

02 February 2024

Committee Secretary  
Select Committee on Supermarket Prices  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

To the Committee Secretary & Senators,

**Re: Supermarket Prices**

I thank all representatives for establishing this incredibly necessary inquiry. I am a young nursing student who works in disability care. I'm passionate about politics, and I'm passionate about everyone getting a fair chance in life, regardless of their circumstances. These horrific supermarket prices have not been giving any regular Australian a fair chance.

Both myself, my partner, and my parents have been struggling due to these prices. And yet, we hear of farmers struggling and getting undercut. Why should it be legal for both of these to occur simultaneously? My Dad is on slightly above median wage, and my Mum is on more than that. And yet they're having money struggles due in part to supermarket pricing. It should not be possible for people of their calibre to stress over the cost of dinner. And yet here we are.

My key issues are as follows:

- Coles and Woolworths have been charging an absurdly high profit margin on basic items like fruit, vegetables, and particularly meat.
- Coles and Woolworths are clearly able to charge much less for these basic items, and yet refuse to.
- Coles and Woolworths face no consequences when they breach basic consumer rights, such as the right to get charged at the checkout the same amount that is listed on the shelf.
- Coles and Woolworths have a duopoly over the market of essential goods, such that the regular argument of "vote with your money" or "go shop elsewhere" cannot work, as many items are only stocked by these two companies, and these companies have overrun small, local grocers, meaning that many places have no access to any other store.

My proposed solutions are:

1. Provide education on consumer rights for Australians.
2. Provide easier access to options to report breaches of consumer rights by supermarkets.
3. Provide additional enforcement of consumer rights, such as “secret shoppers” who ensure that the prices charged at the register is the same as listed on the shelf.
4. Either:
  - a. Strictly regulate profit margins on essential goods such as fresh fruits, vegetables, and meat; or
  - b. Establish a publicly owned, publicly accountable supermarket for essential goods.
5. Ensure that it is illegal for supermarkets to use artificial intelligence to lock customers in stores if the AI determines that they may not have paid for items.
6. Ensure that savings in cost are passed onto customers.
7. Ensure that supermarkets increase the amount of employees per store by reducing the number of checkouts run by workers.
8. Ensure that takeovers of small, local grocers are overseen and able to be objected to.

I outline my cause for believing in these issues, and my reasons for supporting these solutions, below.

### **Effect of the Announcement of the Inquiry**

Firstly, I’d like to mention the actions which Coles and Woolworths have taken since the announcement of the present Inquiry which express their knowledge of their guilt.

Since the announcement of the Inquiry, uncharacteristically many items have had notices placed on their shelves stating that the checkout has been charging a price higher than the price listed on the shelf, or that the store “incorrectly” did not maintain a price-lock guarantee. This is very clearly illegal, and it is also very clearly predatory. These notices have reported items such as milk, bread and cereal have been in breach of these guarantees for months prior to the announcement of the inquiry.

This is problematic, not only because it is illegal, but because it is near impossible for consumers to be reimbursed for these breaches. For example, I love Kellogg’s Crunchy Nut cornflakes, and eat them with full cream milk. Coles Cambridge Garden has recently put up a notice stating that they’ve been charging approximately 50 cents more than the listed price for those cornflakes, and a notice stating that they did not abide by a price guarantee for the full cream milk. The notices direct customers to the service desk, where I’d assume a customer would have to present a receipt in order to get reimbursed.

Over my plenty of grocery trips to that store, I have retained no receipts. Because why would I? It’s my regular grocery shop. Thus, I am eligible to no reimbursement.

Additionally, one may state that I should have remembered the price listed on the shelf, and cancelled the item when I noticed that the price charged was different. Firstly, unless one has photographic memory, there's no way that one can remember the listed price for every single item in their cart. Secondly, due to the overwhelming presence of self-serve registers (which drive out employees, but more on that later), it's a true challenge to take an item off your order once you've scanned it.

A notice simply does not cut it for these kinds of breaches. Coles and Woolworths should be subpoenaed for each breach of consumer rights, and fined at the maximum amount possible under law for each breach. The fact that these notices only began cropping up after the announcement of the Inquiry goes to show that these stores have been complicit in these breaches, and simply do not care.

Another thing which has occurred in response to the announcement of the Inquiry is the overwhelming presence of sale stickers. At least half of every aisle has sale stickers on it in the last month. This goes to show that these huge companies very well could have been charging less for these items, and simply have chosen not to.

### Prices and Costs

Woolworths and Coles were quick to blame "inflation" for their high prices. This excuse doesn't stand up to more than a second of rational thought. I suggest that the Committee may request a submission from the Australian Statistician for a more in-depth analysis of what I am about to argue. I understand that I write to knowledgeable Senators, however I ask that I be permitted to make this point.

Firstly, let us establish the force of inflation felt by consumers. We shall consider the Consumer Price Index (CPI). The price of all goods contribute to the CPI, with everyday goods (such as essential groceries) contributing more to the CPI than luxury goods. I shall lay out some comparisons in the following table.

All groups, weighted national average	
Total % change ...	
Over the last 4 quarters	4.05%
Over the last 12 quarters	16.13%
Since the Dec-19 quarter	17.13%

This means that, since the beginning of the pandemic, prices for consumers have risen 17.13%. Now, one way to consider the explanation of "inflation" given by Coles and Woolworths is by comparing this number to the Consumer Price Index change in the group of groceries.

Food and non-alcoholic beverages, weighted national average	
Total % change ...	
Over the last 4 quarters	4.46% (+0.41)
Over the last 12 quarters	16.21% (+0.08)

Since the Dec-19 quarter	18.84% (+1.71)
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Well, there you go. The cost of food and non-alcoholic beverages has outpaced the cost of everything else by each of those metrics since the beginning of the pandemic. But, shall we consider the cost of producing these goods as well? I think we shall.

In comes the Producer Price Indexes. These measure the cost of producing goods for retail, both at the point of input from primary producers, and at the point immediately prior to sale (the output).

Inputs, average of selected groups	
Total % change ...	
Over the last 4 quarters	6.81%
Over the last 12 quarters	22.65%
Since the Dec-19 quarter	25.15%

Note: Groups selected were: mushroom and vegetable growing; fruit and tree nut growing; sheep, beef cattle, and grain farming; other crop growing; dairy cattle farming; poultry farming; and other livestock farming.

So, the price for farmers has risen quite a lot since the beginning of the pandemic. Thus, we should see that the price for supermarkets has risen by a similar amount, as that would mean that farmers are getting their fair share.

Outputs, average of selected groups	
Total % change ...	
Over the last 4 quarters	-0.50%
Over the last 12 quarters	16.75%
Since the Dec-19 quarter	16.26%

So, not only are farmers not getting their fair share, but the price for consumers has risen more than “inflation” has caused. The cost for food for consumers over the past year is almost 5 percentage points higher than the cost for the supermarkets was, and farmers have absorbed over 7 percentage points worth of price change. This is frankly daft. This means retailers have been forcing farmers to make less money, and yet have still been pushing higher prices onto consumers.

Not only that, but Woolworths and Coles have both claimed record breaking profits recently. I beg them to explain how prices are rising purely due to inflation, and not due to their own corporate greed. Record breaking profits don’t come about in a period of heightened inflation.

## Competitors

Woolworths and Coles are undoubtedly the supermarket giants in Australia. They have forced many small, local supermarkets out of business, and have taken over their locations

using their unprecedented bargaining power. The duopoly holds an overwhelming market share, and uses this to obtain a large amount of stock and variety.

Meanwhile, Aldi offers essential items for a fraction of the price that the duopoly charges. With reduced bargaining power due to lesser market share, Aldi should be forced to charge more for products. However, I can get meat and veggies from Aldi without anywhere near as much stress as the duopoly invokes.

Case open and shut.

### **Cost of Living Pressure**

As the cost of groceries is intrinsically tied to the cost of living (because, well, one has to eat to stay alive) it is important to mention the stresses that grocery costs cause people. In the past two years, I've gone hungry many nights because of the filthy price gouging behaviours of the duopoly. I've sobbed because of how stressed I was due to grocery prices.

Additionally, I genuinely have not been able to eat well because of the prices of good, healthy food. It's so much cheaper to get confectionary and microwavable meals than to cook a nutritious dinner. It's only thanks to my recent acceptance by Centrelink that some of this stress has been eased.

However, this means that this government assistance goes straight from my pockets (whilst I am studying for an essential job) right into the pockets of the duopoly, who horde this money to make record profits.

This government assistance should be used to pay rent, pay for parking on my placements, etc. However, all it does is pay shareholders.

### **Profits**

Now I address why these absurd profits are immoral and what can be done about it.

In Australia, we are privileged enough to support those of us who are not fortunate, regardless of their circumstances. We provide essential healthcare services to our citizens free of charge, because we know that anything can happen to anyone, and that everyone deserves to live, regardless of how rich they are, or what family they were born in. We provide essential, life-changing disability care through the NDIS, because we know that anyone can become disabled at any point in life, and that those who become disabled are not at fault for this, and deserve to live a promising, fulfilling life. We subsidise care for our elderly, because we know that it is the responsibility of one of the greatest countries on the planet to care for those who cannot care for themselves.

And yet, we let supermarkets make billions from essentials. We allow supermarkets to set whatever price they want on rice, bread, or milk. We allow a duopoly to be established, and allow that duopoly unrestricted oversight on how much a person should be forced to pay to get some vitamin C, or to put some protein in their diet.

It's disgusting.

We allow supermarkets to charge an arm and a leg for some low-fat meat, and yet when the population gets obese we call on the taxpayer to pay for their healthcare? We allow supermarkets to charge a fortune for fresh vegetables, and yet when the population falls ill,

when the population gets scurvy, we call on the taxpayer to pay for their healthcare? Why should we, when it's the supermarkets who are making this happen. Why should we allow Coles and Woolworths to do whatever they want, and then force the consequences onto the taxpayer? I say that we should not.

I believe we must either regulate the profit margins of all those in the food sector, from farmers to grocery stores, or we establish a publicly owned and accountable supermarket chain which sells only the essentials, and for only enough to cover their costs. Or, once we get a healthier country due to the availability of fresh fruits and veggies, we can use some of the savings in the healthcare sector to further subsidise this hypothetical chain, such that it doesn't even need to cover its costs.

I ask the Senators to consider my proposal. It doesn't need to be anything fancy. All it needs to be is some fresh fruit and veg, maybe some meats and some milk. That's it. Then we'll be able to get fairer pay for farmers, and fairer costs for the consumers who need it. If you want skim milk, oat milk, almond milk, goats' milk, etc., you can obviously afford to go to Coles or Woolworths, but if you just need something to eat, a government run store should have your back.

## **Conclusion**

It's genuinely a disgrace to live in such an advanced country when so many hard working Australians are so immensely stressed over basic foods. Why do we support our disabled friends, our grandparents, and our injured and frail, and yet we don't support those less well off? This must change. There must be true consequences for the duopoly for their hand in this evil.

There must be stronger consumer rights, with easier enforcement mechanisms.

We must give genuine cost of living relief where it matters. Australians are struggling to eat. Australians are starving. We must relieve our fellow citizens of their greatest stress.

I call on the Government and the Legislation to: take immediate pecuniary action against Coles and Woolworths; regulate profit margins; and begin work on a publicly-owned supermarket chain.

Thank you for your consideration,

Geordan Nicholson.