

Standing Committee on Indigenous Affairs

House of Representatives

PO Box 6021

Parliament House

Canberra ACT 2600

3 July 2020

Re: Inquiry into food pricing and food security in remote Indigenous communities

Dear Committee Members

We are researchers at Monash University, University of South Australia and Menzies School of Public Health who have been doing work with remote communities and remote community stores to understand how consumers shop for food and non-food items. Our work has particularly focused on quantitative evaluation of the impact of Cashless Debit Card program, but also undertake numerous other projects in affiliation with other research groups.

Our research team comprises both Business and Public Health researchers, as we view the sustainability of food and nutrition policy rests on sustainability not just for consumers, but also for businesses. Businesses through merchandising and pricing decisions play a large role in influencing consumer purchasing behaviour, so their enthusiastic participation in consumer health action is fundamental.

While the committee is addressing a wide range of terms, our submission is particularly related to #8, the effectiveness of federal, state and territory consumer protection laws, and #1, the environment in which Remote Community retailers operate.

Sincerely,

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Inquiry into food pricing and food security in remote Indigenous communities

The Cashless Debit Card, also known as the Cashless Welfare Card, was introduced in the East Kimberley and Ceduna regions in 2016 and has since been expanded to multiple regions around Australia. So far the regions in which it has been implemented have had a disproportionate representation of Indigenous Australians, compared to the national averages, and hence has been of considerable impact on the lives of many Indigenous Communities, particularly in rural and remote areas.

The stated objective of the Card has been to “support people, families and communities in places where high levels of welfare dependence co-exist with high levels of social harm.”¹ The mechanism of the Card is to restrict consumer spend on Gambling, Alcohol, and Intoxicants, with the intention that spend would be redirected to grocery and household goods. It achieves this by quarantining 80 per cent of a working age recipients’ social security payments on a Visa-branded debit card with an associated bank account from which cash cannot be withdrawn. The purpose of our research was to investigate if grocery expenditure did increase and in what way due to the Cashless Debit Card to understand if this policy approach is impacting grocery purchasing.

The first research project examined consumer expenditure at one of the largest supermarkets in the town of Ceduna. Ceduna had approximately 26% of the adults in the area enrolled onto the Cashless Debit Card. Using store sales data we analysed the changes to store sales for apples, bananas, eggs, pasta and sauces, potatoes, toilet paper, and oral hygiene products (such as toothpaste) – all staple items. Using sales data from before and after the introduction of the card, and comparing it to adjacent communities where the Card was not in use, we detected no change in sales for these product categories due to the Card’s introduction².

The second research project examined consumer expenditure in a Community Store in a remote Aboriginal Community within the Ceduna LGA. This community averages approximately 100 residents (with substantial fluctuations as people move between local communities), and locals estimate 90% of residents used the Card. Analysis evaluated total sales, the sales of food, and the proportion of food sold that was healthy. Of relevance to this submission is that although food sales increased, the sales of unhealthy foods (those classed as discretionary according to the discretionary flag published by the Australian Bureau of Statistics) increased more than the sales of healthy (non-discretionary) food. The increase in unhealthy food would have offset the benefits of the overall increase in food sales.

Additional analysis was undertaken showing no impact of the Card on crime rates, Emergency department presentation, electronic gambling, or apprehensions for public intoxication in the Ceduna area. The estimated cost of administering the Cashless Debit Card is \$10,000 per person per year (although this may decrease as economies are reached).

¹ <https://www.dss.gov.au/families-and-children/programmes-services/welfare-conditionality/cashless-debit-card-overview>

² Greenacre, L., and Akbar, S. (2019) 'The impact of payment method on shopping behaviour among low income consumers.' Journal of Retailing and Consumer Services 47, 87-93

Overall, our research concluded that the Cashless Debit Card did not provide community health benefits arising from grocery shopping. The cost of administering the policy and its few impacts suggest a low cost to benefit.

Recommendation:

The Cashless Debit Card is not an effective policy tool for improving the health of communities through changing consumer purchasing of food. Alternative policies should be considered instead.