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Time for a shift in focus to improve food affordability for remote customers

People living in remote communities in Australia pay the highest average prices in the nation for food, and this affects their access to healthy food and drink. Affordability continues to decline, with an increasing gap in food prices between remote stores and urban supermarkets,¹ probably associated with deals between supermarkets and manufacturers.

The price differences between remote stores and urban supermarkets are published annually for a small range of products in the Northern Territory, and less frequently in some other states. We recently published information on the price differences for a larger range of foods commonly purchased in remote NT communities, and found that the greatest proportion of food spending is for packaged groceries.² Packaged, fresh, healthier and less healthy categories of foods were all more expensive in remote stores than in urban supermarkets. Packaged products as a category were considerably more expensive; the price difference (67%) was almost twice that for fresh products (36%). The differences for packaged groceries were lower if prices were compared with non-discounted prices in urban supermarkets, indicating the role that promotional pricing plays in driving food prices.²

Further analysis using our original methods and based on a modified star rating system³ found that the average price difference between remote stores and urban supermarkets for healthier products was 47%; this was a significant disparity, although lower than that for less healthy products (74%). This is

especially important for remote store customers, as in our study 74% of healthier products were packaged.²

Factors considered to drive high food prices in remote stores include small community size, transport costs, and store management practices.⁴ We propose that it is time to add to these discussions the cost of food to the store itself. The Australian Competition and Consumer Commission drew attention to the challenge for independent supermarkets in competing with major supermarkets on packaged grocery prices.⁵ Our study suggests that remote stores are also less able to compete with urban supermarkets on the price of packaged groceries.²

To close the Indigenous health gap, part of the solution must be to close the food price gap. A multifaceted approach is needed. Strategies to improve the affordability of healthier foods must be expanded to include the relationship of manufacturers and wholesalers with

remote stores. Solutions need to be bold and innovative, and are more likely to fit a corporate responsibility model than a commercially driven one. Supporting Indigenous communities has made it onto the agenda of Big Food in Australia.⁶ Genuine community benefit can be achieved by bringing manufacturers and wholesalers into the picture. This could include manufacturers offering promotional deals to remote stores on healthier packaged grocery products similar to those offered to urban supermarkets, and wholesalers leading initiatives for better pricing of healthier packaged grocery products for remote stores

grocery products for remote stores. Unless the price inequity is redressed by reducing the cost of food to the store, or there are dramatic increases in income for remote Indigenous Australians, food affordability will continue to affect their access to healthy food and drink.

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Competing interests: Alastair King is the Chief Executive Officer of The Arnhem Land Aboriginal Progress Corporation, an Aboriginal benevolent corporation which owns and provides a management service for remote stores. Alastair King is a non-executive director on the board of Outback Stores. ■

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References are available online at www.mja.com.au.

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