areas due to the very small populations they service. The Torres Strait region, including the communities of Bamaga and Seisia, makes up only .002 per cent of the total Queensland population; the population of Brisbane is around 214 times greater than that of the Torres Strait region; and the regional city of Cairns is 10 times greater. As a result, remote supermarkets can struggle to benefit from the same economies of scale, such as bulk purchasing discounts, which can lead to higher prices on goods. Limited purchasing volumes can also pose challenges in competing against large retailers for adequate supply.

*Higher operating costs* – operating a supermarket in a remote area is more expensive due to factors such as higher rent or property costs, increased energy costs, and difficulty in sourcing labour. Seasonal challenges unique to our environment such as floods, cyclones, tidal inundation, and low tides, combined with poor marine facilities, can all disrupt the supply chain and prevent barges from docking at islands. Infrastructure deficits on some island communities also present challenges with moving goods between barge ramps and stores. Maintaining equipment in a harsh saltwater environment is particularly challenging.

Long supply chains and cold chain breaks limits the shelf life of fresh food, dairy, and other perishables. Stock loss and shrinkage is yet another cost burden for remote supermarket operators.

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<sup>2</sup> Karunanethy, Shashi 'Far North Queensland Freight Equalisation Study', February 2023. [tci1241\\_freight-equalisation-study-final.pdf \(tcica.com.au\)](https://tcica.com.au/tci1241_freight-equalisation-study-final.pdf)

<sup>3</sup> 'Remote Community Healthy Food Supply Chain Study', November 2022. [Remote Community Healthy Food Supply Chain Study \(hw.qld.gov.au\)](https://hw.qld.gov.au/Remote-Community-Healthy-Food-Supply-Chain-Study)

Overall, the combination of freight and logistical challenges, limited competition, lack of economies of scale, and higher operating costs all contribute to the higher supermarket prices seen in remote communities.

The factors above can lead to food insecurity, as individuals and families struggle to afford nutritious meals, relying instead on cheaper and often less healthy options. A 2020 study led by Queensland Health and the University of Queensland found that a healthy diet in the Torres Strait costs 35 to 40 per cent more than in Queensland overall.<sup>4</sup> This can have long-term implications for public health, as a lack of access to nutritious foods is linked to an increased risk of chronic conditions such as obesity, diabetes, and cardiovascular disease. In the Torres Strait region, the rate of diabetes is 60 per cent higher than the rate for the whole of Queensland.

Community Enterprise Queensland should be commended for establishing dedicated healthy food isles in their stores and developing the Wellbeing, Health and Nutrition Strategy 2023-2027. People are encouraged to make healthy food choices, which is especially important for those who are suffering from chronic diseases including diabetes, or for people with allergies and special dietary needs, such as coeliacs.

The impact of high supermarket prices extends beyond food security to affect overall household budgets. When essential items are priced beyond what residents can afford, families may be forced to allocate a larger portion of their income to purchasing necessities, leaving less money for other essential expenses such as specialist healthcare, education, and housing. This perpetuates a cycle of poverty, making it difficult for individuals and families to break free from economic hardship.

## **(2) b. Variability and pricing**

Fresh food and meat are generally available in the Torres Strait region, however long and inefficient supply chains limit the shelf life of products by the time they hit the supermarket floor. The availability and variety of fresh foods on offer diminishes day by day until new stock arrives. Low sales volumes on less popular but often healthier food items can be a disincentive for these items to be regularly stocked, especially in small communities.

A survey by NIAA in 2020 indicated that a simple food basket costs around 45 per cent more in a community store in Queensland compared to major supermarkets in Brisbane. The same basket can cost up to 62 per cent more in a small supermarket in a remote town centre.<sup>5</sup>

The TSRA welcomed the Queensland Government's 5-year \$64 million freight funding package announced during 2023 and implemented earlier this year. The reality is however that it only stretches to a 5.2 per cent discount at the cash register on eligible essential goods, coming nowhere near to bridging the cost gap identified above. TSRA will continue to work with our key government and non-government partners to continue to explore and advocate for initiatives that help reduce the cost burden for our communities. This includes advocating to the Australian Government for full freight equalisation along the lines of the Tasmanian Freight Equalisation Scheme to promote social equity and stimulate economic development.

## **About the Torres Strait Regional Authority and the Torres Strait Region**

The Torres Strait Regional Authority (TSRA) is the lead Australian Government agency in the Torres Strait region for Indigenous affairs. As a statutory agency established under the *Aboriginal and Torres Strait Islander Act 2005*, the TSRA operates under the direction of a democratically elected Torres Strait Islander and Aboriginal Board, comprising 20 members representing the communities of the region.

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<sup>4</sup> Lee, Amanda et al, 'Cost and affordability of healthy, equitable and more sustainable diets in the Torres Strait Islands', Australian and New Zealand Journal of Public Health, Volume 46, Issue 3, pp 340-345.

<https://www.sciencedirect.com/science/article/pii/S1326020023003175?via%3Dihub>

<sup>5</sup> NIAA Supplementary Submission 36.1 to the Standing Committee on Indigenous Affairs *Inquiry into food pricing and food security in remote Indigenous communities*, July 2020. [Submission 36.1.pdf](#)

The TSRA operates within the Prime Minister and Cabinet portfolio and works closely with the National Indigenous Australians Agency (NIAA) to improve the lives of Torres Strait Islander and Aboriginal peoples living in the Torres Strait region. Our purpose is to progress towards Closing the Gap through development planning, coordination, sustainable resource management and preservation, and promotion of Indigenous culture.

In December 2023, TSRA entered a historic Memorandum of Understanding (MOU) with Community Enterprises Queensland to enhance community living in the Torres Strait region. The new three-year MOU solidifies the commitment of TSRA and CEQ to collaborate effectively in achieving the shared goal of promoting healthy communities as we strive to supply sustainable and affordable health and wellbeing initiatives. Key objectives of the MOU include:

- Enhancing access to fresh foods and addressing the challenges relating to transportation to remote island communities.
- A shared commitment to identifying issues affecting healthy eating and lifestyles.
- Supporting community education on healthy eating and creating healthy living environments.

The TSRA is a member of NIAA's Remote Food Security Working Group. The Working Group has been established to provide a coordinated approach to improving prices, availability, and quality of goods and essential groceries in remote First Nations communities.

TSRA also participates on Health and Wellbeing Queensland's Gather + Grow Action Plan 2023-26 Steering Committee. The Action Plan focusses on improving food security in remote Torres Strait Islander and Aboriginal communities in Far North Queensland and the Lower Gulf area through a combination of local and whole-of-system actions. Gather + Grow's four priority areas are: logistics and supply chain; local food production; healthy communities; and healthy homes.

The Torres Strait region stretches 150 kilometres northwards from Cape York Peninsula to Papua New Guinea and up to 300 kilometres east to west. It includes 5 Traditional Owner nations of Kaiwalagal, Maluilgal, Gadu Maluilgal, Kulkalgal, and Kemer Kemer Meriam. As one of the most remote Australian Public Service agencies, the TSRA supports programs across the Torres Strait region, including for the 17 inhabited islands of the Torres Strait and the communities of Bamaga and Seisia on the Northern Peninsula Area of mainland Australia.

The smallest island community (Ugar Island) in our region has a population of just 69 and the largest (Thursday Island) has a population of 2803. Bamaga and Seisia on the mainland have a combined population of 1500.<sup>6</sup> See Attachment A for a snapshot of the demography of the Torres Strait region.

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<sup>6</sup> Australian Bureau of Statistics, *Census of Population and Housing – Counts of Aboriginal and Torres Strait Islander Australians, 2021*.

## Attachment A – Torres Strait Region Fast Facts

### Demography

- The estimated resident population of the region is 10,694, which is .002% of the total population of Queensland.
- 81.2% of the population identifies as Indigenous, compared to 4.6% for the whole of Queensland.
- The estimated median age for residents is 27.9 years, compared to Queensland's median age of 38.6 years.
- The region has a birth rate of around 16.6 births per 1,000 people, compared to Queensland's birth rate of around 11.7 births per 1,000 people.
- 70.3% of people in the region speak a language other than English at home.
- The rate of single parent families in the region is double the rate of single parent families for the whole of Queensland.
- The rate of multiple family households is 5 times more than the rate of multiple family households for the whole of Queensland.

### Housing and Homelessness

- The rate of homelessness in the region is 224.5 persons per 10,000 persons. For the whole of Queensland, it is 43.2 persons per 10,000.
- Around 83% of houses in the region are rented.
- The rate of home ownership (fully owned or being purchased) is very low at 8.8% when compared to Queensland at 63.5%.

### Social security and unemployment

- 19.5% of the population is on Job Seeker payments, compared to 5.7% for the whole of Queensland.
- In the June quarter of 2023, 18.5% of the regional population was unemployed, compared to just 3.7% for the total Queensland population.

### Education

- 62.2% of the population achieved year 11 or 12 as the highest level of schooling completed. This is similar to the whole of Queensland at 63.6%
- 8.6% of people in the region hold a bachelor's degree or higher qualification, compared to 21.9% for the whole of Queensland.

### Health and aged care

- The rate of diabetes in the region is 60% higher than the rate for the whole of Queensland. (7.2% compared with 4.5%)
- There are 6 aged care services across the region, and a total of 38 residential care places available. All residential care places are located in the Torres Shire.

### Socio-economics

- 83% of people in the region are in the most disadvantaged quintile for socio-economic disadvantage, compared to 20% for the whole of Queensland.
- 40% of families in the region are on an income of less than \$77,999, with 17.7% of families on an income of less than \$33,800. Only 6.9% of families in Queensland as a whole are on less than \$33,800.