



# Senate Select Committee on Supermarket Prices

Response to consultation  
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## Recipient

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Dietitians Australia acknowledges all traditional custodians of the lands, waters and seas that we work and live on across Australia. We pay our respect to Elders past, present and future and thank them for their continuing custodianship.

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## About Dietitians Australia

Dietitians Australia is the national association of the dietetic profession with over 8500 members, and branches in each state and territory. Dietitians Australia is the leading voice in nutrition and dietetics and advocates for the profession and the people and communities we serve.

The Accredited Practising Dietitian (APD) program provides an assurance of safety and quality and is the foundation of self-regulation of the dietetic profession in Australia. Accredited Practising Dietitians play an important role in reducing the impact of food insecurity.

This submission was prepared by members of the Dietitians Australia staff in collaboration with members following the [Conflict of Interest Management Policy](#). Contributors include Dietitians Australia members with wide ranging expertise in areas including public health, research, and academia.

## Summary

Dietitians Australia welcomes the opportunity to provide a submission to the Parliament of Australia Senate Select Committee on Supermarket Prices. While there are many important terms of reference for this inquiry, our responses focus on the impact of healthy and sustainable food systems as the cornerstone to protect the health and well-being of people and planet.

Current government regulations and policies have not been sufficient in controlling prices for food. Evidence demonstrates that increases in the price of essential items such as food may lead to food insecurity which increases the risk of chronic diseases in both adults and children, and impacts productivity and the ability for children to develop and learn.

Marketing techniques such as placement-based and price-based influence consumer purchasing behaviours. Evidence indicates that unhealthy foods and beverages are discounted more often than healthier alternatives, with larger discounts. This impacts on dietary intake and can also increase the risk of chronic disease and negatively impact on productivity.

A health levy on sugar-sweetened beverages is a publicly accepted and an evidence-based measure to reduce the impact of chronic diseases (long term cost savings), while generating immediate revenue to subsidise healthy foods and education programs.

Government-led mandatory regulation will be the most effective mechanism to support change and should be coupled with robust monitoring and enforcement mechanisms. Evidence suggests voluntary and industry self-regulation mechanisms have not been successful across food policies in Australia (or internationally).

Dietitians Australia believes that a healthy and sustainable diet must be nutritionally adequate, healthy and safe, have low environmental impact and be protective of natural resources and biodiversity, and be culturally acceptable, accessible, economically fair and affordable.

Responses to the terms of reference a, c, d, g, and l are provided below.

## Response to the terms of reference

### A. The effect of market concentration and the exercise of corporate power on the price of food and groceries.

Competitive markets are essential in creating competitive prices of goods and services. There is a current lack of competition in the supermarket industry. Current government regulations and policies have not been sufficient in controlling prices for food essentials. This has been highlighted as corporations have been able to charge more for their products, in some cases above and beyond the costs of production and rates of inflation amongst a cost-of-living crisis.<sup>1</sup> The Australian Council of Trade Union's Price-Gouging Inquiry will also examine concerns of the supermarket industry and pricing practices.<sup>2</sup>

Supermarkets have utilised policies to impact on food pricing and sustainability.<sup>3</sup> However, research suggests that these actions are unlikely to support affordability of nutritious foods.<sup>4</sup> Previous voluntary practices of price capping by major supermarkets have concluded.

### C. Rising supermarket profits and the large increase in price of essential items

Dietitians Australia strongly advocates for affordable and equitable access to a safe, nutritious, and adequate food supply. Dietitians Australia have provided responses to the Select Committee on the Cost of Living,<sup>5</sup> Inquiry into food security in Australia<sup>6</sup> and Inquiry into food production and supply in NSW.<sup>7</sup>

Large increases in the price of essential items, such as food, can lead to food insecurity. Food insecurity exists whenever the availability of nutritionally adequate and safe foods, or the ability to acquire acceptable food in socially acceptable ways is limited or uncertain.<sup>8</sup> Food insecurity rarely happens in isolation but rather in co-occurrence with economic, health and housing insecurity and other hardships.

Food insecurity is associated with all forms of malnutrition including overweight/obesity, and chronic diseases such as type 2 diabetes, heart disease and mental illness.<sup>9</sup> It impacts on health, quality of life, social and emotional well-being, and productivity.<sup>10</sup>

It is especially hard-hitting for children. For them, food insecurity can contribute to negative short- and long-term academic, social, emotional, physical, and developmental effects,<sup>11,12</sup> in turn having long-lasting impacts on communities, societies, and economies. In response to increasing prices, households commonly make sacrifices in the quality and amount of food purchased to be able to pay other bills.<sup>12</sup>

In Australia, food security is not measured at a population level regularly or consistently. Through the 2011/2013 Australian Health Survey it was estimated that 4% to 13% of the general population were food insecure; and 22% to 32% of the Indigenous population, depending on location.<sup>11</sup> There is a

critical need to implement a routine, robust food security monitoring and surveillance system in Australia.

Dietitians Australia welcomes a number of recommendations from the Australian Parliament's Standing Agriculture Committee's inquiry into food security in Australia report; including to improve the collection of data on household food insecurity.<sup>13</sup>

#### **D. The prevalence of opportunistic pricing, price mark-ups and discounts that are not discounts**

Dietitians Australia strongly advocates for consideration of the marketing techniques including placement-based and price-based, which can incentivise unhealthy food consumption.<sup>14</sup>

Food purchases in Australia occur mostly from retail food environments. This includes major supermarkets, and smaller outlets such as convenience stores, butchers, fish mongers, bakeries, delis, and fresh food markets.<sup>15</sup> In the major supermarkets, research has found that 80% of display space at checkouts and at end-of-aisle displays are for unhealthy foods.<sup>16</sup> These unhealthy foods and beverages are discounted more often than healthier alternatives, with larger discounts.<sup>17,18</sup>

In-store marketing techniques have been shown to influence consumer purchases and increase sales.<sup>19</sup> Evidence shows that food and beverage price promotions can increase consumer purchases, over and above what would be expected for a given food category if the promotion was not in place.<sup>20</sup>

The National Preventive Health Strategy includes a policy objective to restrict the promotion of unhealthy food and drinks at the point of sale and end-of-aisle in prominent food retail environments, and increase the promotion of healthy food options by 2030.<sup>21</sup>

The objective is considered a feasible approach, as demonstrated by the Woolworths Group who in July 2023 developed a policy related to in-store food marketing by stating they would remove 'kids' confectionary from checkouts and increase healthier food choices (with a Health Star Rating<sup>22</sup> of 3.5 or above) at the end of food aisles.<sup>23</sup>

#### **G. Improvements to the regulatory framework to deliver lower prices for food and groceries**

Dietitians Australia supports improvements to regulatory frameworks including clear monitoring and enforcement mechanisms. Reviews which address food policies such as marketing and reformulation show that mandatory government-led policies are more likely to be effective compared to industry self-regulation.<sup>24,25</sup>

Dietitians Australia strongly advocates for the implementation of financial levers to promote and subsidise nutritious food choices and community education programs. A minimum 20% health levy on sugar-sweetened beverage is a publicly accepted<sup>26,27</sup> and an evidence-based measure to reduce intake and the associated diet-related health outcomes.<sup>28-33</sup> The inverse relationship between food prices and food purchases and consumption indicates that levies can reduce, and subsidies can

increase, consumption of targeted foods including fruits and vegetables along with education programs.<sup>34</sup>

Mandating a health levy on sugar-sweetened beverages is recommended by the World Health Organization and is consistent with international best practice.<sup>35</sup> Australia lags behind at least 85 countries implementing a health levy or tax on sugar-sweetened beverages.<sup>35</sup> Consideration of tax reform and use of pricing policies to reduce intake of sugar-sweetened beverages are actions recommended under the National Preventive Health Strategy<sup>21</sup> and National Obesity Strategy.<sup>36</sup>

Sugar-sweetened beverages are suitable for a health levy for several reasons, including that the product category is well-defined, they provide minimal to no nutritional benefit, consumption has been associated with excess weight gain, dental decay leading to dental caries and other chronic diseases – all of which are high in prevalence in Australia.<sup>37</sup> Additionally, over one third of Australian adults and almost half of children consume sugar-sweetened beverages at least once a week.<sup>37</sup> Adolescents and young adults are the highest consumers of sugar-sweetened beverages.<sup>37</sup>

In 2021 the AMA estimated that the rise in annual revenue from levies on sugary beverages could be between \$749 million to \$814 million.<sup>38</sup>

#### **I. The role of multinational food companies in price inflation**

Dietitians Australia advocates for the inclusion of research from The Lancet 2023 Breastfeeding Series,<sup>39</sup> using commercial milk formula as an example of the political economy of multinational food companies. In particular, paper three explores the power of corporate and financial actors with interests in expanding markets. For example, global commercial milk formula sales have grown 37-fold between 1978 and 2019, from US\$1.5 billion to \$55.6 billion annually. A limited number of companies control many of the sales.<sup>40</sup>

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