



Submission to the National Strategy for Food Security in Remote First Nations Communities Consultation

August 2024

About Us

CHOICE

CHOICE is the leading consumer advocacy group in Australia. CHOICE is independent, not-for-profit and member-funded. Our mission is simple: we work for fair, just and safe markets that meet the needs of Australian consumers. We do that through our independent testing, advocacy and journalism.

To find out more about CHOICE's work visit www.choice.com.au/campaigns

CCLSWA

CCLS champions the financial rights of Western Australians on credit, debt and consumer law issues.

- We ensure people in Western Australia are treated fairly in the financial marketplace by providing free, confidential legal advice through our Telephone Advice Line.
- We provide legal representation to people experiencing vulnerability and disadvantage so that they can access justice.
- Our community legal education programs empower West Australians experiencing vulnerability and disadvantage to understand their rights and avoid financial pitfalls.
- We help other service providers, including financial counsellors and community support workers, to understand and support their clients' financial rights.
- We are a voice for change so that financial systems and consumer laws are improved for all.

FCA

Financial Counselling Australia (FCA) is the national voice for the financial counselling profession in Australia. We are a not-for-profit organisation which provides resources and support for financial counsellors and works to raise awareness about the availability and value of financial counselling. FCA advocates for a fairer marketplace for consumers and aims to improve hardship processes for people in financial difficulty. We coordinate the National Debt Helpline and manage the Small Business Debt Helpline. Our vision is for an Australia with fewer people in financial hardship.

FRLC

Financial Rights is a community legal centre that specialises in helping consumers understand and enforce their financial rights, especially low income and otherwise marginalised or vulnerable consumers. We provide free and independent financial counselling, legal advice and representation to individuals about a broad range of financial issues. Financial Rights operates the National Debt Helpline, which helps NSW consumers experiencing financial difficulties. We also operate the Insurance Law Service which provides advice nationally to consumers about insurance claims and debts to insurance companies, and the Mob Strong Debt Help services which assist Aboriginal and Torres Strait Islander Peoples with credit, debt and insurance matters.

ICAN

ICAN provides consumer education, advocacy, and financial counselling services to people across north and far north Queensland. The majority of our clients identify as First Nations peoples and our vision is “Empowering Indigenous Consumers”.

The people our service works with are strong, resilient, and knowledgeable about their lives and communities. However, structural barriers and an uncompetitive marketplace in remote and regional communities create conditions in which exploitation can occur. The cost of living is unacceptably high, with basic food and necessities costing significantly more than in cities and large regional centres. Employment is limited, and regional centres are susceptible to significant events such as pandemics, industry downturns and climate disasters. Housing is limited and costly, and the consequent rate of homelessness and overcrowding is unacceptably high. Cars are essential items in the family home as they are the only form of transport and pose a significant upfront and ongoing expense. The significant number of bank closures in rural, regional and remote Australia has created significant barriers to accessing essential banking services for people in this region. It is against this backdrop that ICAN has long advocated for improved food security and greater financial inclusion in remote communities.

Mob Strong

Mob Strong Debt Help is a free nationwide legal advice and financial counselling service for Aboriginal and Torres Strait Islander people. The service specialises in consumer finance (such as credit cards, pay day loans and car loans), banking, debt recovery and insurance (including car, home, life and funeral insurance).

Since 2016 Mob Strong Debt Help has been led by Aboriginal and Torres Strait Islander staff, supported by all our colleagues at Financial Rights. Our team is small but dedicated, and includes solicitors, policy advocates, financial counsellors and a student financial counsellor

Contents

About Us	2
Contents	4
Introduction	5
Recommendations	6
Stores	8
Healthy food is costly and not always available	8
Pricing practices are inconsistent	9
Some stores don't always display prices	10
Stores aren't required to display unit pricing	11
Supermarkets use confusing pricing practices	13
Stores lack price transparency	15
Consumers are excluded from app-only and member-only discounts on essentials	16
Payment methods and access to cash need further consideration	17
Internet access is limited	18
Communities will benefit from a strong code of practice	19
ACCC Supermarkets Inquiry 2024-25 should be considered	20
Supply chains	20
Transparency	20
The role of subsidies should be considered	20
Healthy Economies	21
The remote area allowance is clearly inadequate	21
The role of competition should be considered	22
Policies, practice and governance	22
Complaints handling	22

Introduction

CHOICE, Consumer Credit Legal Service Western Australia (CCLSWA), Financial Counselling Australia (FCA), Financial Rights Legal Centre (FRLC), Indigenous Consumer Assistance Network (ICAN) and Mob Strong Debt Help (Mob Strong), welcome the proposed National Strategy for Food Security in Remote First Nations Communities (the Strategy). While we generally support the target outcomes, underpinning principles and focus areas proposed in the Strategy, this submission primarily focuses on further improvements that should be made to measures related to stores, supply chains, healthy economies, and policies, practice and governance.

Every Australian should be able to access food and groceries at fair and reasonable prices regardless of where they live, but many remote communities face significant challenges in accessing affordable food and groceries. Communities living in remote areas should not be disadvantaged because of their geographical location.

The first goal of the Closing the Gap targets and outcomes is to ensure everyone lives long and healthy lives with a target of closing the gap in life expectancy within a generation by 2031.¹ The second goal is to ensure children are born healthy and strong with a target of increasing the proportion of First Nations babies with a healthy birth weight to 91 per cent.² For the 15%, or 150,900, First Nations peoples living in remote and very remote areas³, these goals can only be achieved when food security is achieved.

It is essential that the Strategy meaningfully contributes to closing the gap between First Nations people and non-First Nations people in Australia. CHOICE, CCLSWA, ICAN, FCA, FRLC and Mob Strong welcome the Strategy as a positive next step in improving the affordability and accessibility of food and groceries in remote First Nations communities.

We urge the NIAA to strengthen the Strategy through exploring the role of price caps on essential food and grocery items in consultation with community, recommend a mandate to display prices in store and regulations for informal credit schemes, introduce a price monitoring tool that records historical data that is accessible in real time, consider subsidies for freight across the country and significantly raise the remote allowance payment.

These initiatives will work to reduce grocery prices, improve accessibility and help close the gap for First Nations people living in remote communities.

¹ Closing the Gap, Closing the Gap target and outcomes, accessed at: <https://www.closingthegap.gov.au/national-agreement/targets>

² Ibid

³ Australian Institute of Health and Welfare, 2 July 2024, Profile of First Nations People, accessed at: <https://www.aihw.gov.au/reports/australias-welfare/profile-of-indigenous-australians>

Recommendations

The NIAA should strengthen the Strategy by:

Stores

1. Designing and implementing an affordable pricing policy in consultation with remote communities, which may include price caps for basic goods in remote communities.
2. Designing and implementing a process for remote community stores to be regularly monitored for quality and quantity of stock and prices by an appropriate body.
3. Recommending that the display of pricing information be made mandatory on all items in stores operating in remote communities. This could be dealt with in the proposed national industry code.
4. Recommending an expansion of the Grocery Unit Pricing Code to include remote stores irrespective of size.
5. Recommending an expansion of the Grocery Unit Pricing Code to include a specific and prescriptive mandatory labelling standard.
6. Recommending further resourcing of the ACCC to monitor and enforce the Grocery Unit Pricing Code.
7. Recommending that the Government introduce a mandatory information standard for stores that ensures their pricing and discounts are clear and consistent with consumer expectations.
8. Implementing a national consistent price monitoring and comparison mechanism that includes both historical and current data on pricing across all remote community stores.
9. Recommending that the Federal Government prohibit supermarkets' use of app-only and member-only discounts on essential items, which could include basic products such as fruit, vegetables, milk, bread, baby formula, sanitary items and pharmaceuticals.
10. Recommending the regulation of informal credit schemes such as book up.
11. Recommending an education program for remote communities around informal credit schemes such as book up.
12. Ensuring effective engagement with future decision-making processes around access to cash and its impact on remote communities.
13. Considering ways to improve access to the internet and the promotion of digital inclusion in remote communities, including the recommendations of the First Nations Digital Inclusion Advisory Group interim report.
14. Considering how to increase the availability of fee free ATMs in remote locations that are separate to venues with a requirement of entry.
15. Recommending the proposed code of practice be made mandatory for all remote stores with an income threshold for certain conditions of the code and expanded to include standards for price labelling, rules for internal dispute resolution and the availability of healthy food and groceries.
16. Incorporating any relevant recommendations from the ACCC Supermarkets Inquiry.

Supply chains

17. Exploring the potential of supply chain price transparency and the publishing of data on supply chain costs and how this could impact prices.
18. Considering the role of subsidies for freight on essential food and grocery items.

Healthy Economies

19. Recommending the Government increases income support for people living in remote communities to better reflect the high cost of living, without waiting for the outcome of the review.
20. Recommending an ACCC market study to consider the competitiveness of supermarkets in remote and regional areas, by collecting and analysing data to better understand the supply chain for food and groceries in remote communities.

Policies, practice and governance

21. Recommending the Government provides support and funding to the ACCC and state and territory fair trading bodies to handle complaints from consumers in remote locations, and that the ACCC and state and territory fair trading bodies invest in training for cultural competency to enable consumers to make complaints about remote stores.
22. Recommending the Government mandates signage at the front of every remote store that clearly conveys where consumers can complain if they have any issues.
23. Recommending the Government supports consumer protection and engagement in regional and remote areas through increased funding for consumer advocacy, financial counselling and legal services organisations.

Stores

We agree that stores are an important focus area for the Strategy and broadly agree with the draft intended outcomes and draft actions outlined, but the Strategy should be strengthened by introducing further measures that ensure food is affordable, available and priced fairly and transparently.

Healthy food is costly and not always available

Healthy, quality food items in remote community stores generally cost more than metro areas. In 2023, the Northern Territory market basket survey revealed that the average cost of the 'Healthy Food Basket', a basket of goods based on the Australian Dietary Guidelines intended to feed a family of six for a fortnight, in remote stores was 40% higher than the average district centre supermarkets. Compared with 2021, the average cost of the Healthy Food Basket had increased by 13% in remote stores and increased by 22% in supermarkets in 2023.⁴

The high prices, and limited availability, of healthy food are a contributing factor in poorer health outcomes for First Nations peoples in remote communities. First Nations peoples living in remote areas were significantly more likely, at 21%, than those in non-remote areas, at 9%, to have diabetes according to the Australian Institute of Health and Welfare.⁵ First Nations peoples aged 2 and over in remote areas were also more likely to report cardiovascular disease at 18% than those in non-remote areas at 11%.⁶



Image 1: Photo taken of baby formula found in a community store in Far North QLD

⁴ Northern Territory Government, NT Market Basket Survey 2023 - Key Findings, accessed at: <https://data.nt.gov.au/dataset/nt-market-basket-survey-2023>

⁵ The Australian Institute of Health and Welfare, The health and welfare of Australia's Aboriginal and Torres Strait Islander peoples: 2015 accessed at: <https://www.aihw.gov.au/reports/indigenous-australians/indigenous-health-welfare-2015/contents/health-disability-key-points>

⁶ Ibid

The NIAA should consider developing an affordable pricing policy in consultation with remote communities as a part of the Strategy. We encourage the consideration of measures such as price caps and subsidies to bring down the cost of essential food and groceries.

A range of healthy food items isn't always available. In some stores, signs can be found encouraging the uptake of healthier fresher foods like fruit and vegetables (image 2). However, we have heard from financial counsellors that often healthy foods are the first to go once delivered to stores, and are not as easily restocked as pre-packaged or unhealthier options that have a longer shelf life. We encourage the NIAA to consider introducing a means of regularly monitoring remote stores to ensure there is sufficient quantity and quality of stock and prices.



Image 2: Healthy options promoted at Yirrkala Community Store in June 2024. Photo: Bettina Cooper

Recommendations:

The NIAA should strengthen the Strategy by:

- 1) Designing and implementing an affordable pricing policy in consultation with remote communities, which may include price caps, for basic goods in remote communities.
- 2) Designing and implementing a process for remote community stores to be regularly monitored for quality and quantity of stock and prices by an appropriate body.

Pricing practices are inconsistent

The types of stores found in remote communities vary, resulting in inconsistent pricing practices between stores. While some communities have one of the major supermarket chains like a Coles or Woolworths, others have a Commonwealth owned Outback Store, or only have access to privately owned stores. The range and types of stores result in inconsistencies in how food and groceries are priced and displayed across communities. Some stores do not provide any price labels, many are not required to provide unit pricing, so don't, and the major supermarkets continue to use confusing pricing practices – and all stores lack transparency in their pricing.

Some stores don't always display prices

Pricing information is not always displayed in remote community stores, making it difficult for consumers to budget and also potentially allowing stores to charge higher prices than they'd otherwise be able to. In some stores, consumers only find out the price of their chosen products when they take them to the counter – and this is often only the total amount.

Yirrkala in the Northern Territory is 1,037km away from Darwin and a 30 minute drive to Nhulunbuy, which has a Woolworths. However, there is no public transport between Yirrkala and Nhulunbuy and many people do not have their own car, leaving communities reliant on expensive taxi services that may hold debit cards if the consumer can't pay.

Yirrkala Community Store is the only provider of food and groceries in the community and is one of the locations where a financial counsellor we spoke to reported inconsistencies in how pricing information is communicated. Some labels could be found across the store, but there were many cases where no price was provided, for both healthy and unhealthy products (images 3 & 4).



Image 3 (left): Unpriced frozen vegetables. Image 4 (right): Unpriced packaged cracker and meat products. Images captured at Yirrkala Community Store in June 2024. Photo: Bettina Cooper

Whilst the ACCC has developed guidance on how prices should be displayed, and stores over 1,000 square metres selling certain grocery items must follow the Unit Pricing Code, there's little to prevent remote community stores choosing not to display prices altogether. Without price labels, consumers are unable to calculate how much they are able to purchase, how much products cost, compare different products and prices and make informed purchasing decisions.

In 2018, Community Credit Legal Service Western Australia (CCLSWA) made a complaint on behalf of a client to Consumer Protection WA in regards to a community store failing to display prices for goods and charging significantly above the recommended retail price (RRP). In this instance, the client purchased a mop bucket from the store for \$69 in February 2018. The price of the mop bucket was not displayed in the store and the client was only made aware of the price once it was scanned at the checkout. Online research later revealed that the bucket and mop was available for \$41 at other retail stores.

Consumer Protection WA raised the matter with the store and a regional officer was sent to visit the store. They found some surplus stock unpriced but other items had clearly marked prices. The store also argued that charging prices significantly above the recommended retail price was justified for a range of commercial reasons such as limited purchasing power and high freight charges. The Department determined to take no further action, but the complaint was recorded in their database for reference should any future complaints arise. As noted later, consumers face barriers to making a complaint about a remote store so a more proactive regulatory compliance approach, less reliant on individual complaints, would be valuable. We have also made recommendations about improving the complaints process (see recommendations 21, 22 & 23).

Failing to display prices of goods means a consumer is only able to obtain a price when they reach the counter to pay for the goods. At this point of sale, a consumer is more likely to be enticed to proceed with the transaction. They have already selected the product and are less likely to change their mind. They may be self-conscious or feel humiliated if they cancel a transaction once the price has been 'scanned' if doing so may imply that they can not afford the good. Equally, by the time the price of the good is disclosed to the consumer, they are about to pay for the good and may be induced into believing that the price is fair and reasonable. The lack of alternative services and suppliers in remote communities means that it is unlikely that the consumer will walk away from the sale.

To ensure consumers in remote communities are able to make informed decisions with the already limited stores available, clearly displaying the price of all food and grocery items sold in stores should be made mandatory.

Recommendation:

- 3) The NIAA should strengthen the Strategy by recommending that the display of pricing information be made mandatory on all items in stores operating in remote communities. This could be dealt with in the proposed national industry code.

Stores aren't required to display unit pricing

Unit pricing is an important resource for consumers to quickly compare the value of different products in stores, but smaller format stores, like those in remote areas, are not currently required to display the cost per unit on groceries. Unit pricing enables people to make informed decisions and ensures they are able to get the most value for their money by comparing products to find the cheapest price. While it is mandatory for larger format stores (stores with more than 1,000 square metres of floor space) that sell a specific range of grocery items such as Coles and Woolworths, the smaller size of many remote stores means unit pricing is unavailable (Images 5 & 6).

CHOICE is very supportive of extending the mandatory Code obligations to remote community stores, irrespective of size. People in remote communities often only have one store in which they will spend large amounts of money, yet these stores are not covered by the mandatory code, and communities can't rely on stores voluntarily displaying unit pricing to help consumers make informed purchasing decisions.

Even in stores where unit pricing is displayed, there are a number of inconsistencies across and within stores. Different font sizes and types are used, which can make it difficult for consumers to notice and read. The Unit Pricing Code does not currently outline how a unit price should be presented, so the code should include a specific and prescriptive mandatory labelling standard outlined in detail for all retailers to ensure unit pricing is not left open to interpretation and subsequently difficult to enforce.



Images 5 and 6: Two images of different brands of washing powder that do not display unit pricing - Captured at Yirrkala Community Store in June 2024. Photo: Bettina Cooper

We also support further resourcing of the ACCC to prioritise the monitoring and enforcement of compliance with the Unit Pricing Code.

Recommendations:

The NIAA should strengthen the Strategy by:

- 4) Recommending an expansion of the Grocery Unit Pricing Code to include remote stores irrespective of size.
- 5) Recommending an expansion of the Grocery Unit Pricing Code to include a specific and prescriptive mandatory labelling standard.
- 6) Recommending further resourcing of the ACCC to monitor and enforce the Grocery Unit Pricing Code.

Supermarkets use confusing pricing practices

Major supermarkets like Coles and Woolworths advertise how they're helping people save during the cost of living crisis by pointing to their specials and promotions as ways that people can make their grocery basket cheaper. However, we are concerned that major supermarkets are using a number of confusing pricing strategies that make it difficult for consumers to know if they are getting a genuine discount or not.

Supermarkets use a range of confusing pricing tactics, including:

- **'Was/now' pricing** that allows supermarkets to choose a point in the past when the product price was higher and provide a comparison of the higher and lower prices to show a discount. This pricing practice doesn't always show the full picture of price changes between those points in time to the consumer because supermarkets do not publish historical pricing data. Supermarkets could select a point in time many years ago when the price of the product was artificially high for only a short period of time and ignore other fluctuations in price since then – including potentially ignoring points in time when the product was cheaper than the current 'Now' price.
- **Specials and discounts that omit important contextual information** like the previous price or discount amount. This makes it difficult for consumers to verify claims that a product is discounted. This practice may lead consumers to believe that products are more discounted, or better value, than they actually are.
- **Tags that are designed and marketed to look like special discount offers** when the product isn't actually discounted. These labels use bright colours and say things like 'down down', 'everyday low price', 'super savers', 'while stocks last', 'prices dropped', 'new price' etc. These tags may lead consumers to believe the product is discounted when it isn't discounted at all. In a busy supermarket environment, it would be easy to mistake the promotion as a discount.

In February 2024, CHOICE conducted a new nationally representative survey of consumers that shows many people are confused by the pricing practices used by major supermarkets. Over 1000 people were surveyed by CHOICE about their understanding and interpretation of various sales tags and marketing claims. Respondents were asked if they could tell if a variety of real price tags photographed in Woolworths, Coles and Aldi stores represented discounts on the usual price and how easy and quickly they were able to determine whether it was a discount or not.⁷

⁷ CHOICE Consumer Pulse January 2024 is based on an online survey designed and analysed by CHOICE. 1,058 Australian households responded to the survey with quotas applied to ensure coverage across all age groups, genders and locations in each state and territory across metropolitan and regional areas. The data was weighted to ensure it is representative of the Australian population based on the 2021 ABS Census data. Fieldwork was conducted from the 16th of January until the 5th of February, 2024

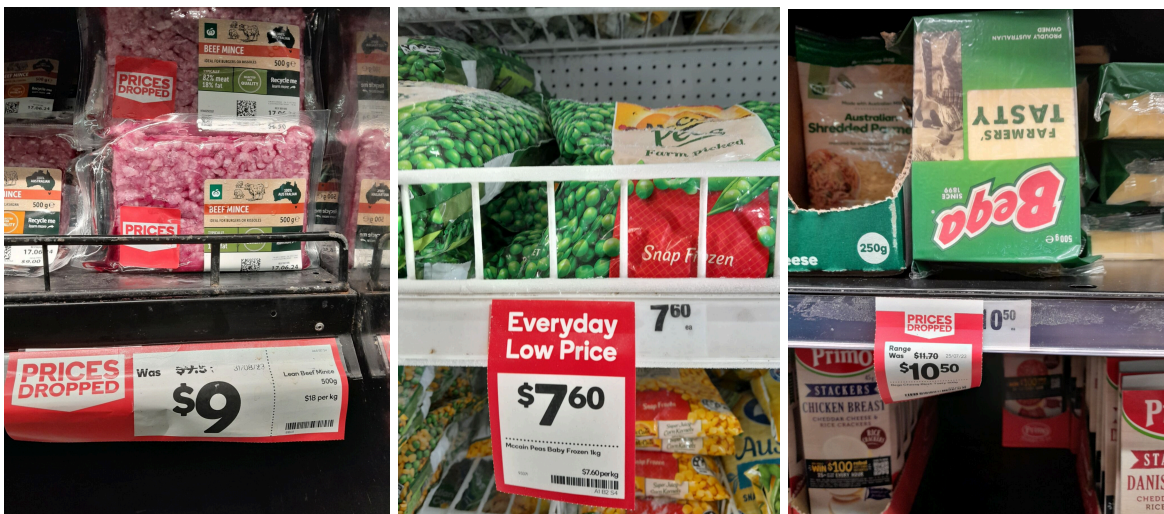


Image 7: Photo taken on 6 December 2023 at Woolworths Marrickville Metro

This 'Prices dropped' label (image 7) created confusion for respondents, with 19% saying the product was discounted, 58% believing it wasn't and 23% unsure. This is despite no previous higher price or discount amount being listed on the label. 38% said they were not able to quickly and easily know if the product was discounted, 49% said that they were able to and 13% were unsure.

As Woolworths has offered this coconut water at \$4 for almost 5 years, it's CHOICE's view that this has become the usual price of the product. Consumers drawn to the promotional tag of this item may think they are getting a discount, when the price has been the same, consistently, for almost 5 years. By not providing the previous price, the consumer would also be unaware of how much the price had dropped.

Pricing practices like the 'Prices Dropped' tag on coconut water in Woolworths are very common across the country, with examples of confusing pricing also found in Nhulunbuy (Images 8, 9 & 10).



Images 8, 9 & 10: Photos taken at Woolworths Nhulunbuy in June 2024 depicting confusing promotional labels. Photos: Bettina Cooper

Price tags offering specials and discounts should be consistent with consumer expectations and follow a mandatory information standard that outlines what qualifies as a discount and how it should be communicated. A new mandatory information standard should mandate how the price of an item is displayed. The standard should:

- Require clear prices to be displayed on all products sold by supermarkets online and in-store.
- Standardise and rationalise discount and promotional terms, including preventing supermarkets from using terms, designs or colours that indicate a discount is being offered when the product is not discounted.
- Require supermarkets to publish the most recent previous price of the product, with the date, and clearly state the amount the product has been discounted in dollars and as a percentage. This could also include guardrails to ensure the 'Was' price was offered reasonably recently and for a reasonable amount of time, and the 'Was/Now' pricing frame should no longer be used when the 'Now' price is offered for a period longer than the 'Was' price (i.e. becomes the usual price).

Recommendation:

- 7) The NIAA should strengthen the Strategy by recommending that the Government introduce a mandatory information standard for stores that ensures their pricing and discounts are clear and consistent with consumer expectations.

Stores lack price transparency

It's important that consumers are able to trust the claims being made at the major supermarkets to ensure that people are able to effectively compare products, recognise genuine discounts and make informed decisions. We support the potential action in the Strategy to develop and implement a nationally consistent price monitoring and comparison mechanism across all remote community stores. We would like to see this price monitoring tool provide real-time, publicly available information so that consumers and advocates can utilise the data.

There would also be considerable benefit to the price monitoring system recording and tracking historical pricing information across all remote stores and major supermarkets in remote areas. This would enable the community to directly challenge prices, as well as the media, researchers and consumer groups who could also monitor prices on behalf of consumers and call out potentially misleading, deceptive or unfair practices. Empowering communities and consumers with this information to both current and historical pricing in remote communities will mean consumers are able to make better informed purchasing decisions and communities will have the data needed to advocate for better prices at their local stores. It will also allow community advocates to compare other similarly located communities and question price differences between them.

Recommendation:

- 8) The NIAA should strengthen the Strategy by implementing a national consistent price monitoring and comparison mechanism that includes both historical and current data on pricing across all remote community stores.

Consumers are excluded from app-only and member-only discounts on essentials

Everyone should have access to the lowest possible price offered, irrespective of their membership to a particular loyalty program. Member-only pricing, a growing practice in Woolworths and Coles supermarkets, potentially discriminates against people who do not have a fixed address or may be experiencing homelessness, as both Everyday Rewards and Flybuys require the customer to have a fixed address.⁸

First Nations peoples are over-represented in the national population of people experiencing homelessness. Of First Nations peoples experiencing homelessness at the time of the 2021 Census, 60% were living in severely crowded dwellings, 19% were in supported accommodations for the homeless and 9% were living in improvised dwellings, tents or sleepouts.⁹ Without a fixed address, people are not able to sign up to loyalty programs and access discounts and deals on basic items.

Young people also face potential exclusion from accessing lower prices through reward schemes, as those under 16 are not able to join the Flybuys program and those under 18 can only join the Everyday Rewards program with permission from a parent or guardian.¹⁰

The Strategy should recommend that the Government ban supermarkets' use of app-only or member-only discounts on essential items, which could include basic products such as fruit, vegetables, milk, bread, baby formula, sanitary items and pharmaceuticals.

Recommendation:

- 9) The Strategy should be strengthened by recommending that the Federal Government prohibit supermarkets' use of app-only and member-only discounts on essential items, which could include basic products such as fruit, vegetables, milk, bread, baby formula, sanitary items and pharmaceuticals.

⁸ Flybuys terms and conditions, accessed at: <https://experience.flybuys.com.au/flybuys-terms-and-conditions/>
Everyday Rewards terms and conditions, accessed at: <https://www.woolworthsrewards.com.au/terms.html>

⁹ Australian Institute of Health and Welfare, 7 September 2023, Housing circumstances of First Nations People, accessed at: <https://www.aihw.gov.au/reports/australias-welfare/indigenous-housing#homelessness>

¹⁰ Flybuys terms and conditions, accessed at: <https://experience.flybuys.com.au/flybuys-terms-and-conditions/>
Everyday Rewards terms and conditions, accessed at: <https://www.woolworthsrewards.com.au/terms.html>

Payment methods and access to cash need further consideration

Historically, First Nations People living in remote communities have been excluded from financial services which leads to vulnerabilities in financial literacy that can be exploited by fringe lending schemes such as book up. Communities have long relied on cash as a form of payment as internet access is inconsistent, affecting people's ability to budget, use online banking and shop online to compare products and services.

Book up is a type of informal credit used by stores or other traders that allows people to obtain goods or services and pay the store or trader back at a later date.¹¹ Some stores charge a fee for using book up, or charge more for the product or service if book up is used to pay.¹² There are a number of problems with book up according to ASIC's Money Smart, including:

- Risk of theft, fraud and unfair or unconscionable conduct, especially if the trader has asked for the 'security' such as the consumer's ATM card or pin number;
- Lack of choice if the consumer's ATM card is left at the store and they are unable to use it at other stores;
- Risk of confusion if records of transactions are not kept carefully and openly;
- Too much debt for consumers and stores;
- High fees for book up or higher charges for booked-up goods; and
- Risk of the trader breaching the rules about the sale of alcohol.¹³

Book up is currently unregulated and a lack of regulation means that service providers are not prohibited from following potentially exploitative practices as highlighted above. A previous attempt by ASIC, in 2019, to prove the "unconscionable" conduct of a book up scheme was unsuccessful. The regulator had originally won the case when the Federal Court found the arrangement breached Australia's credit laws and involved "unconscionable" conduct, but lost it on appeal at the High Court.¹⁴ The high bar of "unconscionable" conduct may not have been met, but some consumers are still potentially left vulnerable to financial harm as book up is unregulated and reportedly still used across the country.

The problems with book up are further compounded by the issues around access to cash in rural communities with high fees being charged at the point of withdrawing cash from an ATM machine or the fees charged by the store when using a card, rather than cash. We have also heard from financial counsellors that there are potentially issues with some taxi drivers keeping bank cards and directly making a payment against the card when the individual is paid.

As much of the world moves away from using cash in their everyday lives, it remains an essential lifeline for remote communities and is currently critical to financial inclusion. The

¹¹ ASIC, Money Smart, Dealing with book up: key facts, accessed at: <https://files.moneySMART.gov.au/media/tz4npqee/dealing-with-book-up.pdf>

¹² *ibid*

¹³ *ibid*

¹⁴ The Guardian, 12 June 2019, C.Knaus, Asic loses court fight against 'book-up' credit scheme in Indigenous community

Strategy should ensure future decisions around access to cash consider the impact this will have on First Nations communities in remote areas.

Book up can play an important role in First Nations communities where people may not have access to other forms of credit. ASIC has established guidelines for providing book up fairly to ensure it can fill a gap in communities without causing harm. These guidelines ensure that customers:

- Understand how the book up works;
- Is not charged for using book up, unless the provider has a credit licence;
- Understand how much money they owe, and what for;
- Continue to have access to their own money because they hold their own debit card and PIN; and
- Are only provided with an amount of book up that they can afford to repay.¹⁵

These guidelines should become regulations. A recent ICAN report also calls for regulations such as usury caps, disallowing extra fees, requiring cooling off periods, fair advertising and the use of simple language in contracting.¹⁶ ICAN's report also recommends education around informal credit such as book up, informing consumers of the cost of these forms of credit and alternatives to using informal credit.¹⁷

Internet access is limited

Internet access is patchy and unreliable in remote communities. Some communities frequently experience internet black outs which limit their ability to access and budget money and subsequently impacts food security.

The internet is not only an important place to shop online and compare products and prices, it is also essential in accessing online banking. Without access to the internet, First Nations peoples living in remote areas have difficulty accessing real-time information on their bank accounts and budgets.

We have heard that some stores provide internet for community members, but the upkeep can be challenging. The Strategy should consider how stores could be assisted to provide internet as a service for community members. The Strategy should refer to the First Nations Digital Inclusion Advisory Group interim report¹⁸ and its recommendations to improve internet access in remote areas as it is a necessary lifeline to key services such as online banking.

¹⁵ ASIC, October 2015, Report 451: Book up in Indigenous communities in Australia: A national overview, accessed at: <https://download.asic.gov.au/media/3374112/rep451-published-13-october-2015.pdf>

¹⁶ ICAN, April 2024, J.Buckland & C.Daniels, A study of local economic abuse in the First Nations Communities with special focus on Australia and Canada, accessed at: <https://ican.org.au/new-study-highlights-complexities-for-understanding-first-nations-financial-abuse/>

¹⁷ ibid

¹⁸ First Nations Digital Advisory Group, Initial Report, Oct 2023, accessed at: <https://www.digitalinclusion.gov.au/sites/default/files/documents/first-nations-digital-inclusion-advisory-group-initial-report.pdf>

Communities should also be able to access cash without excessive charges or fees. ATMs are scattered across remote communities, some reside in stores, pubs and clubs with reports of high transaction fees. The Strategy should also consider how to increase the availability of fee free ATMs in remote locations that are separate to venues with a requirement of entry to ensure that all community members have access to cash and account balance information without charge.

Recommendations:

The NIAA should strengthen the Strategy by:

- 10) Recommending the regulation of informal credit schemes such as book up.
- 11) Recommending an education program for remote communities around informal credit schemes such as book up.
- 12) Ensuring effective engagement with future decision-making processes around access to cash and its impact on remote communities.
- 13) Considering ways to improve access to the internet and the promotion of digital inclusion in remote communities, including the recommendations of the First Nations Digital Inclusion Advisory Group interim report.
- 14) Considering how to increase the availability of fee free ATMs in remote locations that are separate to venues with a requirement of entry.

Communities will benefit from a strong code of practice

We support the introduction of a strong code of practice that includes minimum food security standards, however we would strongly recommend that this code is made mandatory, rather than voluntary to ensure a consistent standard is achieved across all stores. The code could also prescribe standards for price labelling, rules for internal dispute resolution and the availability of healthy food and groceries.

The risk of the code pushing some stores out of business and leaving communities vulnerable to not having a supply of food and groceries at all should be considered. The right balance could be struck with measures such as an income threshold and requirements to include store inspections. An appropriate regulator should be responsible for drafting the code and be properly resourced to enforce it. It should take a supportive and educative approach to support community stores in order to achieve, and maintain, compliance.

Further to this point, we would ask that any code or regulations around food health and safety rules are not so onerous that communities are not able to run markets, gardens and explore alternative ways to supply fruit and vegetables locally.

Recommendation:

- 15) The NIAA should strengthen the Strategy by recommending the proposed code of practice be made mandatory for all remote stores with an income threshold for certain

conditions of the code and expanded to include standards for price labelling, rules for internal dispute resolution and the availability of healthy food and groceries.

ACCC Supermarkets Inquiry 2024-25 should be considered

The ACCC conducted an inquiry into the supermarkets in early 2024, remote stores were in scope for the inquiry. The process is currently underway with an interim report expected mid year, we encourage the NIAA to actively engage in the process and ask that the strategy take into consideration any relevant recommendations that emerge from the final report of the ACCC Supermarkets Inquiry 2024-25.

Recommendation:

16) The NIAA should strengthen the Strategy by incorporating any relevant recommendations from the ACCC Supermarkets Inquiry.

Supply chains

We agree that supply chains are an important focus area for the Strategy and broadly agree with the draft intended outcomes and draft actions outlined, but the Strategy should be strengthened by exploring the idea of transparency of supply route costs and considering the role of subsidies.

Transparency

Many remote stores claim their high prices for food and groceries is a result of the cost of transporting them to remote locations. In order to improve the oversight and understanding of this cost, we would ask the strategy to explore the possibility of making supply chain pricing transparent and publishing data on the cost for communities, advocates and government to analyse and use to advocate for fairer and more affordable prices.

The role of subsidies should be considered

In June 2024, the Queensland Premier Steven Miles announced an increase to the discount on essential goods from 5.2 per cent to 20 per cent, a change to the Remote Communities Freight Assistance Scheme.¹⁹

¹⁹ The Queensland Cabinet and Ministerial Directory, 19 June 2024, Miles Doing What Matters: Cheaper groceries, essentials for Cape York, Torres Strait and Gulf, Joint Statement. Accessed at: <https://statements.qld.gov.au/statements/100619#:~:text=Premier%20Steven%20Miles%20is%20doing,cent%20to%2020%20per%20cent.>

This subsidy is aimed at reducing the cost of products like milk, bread, fruit, vegetables and detergent. It will mean that a two-litre bottle of milk with an average cost of \$5.40 will now come down to \$4.32 with a subsidy applied. 32 retailers across Queensland in the Cape York, Torres Strait and Gulf regions have signed up to the subsidy scheme.

A Federal Government program could be introduced to expand on the Queensland scheme and directly target and reduce high prices on essential food and grocery items.

Recommendation:

The NIAA should strengthen the Strategy by:

- 17) Exploring the potential of supply chain price transparency and the publishing of data on supply chain costs and how this could impact prices.
- 18) Considering the role of subsidies for freight on essential food and grocery items.

Healthy Economies

We agree that healthy economies are an important focus area for the Strategy and broadly agree with the draft intended outcomes and draft actions outlined, but the Strategy should be strengthened by recommending that the Government immediately increases income support for people living in remote communities and recommending an ACCC market study to consider the competitiveness of supermarkets in remote and regional areas.

The remote area allowance is clearly inadequate

Remote communities face a number of unique challenges, higher prices for food and groceries, higher costs for travel to obtain food and groceries and higher costs to access essential services.

Currently, the Government provides a single person living in a remote area with an extra \$18.20 a fortnight, on top of their regular allowance. This is inadequate considering the significant costs, 40% more for food alone in remote areas compared with average district centre supermarkets, according to the NT Market Basket Survey 2023²⁰, faced by First Nations community members in remote areas. We support the Strategy's review of the remote area allowance and would ask that the payment be brought in line with both inflationary pressures and the extra amount that is paid for food and groceries, as well as the cost of travelling to the closest store. We see no reason why the remote area allowance can't be increased while the Strategy is being developed, as it is currently inadequate and people should be provided with relief as soon as possible.

²⁰ Northern Territory Government, NT Market Basket Survey 2023 - Key Findings, accessed at: <https://data.nt.gov.au/dataset/nt-market-basket-survey-2023>

Recommendation:

- 19) The NIAA should strengthen the Strategy by recommending the Government increases income support for people living in remote communities to better reflect the high cost of living, without waiting for the outcome of the review.

The role of competition should be considered

More information is required to understand the limitations of supplying food and groceries in remote locations and improving competition. Remote communities have limited access to food and groceries – some remote locations only have one store and a long commute to a major supermarket, while others have no access to a local supplier of food and groceries. Almost two thirds of people in regional and remote areas feel stressed as a result of not having enough food.²¹

We recommend that the Strategy calls for an ACCC market study to collect and analyse data to better understand the supply chain for food and groceries in remote communities. An ACCC market study was a recommendation of the final report on food pricing and food security in remote Indigenous communities,²² but has not yet been actioned.

Recommendation:

- 20) The NIAA should strengthen the strategy by recommending an ACCC market study to consider the competitiveness of supermarkets in remote and regional areas, by collecting and analysing data to better understand the supply chain for food and groceries in remote communities.

Policies, practice and governance

We agree that policies, practice and governance is an important focus area for the Strategy and broadly agree with the draft intended outcomes and draft actions outlined, but the Strategy should be strengthened by improving complaints handling processes and increasing funding for the ACCC, State and Territory Fair Trading bodies and community advocates to handle and support complaints made against remote stores, and to support enforcement action.

Complaints handling

Because many remote communities only have one store, there is a huge risk to food security if for some reason a consumer is no longer able to go to that store. There is a significant power

²¹ WA Council of Social Services and Lotterywest 2019, *WA Food Relief Framework Report 2019*, p 27, accessed at: https://wacoss.org.au/wp-content/uploads/2019/10/FRF-report_pages_DIGITAL_compressed.pdf

²² Parliament of Australia, December 2020, Report on food pricing and food security in remote indigenous communities, accessed at: https://www.aph.gov.au/Parliamentary_Business/Committees/House/Former_Committees/Indigenous_Affairs/Foodpricing/Report

imbalance as people are often not able to complain or disagree with the store owner for fear that they will no longer be able to access the store. We have heard from financial counsellors that this is an issue for some community members who find themselves banned from their local store and therefore unable to purchase food and groceries.

The process for making a complaint about a remote store is currently unclear to consumers. People in remote communities should be able to safely and anonymously report complaints and be provided with the necessary information to do so. We support the funding of the ACCC to enforce the law and the funding of State and Territory Fair Trading bodies to handle complaints about remote stores. This should also be paired with appropriate cultural competency training and education to ensure that consumers' concerns and complaints are handled fairly and appropriately. As well as increased funding for consumer advocacy, financial counselling and legal services organisations so that First Nations people making a complaint about their store are adequately supported and can be advocated for, should they require it.

It is important that consumers are given clear direction at the store as to where they can complain should they need to. The Strategy should recommend that signage is mandated at the front of every remote store so that a consumer can safely access the information they need, from outside the store, to progress a complaint.

Recommendation:

The NIAA should strengthen the Strategy by:

- 21) Recommending the Government provides support and funding to the ACCC and state and territory fair trading bodies to handle complaints from consumers in remote locations, and that the ACCC and state and territory fair trading bodies invest in training for cultural competency to enable consumers to make complaints about remote stores.
- 22) Recommending the Government mandates signage at the front of every remote store that clearly conveys where consumers can complain if they have any issues.
- 23) Recommending the Government supports consumer protection and engagement in regional and remote areas through increased funding for consumer advocacy, financial counselling and legal services organisations.