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Submission to the Mandatory Food and Grocery Code: exposure draft regulations

October 2024

The Office of Northern Australia (ONA) is the Australian Government's policy advisor and coordinator for economic development and liveability issues of relevance to northern Australia. The ONA oversees the government's northern Australia policy agenda to achieve sustainable and resilient northern economic and social development. The ONA supports the Northern Australia Ministerial Forum and working group, works collaboratively with the northern jurisdictions, community and industry representatives and its partners, and supports First Nations economic participation, including through the Northern Australia Indigenous Reference Group.

The ONA sits within the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The (ONA) welcomes the opportunity to provide a submission to the Mandatory Food and Grocery Code.

We understand some of the points made in our submission are outside the current scope of the proposed Mandatory Code, which is for grocery businesses with an annual revenue exceeding \$5 billion. However, we feel it is important to highlight the impacts of poor food and grocery competition in northern Australia.

The ONA asks that the Code include action to protect the needs of small regional, remote and First Nations communities which rely on smaller grocery retailers. While we note the proposed code will only be mandatory for supermarkets with an annual revenue exceeding \$5 billion and is focused on the impact of supermarket behaviour on suppliers, rather than direct consumer experience, it is critical that the Code consider:

- food security in remote First Nations communities is a national priority. Essential groceries are often over 50 per cent more expensive in remote communities than in regional supermarkets, are inconsistently available and can be lower quality, due to genuinely higher operating costs and long, fragile supply chains; and
- the [Northern Australia Action Plan 2024–2029](#) shows the cost of food is higher in northern Australia, due to thin markets, low population, cost of doing business and a lack of competition. Analysis of data available for WA in 2023 shows a basket of common goods and services in the Pilbara and Kimberley regions were on average 15 per cent and 9 per cent respectively more expensive than Perth.

The ONA asks that the updated National Competition Policy consider the specific needs of the north and the impacts of the small population, thin markets, low organisational capacity and high delivery costs.

- The cost of delivering food to Darwin is \$698 per tonne, to outback WA it is \$400 per tonne and to Townsville is \$292 per tonne. This compares with \$46 per tonne to inner city Sydney and \$71 per tonne to Victoria. The cost of transporting livestock from Darwin is \$90 per tonne and, from Cairns, \$107 per tonne, compared with \$64 per tonne from NSW and \$29 per tonne from Victoria. To a large extent these costs are driven by the longer distances involved in travelling in northern Australia and the lack of competition, but without the economic opportunity to produce and transport goods, the north will suffer significantly, economically and socially.
- In its submission to the Senate Select Committee on the effectiveness of the Australian Government's northern Australia agenda, the Australian Logistics Council noted the lack of adequate telecommunications

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Page 1 of 2

OFFICIAL

across regional areas is impeding the implementation of the National Freight and Supply Strategy and asked that more attention be focused on rectifying telecommunications blackspots across northern Australia - in particular, along freight routes.

- On 19 June 2024, the Queensland Government announced an increase to the subsidy on essential goods (milk, bread, fruit and vegetables and detergent) from 5.2 per cent to 20 per cent to help relieve cost of living pressures for residents across the Cape York, Torres Strait and Gulf regions. Torres Strait Regional Councils have requested the Australian Government look at a longer-term response similar to the Tasmanian Freight Equalisation Scheme.

If you would like more information please contact northernaustralia@infrastructure.gov.au