



World Council
For Health
Australia

World Council for Health Country Chapter: Australia

Senate Select Committee on Cost of Living

11 April 2024

Who we are and what we stand for

We are the Australian chapter of the World Council for Health.

The World Council for Health is a broad, grassroots, expert-led initiative to work together to empower global and community health. We are governed by seven principles:

1. We act in honour and do no harm
2. We are free beings with free will we take responsibility for, and control of, our lives, our choices, and our health
3. We are part of nature we recognise that wellbeing of people and planet are interdependent, and we nurture both in equal measure
4. Spirituality is integral to our well-being, and we thrive when life has conscious meaning and higher purpose
5. We thrive together we are inclusive and value our diverse, integrated, and collaborative community
6. We value different perspectives and celebrate respectful discussion as the means to ever more refined knowledge, compassion, and wisdom
7. We use technology with discernment we recognise technology used respectfully will enhance learning and wisdom to benefit people and planet

The Australian chapter of the World Council for Health is led by [Professor Ian Brighthope](#), [Katie Ashby-Koppens](#), [Dr Melissa McCann](#), [Lucinda van Buuren](#), [Dr David Rabbolini](#), [Michelle Bradshaw](#), and [Ian Bell](#).

Introduction

We thank the Senate Select Committee on Cost of Living for the opportunity to provide these submissions to the Committee's inquiry into the cost of living. We would particularly like to focus the price setting practices and market power of major supermarkets.

In order to give comfort to the Australian public, we trust that this inquiry will be robust and make wide ranging findings and recommendations to give reprieve to the people of Australia.

The situation of price gauging and manipulation of our food producers in this country is a situation entirely of the Governments making.

Our elected officials are failing the people who voted them in by allowing these national supermarkets, with large offshore global investors, to continue to strip hard earned cash away from Australians.

Submissions

1. Two National Supermarket Chains is a Duopoly

- 1.1. There are effectively two main supermarket chains in Australia. The effect of this is it creates a duopoly (where only two companies dominate the market). Ordinarily, companies in a duopoly tend to compete against one another, reducing the chance of monopolistic market power.
- 1.2. However, the opposite is the case with Coles and Woolworths, effectively conspiring in the interests of its shareholder profits to increase prices of supermarket goods. This is a consequence of true 'free market' competition not being in play if there were more than two dominant companies.
- 1.3. The Government has allowed this duopoly to occur. For example, other competitors (such as The Warehouse Group from New Zealand) have endeavoured to enter the market and their path has met significant resistance by both the dominating supermarket companies and their supportive Government.
- 1.4. The recommendation is to introduce legislation to allow other supermarkets to easily enter the market.

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2. Supermarket Ownership and Shareholder Profits

- 2.1. Both Coles¹ and Woolworths² have significant shareholding by global corporates such as Vanguard and Blackrock.
- 2.2. The profiteering by shareholders has been prioritised and protected by our government is wrong and has been misguided.
- 2.3. Along with banks, the profits to shareholders have seen a huge transfer of wealth, to the detriment of the Australian people.

¹<https://markets.ft.com/data/equities/tearsheet/profile?s=COL:ASX>

² <https://simplywall.st/stocks/au/consumer-retailing/asx-wow/woolworths-group-shares/ownership#:~:text=Top%20Shareholders&text=The%20Vanguard%20Group%2C%20Inc.,-4.99%25&text=Netwealth%20Investments%20Ltd.&text=Charles%20Schwab%20Investment%20Management%2C%20Inc.>

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2.4. Both Coles and Woolworths have boasted the following profits after tax for the last 5 years:

Year	Coles ³	Woolworths
2018	\$1.0 B	\$1.6 B ⁴
2019	\$1.1 B	\$1.7 B ⁵
2020	\$0.98 B	\$1.6 B ⁶
2021	\$1.0 B	\$1.4 B ⁷
2022	\$1.0 B	\$1.4 B
2023	\$1.1 B	\$1.6B

³ <https://www.statista.com/statistics/1296381/coles-group-profit-after-tax/#:~:text=In%20the%202023%20financial%20year,around%201.1%20billion%20Australian%20dollars>.

⁴ <https://www.intelligentinvestor.com.au/recommendations/woolworths-result-2018/143068>

⁵ <https://www.intelligentinvestor.com.au/recommendations/woolworths-result-2019/146067>

⁶ <https://www.intelligentinvestor.com.au/recommendations/woolworths-result-2020/148585#:~:text=A%20large%20increase%20in%20central,earnings%20per%20share%20of%20%241.27>

⁷ For 2021-2023 <https://www.intelligentinvestor.com.au/shares/asx-wow/woolworths-group-limited/financials>

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- 2.5. The above profits are paid to global corporates, all offshore. Little, if any, of those profits are returned or recycled within Australia for the benefit of Australians.
- 2.6. Global corporates also own significant food production, and due to their size, they are able to lock Australian farmers into low return supply contracts, which again is not for the benefit of Australians.

3. Locked in Supply Agreements with Australian Farmers

- 3.1. Both Coles and Woolworths have locked in supply contracts with Australian Farmers.
- 3.2. Those supply contracts often mean that the Australian Farmer is unable to sell their produce to anyone else, including locally.
- 3.3. This means Australian Farmer's produce is never floated on the free market. The Australian Farmers are locked into fixed prices, with very little profit in it for them. That profit is focussed and maximised on the overseas global corporates described in section 2 above.
- 3.4. The effect of these locked in supply contracts cause smaller farms to close and are the death of country towns.
- 3.5. Those smaller farms are then bought up by larger and larger farming operations (again often owned by large global corporates).
- 3.6. Larger farms are able to utilise heavy machinery as a consequence of economies of scale meaning local people do not get employed.
- 3.7. The closing of smaller farms closes towns, villages, and satellite areas.
- 3.8. Larger farms also utilise greater volumes of fertilisers and products to support growth, reducing the calorific value of the food produced.
- 3.9. Where food production of certain raw foods is no longer productive, alternatives like palm oil and corn syrup are utilised.
- 3.10. Processed food leads to bad diets, which is one of the most well-known contributors to poor health.

- 3.11. Produce has to be transported further adding further cost to supply. While we are all being pressured to reduce our carbon footprints, ironically our food is increasing its.

4. Conclusion

- 4.1. What has been allowed to occur with the globalisation of our food sources:
 - 4.1.1. is a obvious economic consequence of the support of a duopoly supermarket system;
 - 4.1.2. has seen profits go offshore to shareholders;
 - 4.1.3. shareholders are preferred over the financial capacity of everyday Australians, meaning there is less household money to spend;
 - 4.1.4. restrictive and financially unsustainable supply contracts are killing towns and decimating farming communities.

- 4.2. The above has resulted in the following situations for Australians, we are:
 - 4.2.1. poorer;
 - 4.2.2. less healthy both physically and emotionally;
 - 4.2.3. the farming backbone of our country is being decimated;

- 4.3. A refocus by our Government is needed. It needs to ask itself, who is it serving? Who is it looking out for?