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Rick Callaghan
Managing Director
Yarran Business Services Pty Ltd

Dear Mr Callaghan

ACCC submission to Post-Implementation Review of the Low-Cost Essentials Subsidy Scheme

The Australian Competition and Consumer Commission (ACCC) welcomes the opportunity to provide a submission to the Post-Implementation Review of the Low-Cost Essentials Subsidy Scheme (Review).

The ACCC is an independent Commonwealth statutory agency that promotes competition, fair trading and product safety for the benefit of consumers, businesses and the Australian community. The primary responsibilities of the ACCC are to enforce compliance with the competition, consumer protection, fair trading and product safety provisions of the *Competition and Consumer Act 2010* (Cth) and regulate national infrastructure.

The ACCC Supermarkets Inquiry

In March 2025, the final report of the ACCC's inquiry into supermarket pricing and competition was released (ACCC Supermarkets Inquiry).

The ACCC Supermarkets Inquiry found that grocery prices may be significantly higher in remote locations. This is likely primarily a result of the higher cost to serve remote areas. This has been a longstanding issue and contributes to issues of food insecurity in remote communities. A lack of local competition is also likely to affect prices and result in reduced range, store amenity, opening hours and service quality compared to more competitive local markets.

The ACCC Supermarkets Inquiry also found that in remote areas where choice is limited, community-owned stores (which may be run as co-operatives) are reported to offer better prices and quality than privately owned supermarkets. As such, supporting existing – and new – community-owned stores in remote areas that would otherwise be unserved or underserved may be an effective way to address some of the issues that result from lack of competition in those areas.

The Scheme and the National Code of Practice for Remote Store Operations

The Low-Cost Essentials Subsidy Scheme (Scheme) seeks to address the higher cost of essential goods sold in remote communities. The Scheme is clearly intended to improve food security for remote Aboriginal and Torres Strait Islander communities.

The National Code of Practice for Remote Store Operations (the Code)¹ is a non-prescribed voluntary code that sets out governance, operations and health standards for remote stores.

To access the Scheme, an applicant must first be fully or conditionally registered as a participant in the Code. This then in effect makes the Code mandatory for Scheme participants.

The ACCC strongly supports the objectives of both the Scheme and the Code.

Concerns raised with the ACCC about the Scheme

Stakeholders have raised concerns with the ACCC that the Scheme in its current form:

- grants an exclusive distribution contract to Outback Stores for the grocery products included in the scheme, with the effect of dampening competition in grocery distribution to remote communities over time. A range of grocery and consumer products are distributed to remote communities, including to parties other than remote stores, such as health service providers.
- diverts the grocery products included in the Scheme away from the contestable supply of groceries to remote communities, with the effect of reducing the scale and efficiency of grocery distribution to remote communities. This impacts the price, quantity and product range of groceries supplied to remote communities that are not included in the Scheme.

The ACCC has encouraged these stakeholders to raise their concerns in submissions to the Review. We consider that the Review provides a valuable opportunity for the views of stakeholders about the Scheme to be considered holistically.

ACCC views on the Scheme

The concerns raised with the ACCC about the Scheme suggest that there may be unintended consequences from the Scheme with the potential to reduce the level and nature of competition than might otherwise exist.

We encourage the NIAA to consider these concerns as it plans the future operation of the scheme.

In particular, we encourage the NIAA to:

- enable other parties to deliver the Scheme. This would alleviate concerns around the impact on competition from Outback Stores currently being the only party that is able to deliver the Scheme. The selection of other parties to deliver the Scheme could be achieved through a process which requires parties to meet minimum eligibility requirements, to ensure the selection of suitable parties.
- by enabling other parties to deliver the Scheme, concerns about the Scheme's impact on efficiencies of scale and scope in distribution would be addressed. This would alleviate potential impacts on remote community service providers that are not eligible to participate in the Scheme.

¹ <https://www.niaa.gov.au/sites/default/files/documents/2025-06/National-Code-of-Practice-for-Remote-Store-Operations-2025-6-30.pdf>

ACCC views on the Code

The ACCC considers the Code could be enhanced by adding to the range of options available to the Code Administrator in instances of non-compliance by a Code participant, and by providing clear standards or principles for Code participants to follow in implementing complaints handling and dispute resolution processes for customer complaints.

We encourage the NIAA to consider adding the following options as steps the Administrator could take in dealing with non-compliance with the code (Part 3 – Code Administration):

- the ability to refer matters to other state, territory and federal regulators where relevant, and
- requiring a store to provide redress to consumers impacted by Code non-compliance where appropriate.

This would allow broader scope for actions that could be taken to deal with non-compliance and thereby also better incentivise stores' compliance with the Code.

We note that while both the Code Standards and the Code Rules² refer to Code Participants needing to clearly display information about how customers may make complaints about Participants' non-compliance with the Code, the information about such complaints process does not appear to be available as part of the Code documents. It is unclear if there is one complaints process that the Administrator has set which all Code Participants must follow, or if each store is able to set its own processes. As such, it is difficult to assess the effectiveness of the Code requirements for customer complaints handling.

It is important that the Code mandates clear, fair and effective complaints handling and dispute resolution procedures for Code participants so that consumers have an appropriate complaints pathway, whether about Code compliance or other issues. This would empower consumers to ensure stores are delivering on their obligations under the Code, and help improve dispute resolution when there are issues.

If you have any questions regarding this submission, please contact Melinda McDonald, Executive General Manager, Competition Division on (07) 3835 4628.

Yours sincerely



Gina Cass-Gottlieb
Chair

² <https://www.niaa.gov.au/sites/default/files/documents/2025-06/National-Code-of-Practice-for-Remote-Store-Operations-Rules-2025-6-30.pdf>