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Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON ABORIGINAL AND TORRES
STRAIT ISLANDER AFFAIRS

**Reference: Community stores in remote Aboriginal and Torres Strait Islander
communities**

THURSDAY, 12 MARCH 2009

CANBERRA

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**HOUSE OF REPRESENTATIVES STANDING
COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

Thursday, 12 March 2009

Members: Mr Marles (*Chair*), Mr Laming (*Deputy Chair*), Mr Abbott, Ms Campbell, Mr Katter, Ms Rea, Mr Kelvin Thomson, Mr Trevor, Mr Turnour and Mrs Vale

Members in attendance: Ms Campbell, Mr Laming, Mr Marles, Ms Rea, Mr Trevor, Mr Turnour and Mrs Vale

Terms of reference for the inquiry:

To inquire into and report on:

The operation of local community stores in remote Aboriginal and Torres Strait Islander communities, with a particular focus on:

- food supply, quality, cost and competition issues;
- the effectiveness of the Outback Stores model, and other private, public and community store models; and
- the impact of these factors on the health and economic outcomes of communities.

WITNESSES

**AARONS, Mr Brian, Chief of Staff, Northern Territory Emergency Response Operations
Centre, Department of Families, Housing, Community Services and Indigenous Affairs 16**

**ALTMAN, Professor Jon Charles, Director, Centre for Aboriginal Economic Policy Research,
Australian National University; and Private capacity 1**

**CURRAN, Ms Lynne, Group Manager, Office of Indigenous Policy Coordination, Department of
Families, Housing, Community Services and Indigenous Affairs..... 16**

**JORDAN, Ms Kirrily, Postdoctoral Fellow, Centre for Aboriginal Economic Policy Research,
Australian National University; and Private capacity 1**

**SMITH, Dr Bruce, Branch Manager, Department of Families, Housing, Community Services
and Indigenous Affairs 16**

Committee met at 12.12 pm

ALTMAN, Professor Jon Charles, Director, Centre for Aboriginal Economic Policy Research, Australian National University; and Private capacity

JORDAN, Ms Kirrily, Postdoctoral Fellow, Centre for Aboriginal Economic Policy Research, Australian National University; and Private capacity

CHAIR (Mr Marles)—I now declare open this public hearing of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs and our inquiry into community stores in remote Aboriginal and Torres Strait Islander communities. I would like to acknowledge the Ngunawal people, the traditional owners of the land on which we are meeting here today, and pay our respects to their elders, both past and present. The committee also acknowledges the present Aboriginal and Torres Strait Islander people who now reside in this area. This is the second public hearing that the committee has undertaken for this inquiry. Today we are hearing from Jon Altman and Kirrily Jordan, from the Centre for Aboriginal Economic Policy Research, which I understand is part of the ANU.

Prof. Altman—It is. It has been since 1990.

CHAIR—When you give an opening statement, Professor Altman, you might explain that. We also have a representative, who will appear next, from the Department of Families, Housing, Community Services and Indigenous Affairs. This is the first time that we are being broadcast on the internet. Would you please advise the committee of the capacity in which you appear today.

Prof. Altman—I appear as the Director of the Centre for Aboriginal Economic Policy Research and also in a private capacity.

Ms Jordan—I appear as a Postdoctoral Fellow at the Centre for Aboriginal Economic Policy Research and also in a private capacity.

CHAIR—I welcome both Kirrily and Jon here today to give evidence. I think we are a reasonably informal committee by committee standards, but there is one formality that we need to get out of the way. You have probably all heard it before so do not get too worried about it. The committee does not require you to speak under oath, but you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Having got that out of the way, perhaps either or both of you might want to give an opening statement, and then we might fire some questions at you.

Prof. Altman—Thank you very much. I think we will both just say something brief. Like you, I would like to begin by acknowledging the Ngunawal and the Ngambri traditional owners of Canberra.

CHAIR—Can I ask you about that. When we only acknowledge the Ngunawal, are we doing the wrong thing by not mentioning the Ngambri?

Prof. Altman—I think you should mention the Ngambri as well.

CHAIR—What is their area?

Prof. Altman—My understanding is that people who are associated with a lineage that Matilda House is linked with refer to themselves as Ngambri.

CHAIR—Is it the same geographical area as the Ngunawal?

Prof. Altman—It is. But traditional Aboriginal ownership is often contested and overlapping.

CHAIR—I apologise for not having acknowledged the Ngambri people. Sorry, Jon. Keep going.

Prof. Altman—I will start where our submission concludes. There is clearly considerable public and policy interest to ensure that Aboriginal people in remote communities gain access to healthy affordable food if we are going to close rather than widen gaps in health and other socioeconomic outcomes or, using my preferred lexicon, improve people's wellbeing. Our submission highlights the challenge to ensure this happens given the spread and small size of 1,200 discrete Indigenous communities across the continent, with only 36 of these communities having populations that are greater than 500 people. Community dispersal, small scale and remoteness are very real challenges.

The links between access to good store bought food, bearing in mind that in many situations people are also accessing bush foods, and health, education and other outcomes is undeniable but sometimes more complex than realised. Community stores are about more than just food. They are also the source of many other market commodities and needed for increased local productivity and a range of community services. The submissions before the committee reflect the diversity and complexity of the store situation in remote Indigenous situation. But surprisingly perhaps, at least from my perspective, they overlook the intercultural nature of remote Indigenous communities. By that I mean the fact that these communities are predominantly populated by Indigenous people and there is considerable cross-cultural contestation in many of these communities. They also overlook the fact that there are significant non-Indigenous populations in these communities not in terms of numbers—in terms of numbers, they are probably less than 10 per cent—but in terms of local market power.

From field based experience over 30 years now, I make the observation that some stores are remarkably good and others are bad. Even in 1979 and 1980, when I lived at a remote outstation and worked for a time for the Maningrida Progress Association on bush tucker deliveries, it was astonishing just how supplies, including fresh fruit and vegetables, were delivered to the remotest part of Arnhem Land. I think that really is truly remarkable. Success factors include good management and good governance, ensuring the meeting of community service and local cultural obligations while also maintaining financial viability and, increasingly, in my view, local and regional competition that is as good for remote Indigenous consumers as any others.

Emerging issues that need careful consideration include, in our view, whether monopolistic models in the name of economies of scale are better than community controlled small-scale models and whether recent shifts, many in the Northern Territory, to license stores and quarantine incomes are in fact monopolistic strategies and increasing prices for consumers. Another is whether new township tenure arrangements may have a similar impact. I refer here to

the submission from the Nguiu Ullintjinni Association on Bathurst Island that I think has raised the impact of section 19A township leasing on that committee store. There is a need for an independent assessment of the effectiveness of different models and a need for some basic information on household expenditure and the cost of living in remote Indigenous Australia.

Many of the submissions before you seek public support of remote Indigenous stores in freight subsidy, a subsidy for expensive fresh food or a subsidy to meet community service obligations to the smallest and most remote 1,000 communities that somehow need to be serviced. Such calls for support might indeed be justified if a subsidy reduces primary and secondary health costs and the costs of poor education and employment outcomes will ultimately be borne by the Australian state. This opportunity cost big picture issue is the most important that this committee must address while bearing in mind that one size will not fit all and that we need to learn from the remarkable success of some community stores that have operated effectively and efficiently for decades. I think Kirrily has some comments as well.

Ms Jordan—I will just make a few brief comments following on from Jon's and focusing on some alternative models for remote stores. A key point in making our submission is the need to recognise the diversity of Indigenous circumstances and aspirations. I will talk to you about three different models of remote stores but also emphasise the need for government programs to support the agency of diverse Indigenous settlements in decision making about remote stores.

The early evidence does suggest that the Outback Stores model is achieving some success, although in our submission we note concerns about the division of responsibilities and liabilities between Outback Stores and local Indigenous store committees. In particular, in entering into negotiations with Outback Stores, support must be provided to store committees to ensure they fully understand the implications of the agreements so they can effectively advocate for their interests. In addition, I would have concerns were the Outback Stores model to be funded to the exclusion of other alternative models.

As we raise in our submission, Indigenous settlements in remote areas are incredibly diverse and people within them will have diverse interests, needs and desires for community stores. It is my opinion that the recognition of Indigenous diversity in government programs and policies is too often merely lip-service and that there is too often a reliance on a one-size-fits-all approach.

One example of that is the application of income quarantining to all Indigenous people in the Northern Territory, which has had some perverse and no doubt unintended consequences. For example, the Good Food Kitchen is a takeaway food outlet in Maningrida that is run by the outstation resource agency the Bawinanga Aboriginal Corporation, or BAC. While falling outside the ambit of this inquiry into remote stores, it prepares and sells healthy takeaway food such as salads and sandwiches. In their most recent annual report, BAC notes a significant reduction in turnover at the Good Food Kitchen in the last quarter of financial year 2007-08 and attributes this to the partial quarantining of income introduced in Maningrida in May 2008.

A top-down, one-size-fits-all approach will always have such perverse consequences as it can never accommodate the complex realities of people's everyday lives. One alternative and successful model is a group store model, such as the Australian Retail Consultants service, or ARC, that is provided by the Arnhem Land Progress Association. The ARC currently operates eight enterprises on a fee-for-service basis across the Northern Territory and Western Australia.

It provides training, a professional accountancy service and centralised purchasing. It also offers both short-term consultancies and long-term store management where, importantly, communities retain ownership of the stores and control.

There are also successful examples of hub and spokes models of service provision, such as the mobile food service outstations in the Maningrida hinterland, which is formally known as Bush Deliveries. That is also provided by BAC. While the 30 or so outstations in the Maningrida hinterland have an average population of only around a dozen people and could not support a community store on their own, the bush delivery service provides a regular mobile shopping service to outstation residents, with deliveries including fresh fruit and vegetables, prepacked meat and hardware needs. Orders from individual customers can be placed in advance. The Bush Deliveries model has significant advantages in being community run, which means, for example, that additional weekly deliveries are made to ceremony camps when they are being held. A personalised service is offered so the mobile team can deliver goods from other Maningrida suppliers at the same time they are making fruit and vegetable deliveries. They can also deliver things like medicines from the health clinic as well as provide services like delivering mail. The service runs fortnightly during the dry season and as required during the wet season. It runs either by road, air or boat. The service usually either breaks even or runs at a loss, but it is successfully subsidised by the BAC as a community service obligation.

It should also be noted that while there is a need for accessible stores within reasonable commuting or delivery distance of remote settlements, many Indigenous people in remote areas also participate in hunting and fishing and the returns of those activities are often shared. In addition, it should be remembered that in many cases Aboriginal residents in remote areas move regularly between settlements and larger townships.

The Bush Deliveries model is one way of supporting residents of small remote settlements. I end by noting that this and other models that have proven to be successful may have a broader application. I suggest that these opportunities and people's agency in determining the arrangements that best suit them should be supported in the government's approach to remote stores.

CHAIR—Thank you. I might kick off and just ask a question of you, John. In 2002, you oversaw a study for the ACCC on the effectiveness of the Trade Practices Act—I will let you answer this—and how it works in relation to Indigenous consumers. Could you just talk a little about that.

Prof. Altman—Sure. We were basically commissioned by the ACCC to look at, I guess, the knowledge of Indigenous consumers in remote communities about their rights as consumers under the Trade Practices Act. What we decided to do was to look at two broad areas. One of them was community stores. The other one was the arts and crafts industry and the operations of the community based arts organisations versus the operations of some informal arts dealers. Both those issues were quite topical in 2002. Our focus on community stores is very much driven by a practice of book-up, which was common then and is probably less common now. Basically, that is a system where people build up a debt at the store and then pay it off. There was media coverage of this being a concern in some contexts, particularly in central Australia. So we basically were keen to investigate in a researcher sense, not in a regulatory sense, how this practice worked. Similarly in relation to the arts centres, there was concern at that time, which

still continues, about some of the informal dealings that occur with Aboriginal artists. Again, we were keen to investigate whether artists were aware of the Trade Practices Act provisions in relation to unconscionable conduct in making commercial agreements where the consumer or, in this case, the seller of a piece of art was not aware of their rights.

We actually ended up in that study by making some recommendations, one of which I think has made some progress but maybe rather slowly. That was for a document to be developed called a store charter, which is really about educating Indigenous consumers about their rights. But I should say that in our submission we also highlight that the regulatory tentacles of the ACCC and state and territory fair trading into remote and Indigenous Australia would be quite difficult to manage because, as we have just said, there are many extremely remote Indigenous community contexts and many of these communities are very small. We suggest in our submission that in very small communities the willingness, I guess, of consumers to make complaints against key institutions might be limited. So I think there is an important scale issue there.

We also make the point that the way community organisations like stores operate is often quite culturally complex in terms of the composition of store staff and people's relations with them and the composition of boards. What we emphasise in our research is the need for sound corporate governance knowledge in these stores and, yes, for a heightening of consumer awareness but also for a level of reality about the myriad other complications that these remote consumers face.

CHAIR—I am just trying to get my head around the issues with the ACCC. Is it that the rights that exist for consumers under the Trade Practices Act are not properly understood and could be better communicated, or is it that there is some conduct which has to happen in remote communities which would be normally a breach of the Trade Practices Act? Is that what we are talking about?

Prof. Altman—I think it is more the former. I think that Indigenous consumers need to understand their rights. Similarly, retailers need to understand that you deal with Indigenous consumers like any others. So I think that what we are really emphasising is the need for broad remote Indigenous Australia knowledge about the workings of the TPA. But clearly, yes, this is not your Sydney or Melbourne corner store, so the particularities make the applicability of the TPA a little more difficult at times.

CHAIR—In terms of the legal governance of stores and how they are incorporated, are you saying that that is varied, as the first thing, around Australia? Do you have any comment about the appropriateness of how stores are governed in that sense? I do not mean the actual way in which people on the boards are governing them. I mean the legal framework under which they are incorporated. Is that appropriate for what they do?

Prof. Altman—I think that there are so many stores that operate effectively and efficiently under western Corporations Law that you would have to say that there is nothing wrong with the fundamental legal structure. But I would answer that probably in the situations where things work really well, management and boards come to certain accommodations that recognise local circumstances. Again, I am not suggesting here that anything untoward happens, but I am suggesting that there may be, for instance, community service obligations that just need to have

recognition. An example is closing a store because there has been a local death. If you did that in your corner store in Sydney, you would probably get enormous complaint from consumers. But if you do that in a remote Indigenous community, and it is required because of local tradition and custom, there is an acceptance of that. That might undermine your financial bottom line, but you just do it. So that is an example of some of the tensions you might have between commercial imperatives that might be in the organisation's objects and cultural considerations that need to be taken into account.

CHAIR—You started off by saying that in your experience there are good stores and bad stores. I think part of your submission is that there has to be a bit of a horses for courses approach here and that we are probably going to struggle to find a one-size-fits-all approach. Is there anything that you have observed is consistent about the good stores or the bad stores? Is there any principle that you have been able to divine out of this which might have a general application?

Prof. Altman—Like most things that work out there in intercultural Indigenous Australia, intercultural management is extraordinarily important. What that basically means is that you recruit competent, accountable management from within or from outside the community. I tend to personally believe that that recruitment process should be based on people's expertise. And often it is from outside the community. That is just a fact because of the qualifications needed to run what is often a multimillion-dollar enterprise as a manager. But clearly—

CHAIR—Does that mean non-Indigenous people often running it?

Prof. Altman—Yes, often they are non-Indigenous people and often they are people who have worked in a Woolies or Coles in major urban centres. So these stores are increasingly becoming multimillion-dollar enterprises, and management is of fundamental importance. Like everything else in remote Indigenous Australia, how does a community hold external experts accountable? That is a really important issue. Generally it is done through having an effective board that holds the manager accountable and holds the manager accountable probably not so much when things are going well but when things start going wrong. That, to me, would be the commonality. So it is boards with capacity and management expertise.

Of course, below that there are many complications. There is the capacity of boards to hold managers accountable. It is attracting and retaining good management in terms of giving them decent housing and making them welcome in the community and making them a part of the community. More formally perhaps, there is ensuring that you have the right employment contracts with your managers and you have the right incentive structures. Again, often what you see is that a store that operates very effectively sits below a larger organisation so it is just a part or a subsidiary of a larger organisation that has the capacity to hold store managers and store operations accountable.

This all suggests, of course—and I am not totally comfortable with this—that the answer to some extent is scale. I am not saying just that. It is not just about scale. It is also about having that effective partnership between the managers, the board and the community. It is also about meeting appropriate community service and local cultural obligations.

Mr TURNOUR—Do you want to further explain why maybe local people are not managing stores? There is a lack of employment opportunities. Why would it be more appropriate to bring somebody in from outside and maybe have a role of training up a local person? Effectively what you outlined there was more of a recommendation or an outline that external people need to run these stores. Is that what you are saying?

Prof. Altman—I was not saying that. I was saying that managers from outside are certain a commonality from my experience. But I am also very aware of situations where there have been attempts, and successful attempts, to recruit local management. And that is certainly a possibility. It is just that we have to be realistic about the education levels in communities and people's capacities, whether they have had work experience running multimillion-dollar enterprises. We also have to be realistic about some of the pressures that local management might come under in remote Indigenous Australia from their kin or their family from which good external managers are immune. Bad external managers sometimes do in fact get caught up in those sorts of pressures to behave in a way that might not be in accord with sound store management practice. That is where you get poor management. Again, I notice that in some of your submissions some of the stores themselves are quite frank about some of these issues—how they have faced issues to do with the misappropriation of funds by boards and how they have faced the misappropriation of funds by management that has been, to be polite, suboptimal.

Mrs VALE—I am interested in some of the comments you made, Kirrily, about perhaps the unintended consequences of income management. Of course, under the Northern Territory emergency response, the licensing of community stores was introduced. But I am interested in what you say on the community feedback about any incidental effects of income management. I know you alluded to it. We would really be interested.

Ms Jordan—The example I gave was the Good Food Kitchen, which is run by BAC.

CHAIR—BAC?

Ms Jordan—The Bawinanga Aboriginal Corporation in Maningrida. They have been licensed under the income management program, but they have noticed a drop-off in turnover since the introduction of income management in Maningrida. They put it down to that. That has been the distinguishing factor between that quarter and the previous ones. John, you probably have more examples.

Prof. Altman—I think when you introduced the BasicsCard, for example, there were teething problems. I think that the specific problem that the Good Food Kitchen faced was that the BasicsCard did not work initially at that outlet.

Mrs VALE—For their particular service?

Prof. Altman—That is right, yes.

Mrs VALE—Yet that is exactly, I think, the intention—to make sure that good food is available.

Prof. Altman—Absolutely, yes.

Mrs VALE—What is the reason, do you think, that the Indigenous people at Maningrida are not spending money at the particular good food outlet? Is it because they are using their controlled income for other purchases?

Prof. Altman—Because you have a diversity of outlets there, that is right. The BasicsCard is actually quite cumbersome. When you use it—and it is a debit card—you do not actually have any way of knowing what your balance is. You have to ring a number or go to the Centrelink office to find out what your balance is.

Ms CAMPBELL—And they do not have phones to be able to do that?

Prof. Altman—Often they do not have phones. You have to use a PIN number. We have to be frank. None of us would want to be operating with a BasicsCard. What we do is we have a pretty good knowledge of our credit limit on a credit card or a debit card. But living in these remote circumstances, where we know people often lack Western numeracy and literacy skills or access to phones et cetera, it can be quite difficult.

In relation to unintended consequences, we do not have to tell you—there has been so much media coverage now—of the embarrassment that people face when they have done all their shopping and go to pay with the BasicsCard and find that they do not have sufficient resources on the card to actually pay for the shopping. So there is a pile of shopping there and people swipe their card.

Mrs VALE—Just explain, Jon. When the card actually goes through, it goes through some kind of machine, does it?

Prof. Altman—Yes. It is like EFTPOS.

Mrs VALE—So the store owner can actually find out exactly how much money is on the card?

Prof. Altman—No. I think that is done remotely. So I think that if you swipe your card and it says inadequate balance—

Mrs VALE—So it has to be swiped? So that is it—just inadequate balance?

Prof. Altman—Yes.

Ms CAMPBELL—They cannot find out the balance.

Prof. Altman—So people probably are reluctant to put themselves in situations where they may face embarrassment. Another unintended consequence, which I think has also had a fair bit of coverage, is where people may not have access to a licensed store in their community and so have to travel considerable distances to gain access to basic foods. They spend a proportion of their cash, although I think now they can possibly use their BasicsCard as well, to actually pay for travel. So what you are seeing is the impost of a consumer travel cost to gain access to goods and services.

CHAIR—What is the good food store you were talking about called?

Prof. Altman—The Bawinanga Aboriginal Corporation..

CHAIR—Yes. The particular store that had a decline in sales.

Ms Jordan—The Good Food Kitchen.

CHAIR—The Good Food Kitchen. You said that the BasicsCard would not work initially. Was that a problem that got sorted?

Prof. Altman—I think it is a problem that got sorted, yes. That is something that they might be able to give you information about because I think they did actually give your committee a submission.

CHAIR—Is this a teething problem that will work itself out or is this something more institutional which is long-term?

Prof. Altman—I think it is a teething problem that will work itself out. Again, logically you would say that people should use their BasicsCard for 50 per cent of their income in the major store and they should use their available cash buying the smaller stuff out of the Good Food Kitchen. But sometimes things do not quite work out that way so you may need to use your BasicsCard. Maybe it is just something to do with consumer behaviour—that they have become used to using BasicsCards for a big shop at the store but they are not so used to using a BasicsCard to buy a healthy veggie burger.

Mrs VALE—Jon, that is the next question. I have been to Maningrida. I have actually eaten the produce from this, and it is great. There are beautiful fresh salads and everything. When you have a discerning selection, would it be the fact that there are other things that perhaps especially the women of Maningrida might wish to purchase other than fresh salads or something on that day? Have there been any other community stores in which there has been a decline in purchases that you can actually identify besides the Good Food Kitchen?

Prof. Altman—Again, I think it has been quite well documented that there has been quite a bit of contestation in a community like Yuendumu, where you have a mix of licensed and unlicensed stores. Clearly, the community controlled unlicensed store has seen quite a decline in turnover because they do not have the competitive edge that having the BasicsCard gives you. The BasicsCard locks the consumer in to buy at a particular local store.

Mrs VALE—There must be some way where the consumer can actually have an indication of how much money is available on the card. Perhaps that is something we can look at.

Prof. Altman—I think there is that. I could be corrected, but I checked on that this morning on the FaHCSIA site. I think it is ringing a toll free number or going to a Centrelink office.

Mrs VALE—It is just that some of the women that I have been in touch with in remote communities appear to really like to have the card. They see it as some kind of freedom for them in lots of other ways. There are lots of other social ramifications. I am wondering if we can put

that power in the hands of the women in those remote communities but give them more information. Your contribution today is valuable so we can understand how it is working.

Prof. Altman—I should say that we have done other research, again, well before these things became politically contentious, that certainly recommended the introduction to people of debit cards that could be loaded and used at their discretion. This is work that we did a number of years ago in some remote Indigenous communities. Yuendumu is one of them and Kuranda in Queensland is another. What we emphasise there is that people need access to credit facilities. As you say, a lot of people really welcome the ability, for instance, not to have to go to an ATM or EFTPOS to get cash but to have the ability to use a credit card like the rest of us.

Mrs VALE—From what I gather, Jon, particularly the women. It seems to be something that the women see as a great resource for themselves and their families.

Prof. Altman—I think it is fair to say that women in Indigenous society and possibly in non-Indigenous society too take the primary responsibility for provisioning the household with groceries.

Mrs VALE—I have one more question about the hub and spoke model. Could you expand on that and just explain to us how it works. They do this at Maningrida, do they not? It seems that they have some good stuff happening at Maningrida. I am just wondering if you could expand on it for the benefit of the committee.

Prof. Altman—Look at the statistics we put before you. I understand there is an estimate of about 150 remote community stores servicing 1,200 remote communities. So you clearly need to service on a ratio of close to one to 10 communities from a community store. The way that has to operate is you have to either deliver goods and services from the home community store or else people have to travel in. What you in fact find in most situations is people do both. But you are certainly going to have some consumers who are living in very small remote communities who need to be serviced. They generally tend to be older people and pensioners who just need to get a mobile canteen service delivery.

This sort of links in a bit with issues to do with the servicing of outstations. That is something that we seem to be very reluctant to talk about at the moment in Indigenous policy. But there are a large number of very small communities that need not just access to consumer goods but a lot of other services. The best way to service those communities is through outstation resource agencies that work well. That is the hub and spoke model. It is generally those outstation resource agencies that will also sponsor, as Kirrily was saying, the delivery of foods—market commodities to outstations. But they will also probably provide assistance with the delivery of health services and the delivery of mail services and so on. At the same time you are running a mobile canteen, you also have the capacity to pick up a lot of other information about how housing and infrastructure is going out there. Are there other issues that need to be addressed?

We make the point just in passing in our submission, but we need to be frank about it, that much of this is underwritten by CDEP. These outstation resource agencies are generally large CDEP organisations that have a CDEP workforce and that have CDEP capital and administrative support. That is what underwrites the provision of these sorts of services.

Mrs VALE—In Maningrida, it is probably the major and only part of work.

Prof. Altman—Sorry?

Mrs VALE—It is one of the major sources of work.

Prof. Altman—Yes, it is. Look at these models. Clearly Maningrida stands out. Hopefully you have all received a copy of their annual report, which Kirrily was referring to. But you also have other organisations, such as Laynhapuy. Where you have these outstation resource agencies with a track record, sufficient scale and expertise, you do get a whole range of services delivered to the remotest communities. Sometimes these communities can be literally hundreds of kilometres away.

Mrs VALE—Jon, I want to ask one more question about Maningrida. Why do you think it seems to provide these services so well? What is the catalyst that actually made it happen?

Prof. Altman—It is a really good question. I think the outstations movement started there very early. I think that Maningrida attracted high quality staff early on. Yes, there were certainly in the early 1970s all non-local, non-Indigenous people. It established very early on an appropriate corporate structure that had its outstation residents as active members in the organisation. It has just had an organisational ethos that supports people living on country, that recognises the organisation's service obligations to its membership. But also it has had a philosophy that has been very realistic about the sort of livelihood opportunities that people have.

Mrs VALE—Well, particularly with the organisation, I think, of the women's craft section. They are doing some really good stuff there and returning money back to the women on the projects that they make.

Prof. Altman—I think they run in the region of 20 small enterprises. Women's craft is one.

Mrs VALE—Would you suggest that it is a good model or one good model from a few?

Prof. Altman—I think that if you have an opportunity to visit Maningrida, like you have, obviously, and look at the way the Bawinanga Aboriginal Corporation operates, it will be very instructive. I think that if every remote Indigenous community of the size of Maningrida could have an organisation that turned over in the region of \$30 million per annum, many of the economic problems that we see in remote Indigenous communities would be ameliorated. I hate the idea that these problems can be solved in the short term, but certainly they would be ameliorated.

Mrs VALE—I was just thinking about what you were saying. I did go there. They did make a significant contribution to the local economy through the women's craft centre and the arts centre, yes.

Prof. Altman—And the Good Food Kitchen.

Mrs VALE—Yes. The food kitchen. They do it very well.

Mr TURNOUR—I want to follow up on the CDEP. Effectively, with the CDEP reforms that are coming, the ability to run those stores will be impacted?

Prof. Altman—It will be impacted dramatically. What will happen is that CDEP participants who are now employed by the Bawinanga Aboriginal Corporation for their CDEP wages and are then paid top-up by their organisation will become clients of Centrelink. They will not be employed by the Bawinanga Aboriginal Corporation. They will not form this workforce that now runs their 20 plus enterprises. But the problem more significantly is that the Bawinanga Aboriginal Corporation itself, which gains its administrative capacity from having more than 500 CDEP participants, will disappear as an entity because its staff are resourced from a combination of CDEP administrative payments, CDEP capital, which goes to the organisation, and their operating surplus, which they also use to employ staff. My understanding is that one of the aims of the proposed reforms to abolish the CDEP is to kill the opportunity for top-up in terms of extra hours worked and extra income earned. What that will do will be to undermine people's incentive to seek work.

What you will see theoretically is some of those 500 CDEP participants getting regular mainstream work, but the vast majority basically will go on to welfare and 'working for the dole'. The experience with working for the dole in places where that program has been running has not seen many people actually working because there has been a lack of capacity to set up the sort of productive projects that an organisation like BAC runs.

Mr TURNOUR—Further, and I understand what you are talking about, it sounds like it impacts on an Aboriginal council or an Islander council in a similar. That is likely to occur with a range of other services. I am just trying to think of the right way to ask this question. Has there been the ability—this is part of the reason for the reforms—to get some more transparency in Aboriginal corporations? State governments have used top-up. Is there an ability for this corporation to really get a handle on what the real cost of the operations of their stores is without effectively a subsidy through the welfare system? CDEP is effectively a work program that is government funded. Can it separate out the real costs of delivering those programs through a store type model as compared to the costs that have been supported by the government? What is the real cost of that service delivery?

Prof. Altman—I want to put a qualifier in there that I never refer to CDEP as welfare. It is an Indigenous specific program and has been since 1977. The fact that it has an informal nexus with people's welfare entitlements does not make it welfare. It is an Indigenous specific program and always has been. I think it is part of the loose lexicon that we are getting these days that says CDEP equals welfare, but it is not.

BAC and their store—and I should say there is another large store in the township, the Maningrida Progress Association store—could quite easily tell you the extent of the subsidy that they get through CDEP because they have very good records of the number of CDEP staff that they have who receive the first 15 hours of their work from the CDEP program and then get the rest of their hours of work from the income of the store. They could quite easily, I am sure, calculate for you, if you ask them, what the impact would be in terms of local employment and, equally significantly, on consumer prices if you took out that subsidy of the CDEP Indigenous specific program. I think that would be an exercise that would be worth doing. But I am sure

they could do it for you because their accounting systems would be accurate enough to do that quite readily.

Mr TURNOUR—I take your point about the composition of CDEP and welfare. There is a debate that goes on with Indigenous people about some of these issues as well. I think the reality is that there have been good CDEP run programs and poor CDEP run programs. That has led to the situation we are in at the moment in terms of reform.

Prof. Altman—We could have a whole other inquiry about CDEP. But the one point you make that I certainly do agree with is that there has been no shortage of cost shifting on to CDEP. But whether you blame CDEP for that or Commonwealth, state, territory or local governments I think is the crucial issue. It is not a problem of the CDEP program. That is a problem of those state agencies that have under-resourced Indigenous communities and have cost shifted on to CDEP rather than meeting people's citizenship entitlements with proper program support.

Mrs VALE—Another aspect of CDEP, especially in remote communities like Maningrida, is the creation of a certain skill set. You do not find that on the bottom line anywhere. About four or five years ago a cyclone went through the Top End. Maningrida did not receive any emergency services. It was too remote. But because of the particular skill set of the people who were on that program, they could get out there with the trucks and the chainsaws and actually look after themselves.

Prof. Altman—And I guess that is another interesting thing in relation to places like Bawinanga with CDEP. Without wishing to over-romanticise the way that model works, one of the criticisms you often hear about CDEP is how people do not exit CDEP. What you see in the Bawinanga situation is that when a properly funded government program like Working on Country comes along, the people who actually exit CDEP into properly paid work are CDEP participants because they are the people who have had training and are work ready. Many of those people are actually the community based rangers working with the Djelk, which is another one of the BAC subsidiaries, and are the people who are out there with the equipment and the know-how to deal with a true emergency situation like Cyclone Monica.

CHAIR—I am conscious of the time. I have a couple of questions that I am keen to finish off with. Kirrily, you talked about the Outback Stores and the Arnhem Land Progress Aboriginal Corporation, both of which are operating in the same space, I think. I wonder whether you could expand on the observations—you did in the opening—you made about both of them. Is bulk purchasing a contribution to this whole area? It does seem to me that that makes a difference. In terms of trying to get a consistency of management and a consistency of product lines in stores, do you see a value in all that? Is there also a preference in the models that you, I guess, have determined?

Ms Jordan—In terms of bulk purchasing and centralised recruitment and an ability to provide training in accountancy and other skills people need, I think those models probably do have something important to offer. I think even the BAC model, which is a hub and spokes model—it is a larger organisation that is able to provide services to smaller communities—has a similar advantage. In terms of whether I prefer one model over the other, I think probably both, depending on the community, fit in different communities and where local store committees

have a preference, one or the other. I think one of the differences, from what I can gather, is the nature of ownership of the store and control of the store. In the ARC model, or the Arnhem Land Progress Association model, that ownership and control is retained by the store committees whereas in the Outback Stores there is a process of negotiation. But I guess there is a question of how effectively local store committees can advocate for their own interests in those negotiations about how much control they retain and how the store is managed.

Mr LAMING—And ALPA was very proud of not having a CDEP based model for their stores. Am I correct?

Prof. Altman—I am not sure if that is correct.

Mr LAMING—Because ALPA run very proudly and independently of CDEP, so I wanted to make sure that we did not leave this room thinking that CDEP was some essential model for stores to be viable. I believe they are proving that CDEP is not an essential ingredient for these stores to survive.

Prof. Altman—So ALPA are saying that none of the staff are on CDEP?

Mr LAMING—That is right. Certainly the way it was set up, they were completely separate to CDEP, so I think that needs to be on the record.

CHAIR—In describing those differences in ownership model, I think what I can hear you say is that the more local ownership, the better. Is that right? Is there a tension? To go to a completely different sort of sphere, 7-Eleven, for example, would want to run things as tightly as they possibly can in a franchise. You can talk about McDonald's or KFC. They would say that that is the way they get consistency and maintenance of service. Can you make that argument here in relation to these models—that there is some benefit in having a tightly managed thing with a consistency of product lines and consistency of management?

Ms Jordan—I do not think you can make the comparison in that both the Outback Stores model and the ALPA model have proven successful in that they have both been running effectively. The ALPA model now has eight stores, which it is running successfully across the Northern Territory and WA. Again, I think it comes down to what the aspirations of the local community are.

CHAIR—Are we looking at franchises here? Is there an attempt to build a brand? In relation to 7-Eleven, KFC and McDonald's, one of the inherent natures of a franchise is the building of a brand. Is Outback Stores attempting to build a brand, in your view? Is that what is going on?

Prof. Altman—Look at the submission they have made to you. They have a growth trajectory in terms of the number of stores that they want to be operating. I found that quite surprising in their submission. They have a clear focus on growth whereas I thought that Outback Stores would need to be invited by a community to work there. I think that some of the questions you are raising really need to be empirically tested. I think what we need to do is look at an independent community run store and compare it with some of the ALPA and Outback Stores and see if there is a difference in price, range of goods and so on. I am not sure how you would do that with unbiased results.

Some of these operations—and not just Outback Stores—are clearly pretty slick, so you could see somebody visiting and things looking pretty good for a week or two. But I think that we could get Fair Trading and others doing surveys of stores and stores being required to provide information. I think that is the sort of research you really need to be encouraging. We often hear about the benefits of economies of scale, but we have also heard of corporate conglomerates in the broader economy that have proven to be very financially vulnerable whereas smaller operations are sometimes leaner and can operate more effectively. But on that, clearly, I guess I would be much more of a fan of community control because I see the store as being fundamental to the community development of remote Indigenous communities and the building of their economic and social sustainability capacity.

CHAIR—I think Outback Stores would not like the idea of them being called a franchise. But if there were a really tight franchise operating, why could it not do both? Why does that work against the proposition you have just mentioned—of it being a community centre?

Prof. Altman—Well, as I tried to outline, because there are a whole range of community service obligations that a franchise might be reluctant to meet. Again, you may have a service level agreement that says you will deliver these things. But if they are in fact requiring cross-subsidy—the Bush Deliveries that Bawinanga provides do require cross-subsidy—you could see an external profit driven provider saying, ‘No, no, no. We will cut back on those things.’

CHAIR—Fair enough. This is the last question. In terms of procuring food for the stores locally—I am thinking about market gardens—some of our briefing notes say that a number of the mission communities used to maintain large market gardens, but there has been a decline in them. Do you have any comment to make about the capacity to increase locally grown produce for these stores?

Prof. Altman—I think that there is in many situations much capacity. I think that since the missions were there, our health regulations have changed quite considerably. There used to be not just market gardens but community fishing enterprises and the bringing in of bush foods to community stores. But I think a lot of that has become more difficult because of the state regulation of the provision of foodstuffs. I also think that these sorts of enterprises will need subsidy or else they will not be cost competitive with the external provision of fresh tomatoes. So, again, we have seen enormous barriers to commercially competitive horticulture and agriculture in remote Australia that these remote Indigenous communities are not immune from. But, having said that, if a community enterprise or a community organisation is looking for enterprise to locally supply, I think they should be given every encouragement to do so.

CHAIR—Thank you very much, Jon and Kirrily. I feel like we could have gone for a lot longer, actually. It may be that we follow up with you via the secretariat if there are other questions that arise in our inquiry that we would like you to answer. But thank you very much for appearing today.

[1.13 pm]

AARONS, Mr Brian, Chief of Staff, Northern Territory Emergency Response Operations Centre, Department of Families, Housing, Community Services and Indigenous Affairs

CURRAN, Ms Lynne, Group Manager, Office of Indigenous Policy Coordination, Department of Families, Housing, Community Services and Indigenous Affairs

SMITH, Dr Bruce, Branch Manager, Department of Families, Housing, Community Services and Indigenous Affairs

CHAIR—I am sure each of you have heard each of this before, but for the record I need to do it. Although the committee does not require you to speak under oath, you should understand that these hearings are formal proceedings of the Commonwealth parliament and that the giving of false and misleading evidence is a serious matter and may be regarded as a contempt of the parliament. Would any or all of you like to make an opening statement? Then we might fire some questions at you.

Ms Curran—We have a short opening statement.

CHAIR—The three of you?

Ms Curran—Yes, all of us. First of all, of course, we would like to acknowledge the Ngunawal and Ngambri peoples, on whose land we meet today. We would like to thank the committee for the opportunity to appear here before the committee. We have provided a formal submission to you. I would like to take this opportunity to run through a couple of the main points that we want to make.

In respect of FaHCSIA's responsibilities in this area, we have a range of responsibilities relevant to the inquiry. These include the ongoing development of food security policy in Indigenous communities and the licensing of community stores in the Northern Territory as part of the Northern Territory emergency response. These activities may be viewed within the broader context of the Australian government's and COAG's commitment to close the gap on Indigenous disadvantage with respect to life expectancy, child mortality, access to early childhood education, educational attainment and employment outcomes. Improving the affordability and availability of healthy food for Indigenous Australians—that is, improving their food security—is a key part of the response required to close the gap. In particular, increasing the supply and consumption of healthy foods for Indigenous Australians would be expected to reduce the current high levels of preventable diet related chronic disease among Indigenous people. This, of course, is a major contributor to the gap in life expectancy.

Our submission deals with high prices, low incomes and the poor availability of appropriate food. All of these factors combine to reduce food security in remote Indigenous communities. A range of factors have contributed to these problems—market failure through imperfect competition and market power; structural impediments, including the small population of many

isolated Indigenous communities; and associated diseconomies of scale. I would also mention regulatory failure and poor store governance and management.

I would now like to briefly summarise each of these elements. Through remoteness and small market size, many Indigenous communities are in effect captive markets. That is, community members are entirely dependent on purchasing goods from their local store and stores may not be subject to competitive market forces. In some instances, this environment has led to so-called price gouging. Stores have been able to provide a poor service and inferior products and charge high prices without a commensurate reduction in demand. Remoteness, small populations and geographic fragmentation also increase store costs, particularly for labour and freight, and contribute to diseconomies of scale. Maintaining financial viability in this environment is typically very difficult, particularly in small communities of less than 200 people and for stores that choose to operate independently of a broader chain. Economies of scale may be improved through the vertical integration of supply, bulk purchasing power and centralised back office processing.

The quality of retail and financial management in community stores has been found to be critical for food availability, quality and price. Poor store management, inadequate investment in infrastructure, high levels of book-up and poor stock control result in high levels of bad debt, pilfering and stock wastage and consequent increases in price. Poor debt management is of particular concern. Licensing assessments undertaken as part of the NTNER indicated that around half of the assessed community stores in the Northern Territory provided book-up before licensing.

Finally, a complex regulatory environment and failure to appropriately enforce compliance with regulatory requirements has contributed to problems with community stores and reduced food security in remote Indigenous communities. This is of particular concern where community stores are covered by state or territory based associations acts with inadequate requirements for corporate governance, particularly with regard to transparency and accountability and relatively low compliance requirements and/or penalties. A range of current Australian government activity is directed towards addressing these problems and improving food security in remote Indigenous communities. These measures, some of which are the responsibility of other portfolios, are outlined in our formal submission. Of particular relevance to the inquiry is the licensing of stores in the Northern Territory as part of the NTNER. To date, licences have been issued to 76 community store operators throughout the Northern Territory. There are strong indications that stores licensing, along with income management, is improving the quality and range of foods purchased in remote Indigenous communities, including the consumption of more fruit and vegetables, dairy foods and meat.

I will conclude by reiterating the difficulties facing small store operators in remote Indigenous communities and the implications this has for food security for Indigenous people in these areas. As I have mentioned, a range of structural impediments, remoteness, fragmentation and small population size make running a viable, profitable and sustainable store a very difficult proposition. Even well-intentioned operators struggle in this environment. When combined with poor or inappropriate governance arrangements, market failure and regulatory breakdown, the risk of poor food security in remote communities escalates. Addressing these problems and improving the range and quality of healthy food is critical for the wellbeing of people within

these communities and for advancing the Closing the Gap agenda. We are happy to take questions.

CHAIR—In a sense, I would like to start where you finish. You outlined a number of difficulties associated with running stores. What is the answer?

Ms Curran—There is no ready answer. I think Professor Altman emphasised in his opening remarks that there is no one size that fits all. In the Northern Territory, which is where our department has most experience, that is clearly evident. We have a range of different models. Each of those models has its attractions.

CHAIR—One of the questions I asked Professor Altman was, in his experience, there are good stores and bad stores. I would like to ask you the same question. I assume that would be your observation as well. Do you discern a defining characteristic or a common characteristic among those stores that are run well?

Ms Curran—Well, I think that there is a range of things. In our submission, we talk about the importance of retail management skills, back office processing and access to economies of scale through purchasing capacity. You get networks of scope and economies of scope through having clusters of stores in regions so that you can maximise delivery. Governance is another particularly important issue and the quality of your managers on the ground and the relationship they have with the community. You can tell when you go into a store whether the managers in that store have a positive relationship with the community or whether it is very much at arm's length.

CHAIR—In terms of the legal framework under which governance operates, that varies. Do you have any suggestions about what is appropriate legal governance for the registration of these stores? Should there be a common legal framework?

Ms Curran—Well, in the Northern Territory, of course, the companies or entities that operate stores are incorporated either under the CATSIA Act or the Aboriginal and Torres Strait Islander Corporations Act or they might be ASIC companies or they might be actually incorporated under Northern Territory legislation. So a variety of legal structures are in place. From our perspective, the more important issue is the regulatory environment, so the corporate entity itself is not so important. I think this was the point that Professor Altman was making. It is more the regulatory environment in which they operate and the compliance activity that sits around that.

CHAIR—The compliance which is required under the act and under which they are incorporated?

Ms Curran—No, not so much the incorporation act. The licensing regime in the Northern Territory has actually operated to, in effect, lift the bar in terms of what is required for a community store in the Northern Territory.

CHAIR—We will get to that in a moment. I do not know whether you were here when he said it, but Professor Altman made some remarks in relation to the Trade Practices Act. Do you see any issues in terms of the operation of the Trade Practices Act with these stores?

Ms Curran—Well, I think the comment that he was making, as I understood it, was that it is very hard for the consumer protection provisions of the Trade Practices Act to reach into very remote areas and that there are two consequences—that consumers may not be aware of their rights; and, secondly, that the operators might take advantage. In that context, he particularly referred to book-up. Mr Aarons can talk at some length on this matter. When we looked at the licensing of the stores in the Northern Territory, a very, very large number of them prior to licensing had extensive book-up practices.

CHAIR—Would you agree with his observations that the consumer protection provisions of the Trade Practices Act are not known enough? There might be some work that could be done in educating people about what those provisions provide?

Ms Curran—Outside the Northern Territory?

CHAIR—Within your sphere of experience?

Ms Curran—I do not know whether Bruce would have a comment on that.

Dr Smith—Just to say that in principle it would be a good idea, but—

CHAIR—But do you see it as an issue, I guess—

Dr Smith—The actual effectiveness of that, given what we know about literacy levels and so forth. It would be a good thing to do and it would be good as far as it went, but I do not know that we would want to make it a major platform.

CHAIR—That has kind of answered it. In terms of the licensing arrangements under the intervention, I wonder if you might talk a bit about that. You have had the benefit of hearing Professor Altman, who was really suggesting that the process of licensing some stores and not others created, I guess, a market distortion. That was not his phrase, but I think that is what he was getting at. I wonder if you might describe the operation of the licensing system and maybe address that issue if you think that is an issue.

Mr Aarons—Yes, certainly. Well, the licensing system derived out of the NTNER Act. It started with some of the consequences from income management. If you are going to suggest that half of people's income be managed and be spent on certain types of goods—healthy food et cetera—you need to make sure that that is provided, particularly for people in the remote communities. So the licensing regime derived from that. It is actually dealt with in the act. The operation centre mid last year took on the full responsibility for the running of that. There is now in place quite a well-refined process for reviewing licences. A whole lot of stores were licensed and their renewals are now coming up. The process involves a set procedure which we apply to every store. Each store is assessed against assessable matters that are spelt out in the act that goes to the quality and range of food and other products. It goes to the governance and financial arrangements of the stores. Our case managers go out to a store. The store is notified in advance. We try to give about four weeks notice. Case managers go out and work with the store. They go through a number of the assessable matters. They look around the store and check for the goods and the price labelling et cetera. They look at the financial accounts. We ask for the audited accounts. They have to produce the previous audited financial statement. So we get a handle on

both the financial structure and financial position of the store and we look at the governance arrangements.

In the case of stores that are managed by Outback Stores, there is actually a corporate licence that Outback Stores hold. So if a store is being managed by Outback Stores, some of the same things are still checked off when they come under the corporate licence. It is different if they are privately owned or owned by the community and run by the community.

Ms Curran—And ALPA has a corporate licence.

Mr Aarons—And ALPA has a separate corporate licence. You touched on this issue with Professor Altman. There are two kind of ALPA stores. There are stores that are directly owned by ALPA and there are stores that are managed by ALPA, where they have a management agreement with the community committee or whoever it is that owns the store.

Mr TURNOUR—I think Ms Curran and Professor Altman touched on the relationship between the store and the community. In terms of the licensing or the policy, are the cultural considerations in the delivery of these services part of the licensing? Is it considered part of policy recommendations in relation to stores? Would any of you like to comment on that?

Ms Curran—The specific cultural aspects are not taken into account in terms of licensing because that is very much about the quality and range of food in the stores and standards of governance and that there are appropriate retail and financial accountability arrangements in place. My point was more that the success of a store in a community depends on the relationship that the store manager has with the community. So a store that enjoys a good turnover is generally one that obviously the community is supporting.

Mr TURNOUR—Is that because of their understanding of the cultural operations within that community?

Ms Curran—It has to be a factor, yes.

Mr TURNOUR—I understand the need for the other things. Are these issues in relation to the cultural aspects something that could be considered in terms of policy and licensing in the same way that we can ask people who want to run another service in a community to demonstrate how they will operate within a particular environment or framework?

Ms Curran—I think the successful store operators in the Northern Territory do that as part of their good business management model. They will have a range of different ways of trying to support the community. They obviously want to employ local staff. Requiring something in a licence condition is not necessarily a way to actually grow that capacity. But that is something I think you need to have on the ground in terms of the way the service is delivered.

Mr TURNOUR—I have a further thought. I have to go in a minute. There are obviously a number of community based stores that are operating with CDEP support at the moment, from the advice we got in the earlier evidence today.

Ms Curran—Yes. We would not have those details. Both ALPA and Outback Stores pay their staff market wages. It is a commercial business.

Mr TURNOUR—But in terms of the CDEP reforms that are coming and the impacts on food security, which you have identified as one of your key areas of policy advice and development, have you done any work or are you doing any work on the potential impacts of the CDEP reforms on stores in these Indigenous communities?

Ms Curran—Well, the main impact, we believe, would be on the larger stores. They will have some capacity to pay market wages. I am not familiar with the situation in Maningrida.

Mr TURNOUR—So effectively you are saying you are not doing any work in the area of CDEP reforms and the potential impacts they may have on stores that are currently operating and using CDEP labour as part of that and, therefore, the changes that the reforms might have on those stores and food security in communities?

Ms Curran—The CDEP reforms have not been a specific consideration in respect of either the development of food security policy or the context of the licensing regime.

Mr TURNOUR—Do you recognise that the CDEP reforms will have impacts on community stores that may be utilising CDEP labour at the moment?

Ms Curran—I am not familiar enough with the specifics of the stores nationally in terms of the operation. As a general operating principle, I think this is a commercial business that is being run and that obviously, as Professor Altman outlined, there will be scope for those stores that are supported by CDEP labour to convert to market wage positions. There is a range of other employment reforms that are happening at the same time, including in the Indigenous employment program. There is the STEP program. With the new universal employment services, there will be a much stronger focus on remote Australia. With those reforms, we would anticipate that there will be a better delivery of employment and training opportunities in remote Australia, which has not happened in the past. CDEP was the principal vehicle through which that was delivered.

Mr TURNOUR—I understand that. I am not trying to be difficult, but I am very aware that the CDEP reforms are going to have impacts on a whole range of different areas, be it is from schooling to health delivery to stores. As an area working on policy, I am just wanting to get—

Ms Curran—As Professor Altman said, though, a lot of the employees in community stores unfortunately are not local Indigenous people. The store managers are frequently brought in from outside. You are from Queensland?

Mr TURNOUR—I am the member for Leichhardt, and I have Cape York and the Torres Strait.

Ms Curran—So I believe IBIS pays market wages.

Mr TURNOUR—Yes, they do. There is no doubt about that. IBIS and, I am pretty sure, most of the stores in my electorate do. But this is an inquiry looking across the country. I suppose the

point I am trying to get to is whether government departments are recognising the social and other impacts that may be coming through the CDEP reforms and whether we are properly taking them into consideration. I know that this is another area, but clearly this is an inquiry into stores. Clearly, we have had evidence that CDEP has an impact on that. We need to be clear about the policy impacts of that across the community and whether there will be transitional arrangements and all of these sorts of things for stores or whether that is something we should be considering.

Ms Curran—Perhaps we could take it on notice to do an assessment for you of the extent of CDEP employment in stores as far as we can gauge. In the Northern Territory I do not believe it is large. I think, as you have confirmed, in Queensland it is not an issue. In South Australia and Western Australia, I do not know, I am sorry.

Mr TURNOUR—I would appreciate that. I think it would be useful information to get. Thank you.

Mrs VALE—Thank you for coming today. Professor Altman spoke of the downsides of the cash card or the BasicsCard. Has there been any movement at all or any mind within the department to make sure that the balance of that card is available to the consumer?

Ms Curran—The BasicsCard is actually not administered by FaHCSIA. It is administered by the Department of Human Services, so it might be best to direct that question to DHS.

Mrs VALE—I am told we are going to have them next week so that will be the number one question. On page 4 of your submission, you mention that the food purchased from the stores now is about 90 to 95 per cent of the food consumed by the Indigenous population in remote areas. Do you have any view on the decline of local horticultural produce or bush food? Does it have an opportunity to come into these remote stores? Is there anything that you feel could be done to encourage local horticultural produce?

Dr Smith—There have been projects from time to time trying to do that. I think they have largely been unsuccessful. That goes to a number of the issues that I think we are familiar with in remote communities to do with governance and sustaining effort on these kinds of activities. Again, it is something that in particular circumstances could be a very useful thing to do, but it is not really something that I think we would be looking at as an overall policy solution to addressing the problems that we are focused on with food security. Is that fair?

Ms Curran—I think another point we would make is that people go on country and they hunt or gather. It is not necessarily for commercial use. So the fact that it is not available in the store does not mean that people are not actually taking advantage of the dietary variety available by hunting and gathering.

CHAIR—But what did that statistic mean, then? I read it as meaning that 95 per cent of what people consume is coming from the store so that only 5 per cent would be what you have described. Is that right?

Ms Curran—That is right.

Mrs VALE—So it would be gathered bush food instead of anything that is locally produced in your market garden, for example?

Ms Curran—Yes.

Mr Aarons—There have been several initiatives, I think, to grow food on the community. I do not know that there has ever been any study of the effectiveness of that or not. There have also been a couple more general initiatives driven by Indigenous people to try and set up a horticultural business. I think there was one in central Australia that Tracker Tilmouth was talking about. Again, I am not aware of the success or otherwise of that and where it has got to.

Mrs VALE—Do you think it would be a worthwhile project for some of the new employment training initiatives that are in the pipeline to try to encourage local market gardens within these remote communities?

Ms Curran—I think it is being given consideration. It will obviously depend on the area and the size of the community. There would be a range of things that would be taken into account. But I believe it is being given consideration.

Mrs VALE—Good.

CHAIR—That statistic came out of a survey, I think, that you had done.

Ms Curran—This was out of a report of the Legislative Assembly in the Northern Territory in 1999—an inquiry into food process. But we do surveys. We had a survey on our website. It was the GBM survey.

CHAIR—I was thinking of the market basket surveys that have been conducted.

Ms Curran—That is a Northern Territory government survey.

CHAIR—So you cannot give us information on that? No. So the surveys that you just referred to?

Ms Curran—Well, we do post licensing surveys of the stores in the NT.

CHAIR—And what sort of information do you gather?

Ms Curran—It is a range of things. I think we included it in our submission. We could direct you to the website. We look at the impact of income management, how store operators actually assess that, what happened to turnover as a result of the stores licensing and the changes in shopping patterns, particularly looking at the consumption of fruit and vegetables.

Mrs VALE—Will that be a continuing focus, an ongoing survey?

Ms Curran—Yes. We do the follow-up 12 weeks after the stores are first licensed. We are just in the process of planning the next stage.

CHAIR—Has it been one survey?

Ms Curran—It was a second report on 41 stores. Now that we have the next tranche licensed, we will be doing a third survey.

Dr Smith—It is the combination of the effect of stores licensing but also income management. It is those two things.

CHAIR—You may have included it in the submission, so I apologise if you have, but we would be really interested in that information.

Ms Curran—Sure.

Dr Smith—Sure.

CHAIR—I imagine that a store or any retail outlet would want to become licensed. Obviously there is an advantage in becoming licensed. The first question is: is it the dynamic that there is a demand of retail outlets wanting to become licensed and, in a sense, you are knocking some back and accepting others?

Mr Aarons—Very rarely are we knocking them back. We prefer to work with the stores to get up to speed. There was a case where there was an ideological statement of a community store that they did not do individual management. They then subsequently said that, notwithstanding that, they would like to have a licence. We have just been through a whole process with that. I did want to comment before. You asked me about what Professor Altman said about the market distortions. We try to bend over backwards to be utterly fair.

There is a third element that I should have mentioned in the licensing of stores, and that is the capacity to manage income for managed funds and participate in that regime. I guess there are two things we are looking for with stores. There is the security of the clients' funds. This is money that belongs to those individual people and it would be remiss of us in our licensing process if we did not have regard that in any given store those funds are going to be secure, well-managed and safe. That is why financial practices and the position of the store and the governance arrangements et cetera are important. The outcome from that is that we would prefer to have every store licensed. But if a store is not licensed, the only distortion is that they then cannot have access to those income managed funds. Of course—and this does happen, I believe—if they were not licensed, the customers could still spend their non-income managed funds there.

CHAIR—Obviously that would have an impact. In a sense, it would seem that the policy objective is to try to encourage purchasing from some stores which meet a set of criteria. Is it working? Do the surveys that you have undertaken indicate whether that is working?

Ms Curran—I think it is early days. Certainly the surveys are showing that there is an increasing consumption of fresh fruit and vegetables. There is increased consumption of dairy products and things of that type. There has also been other work done outside government looking at the impact of income management more generally. That is making similar points—

that it has actually had a very positive impact in terms of changes in diet. Whilst it is not showing up yet in health outcomes, anecdotal evidence suggests that children are healthier.

CHAIR—Has there been any research done of those retail outlets that are not licensed and whether there has been a drop in money spent there?

Ms Curran—Not that I am aware. But we do that—

CHAIR—Presumably a pub is not going to be licensed. Part of the idea here, presumably, is that one hopes more money is being spent buying fresh, healthy food from a licensed outlet than in the pub. Has anyone done any surveys on the pub to see whether it is working at that end as well?

Mr Aarons—Just remember that it is only in the prescribed areas under the NTNER Act that we are doing stores licensing, so most pubs would not be in the area.

CHAIR—Presumably some outlets would not be capable of being licensed because of what they sell.

Ms Curran—The NTNER legislation had a number of components. Another was alcohol bans. It is probably not a good comparison with alcohol bans. Some of these communities are small.

CHAIR—You are talking about one store?

Ms Curran—Yes. That is right.

Mr Aarons—They had to stop selling alcohol and so on as part of the act if they are on a prescribed area.

CHAIR—Finally, I just want to talk a bit more about Outback Stores and ALPA. Firstly, forgive my ignorance in relation to ALPA. Outback Stores is established through IBA. What is ALPA? Who owns ALPA?

Mr Aarons—My understanding is that it was an initiative maybe originally coming out of the churches. But it relates to Arnhem Land.

CHAIR—So it is completely private in that sense? There is no government agency which has a stake in that?

Mr Aarons—That is correct.

CHAIR—Would you like to make any comment about the success of Outback Stores and ALPA and how you see those initiatives working?

Ms Curran—ALPA has been around for a number of years. I think it operates currently 11 stores in Arnhem Land. I hope you have the opportunity to go and have a look. I have only been to one of the ALPA stores, but it is a very professionally run organisation and has an excellent

range of fruit and vegetables and obviously is meeting the needs of the local community in Arnhem Land.

Outback Stores has been in operation only a little over two years. It started from scratch. I think it is also going to make a very significant improvement to food security in the Northern Territory and elsewhere in Australia. The focus since the Northern Territory emergency response has been in the NT. I will have to check the exact numbers of Outback Stores. Because Outback Stores receives some funding from the NTNER, it has also picked up a number of non-viable stores. That is an important difference between ALPA and Outback Stores. Outback Stores is operating in communities that otherwise would not have had a store. I hope that you have the opportunity to talk to Outback Stores. They have grown very, very rapidly. Their business model is about managing the store within the community so that the community has a governance arrangement. Outback Stores takes a management fee. They go in on the invitation generally of the community. We talk about cultural appropriateness. They like to work on a model where they are invited in.

I think you have a range of views in your submissions about Outback Stores. My impression—and I have not read the submissions closely—is that those communities that had Outback Stores reacted very, very favourably to them. Of those communities that did not have Outback Stores, I think there was a lot of rumour and innuendo about the Outback Stores model.

Mr Aarons—And fears about losing control and losing money et cetera. I could say a little more about ALPA, if you like. The Arnhem Land Progress Association was established in 1972. It is an Aboriginal owned benevolent organisation; that is what it describes itself as. It provides benefits to its members from the operation of community retail stores. They have five member stores in Arnhem Land. They have also got a consultancy service—Australian Retail Consultants—which manage another eight community stores across the Top End. They distribute dividends to communities. With the dividends from a particular store, the store committee decides what is done with them for cultural, ceremonial or sports days or whatever. In other words, there is an organisation which has these skills and capacities to manage and run and, in some cases, help establish stores, I guess. At the same time, there is community control.

Mrs VALE—Is it also an element of staff training through ALPA and Outback Stores?

Mr Aarons—There is.

Mrs VALE—So they actually do train staff.

Mr Aarons—In fact, it says here that ALPA is a registered training organisation.

Mrs VALE—There is that particular component.

Dr Smith—And Outback Stores' policy is to employ and train Indigenous people in all stores, where possible.

Mrs VALE—I think that is important to note.

Ms Curran—You would need to check this with Outback Stores, but I think they are just about to employ their first Aboriginal store manager.

CHAIR—Would the surveys you have done include some ALPA stores, some Outback Stores and some that are not either?

Ms Curran—Absolutely.

CHAIR—Does it show any difference in terms of outcomes across perhaps those three groups, if you can bundle everyone else as one group?

Ms Curran—I cannot commit and say that I am able to give you that level of disaggregation. What we are doing is a telephone survey. It takes about 45 minutes. We are asking a standard set of questions of each of the operators.

CHAIR—I suppose you are saying that you are not sure whether you have done the exercise of disaggregating internally. I wonder whether you do get a difference in outcomes according to those stores. It might be a way of assessing how the model is going, I guess.

Ms Curran—Well, I think you would need to look at the results with some caution because the size of the store will have an impact. The length of time on which the management has been there will also have an impact. Its position in relation to a supply chain will also have an impact. So comparisons of that type, I think, are reasonably fraught.

CHAIR—It would seem to me that what ALPA and Outback Stores is trying to do—I say this thinking that this may well be a positive thing—is provide some level of consistency or something common across the stores that it operates. That is what it is attempting to do. It would be surprising, would it not, if you then did not get some across-the-board difference amongst Outback Stores? Sure, there are going to be some Outback Stores which are different from others, but some commonality is being applied to all of them. That is what Outback Stores is doing. So you would expect there to be some difference in outcome across the basket of Outback Stores.

Ms Curran—The survey is maybe not going to the issues that you are interested in. What we are trying to assess is the impact of income management 12 weeks after the introduction of income management. How did the store managers find it? Was it easy? Did we give correct assistance? Was it for long enough? We are trying to assess the impact of the administrative burden on the stores as a result of income management. At 12 weeks we are making another assessment about what has happened to the range and quality of goods in the store and what is also happening to turnover.

CHAIR—Meeting those objectives would all be relevant and interesting in terms of the extent to which Outback Stores meets those criteria. How it is going on turnover, what quality of food it has and how it is dealing with administrative burdens are the kinds of issues, I would have thought, that Outback Stores are designed to deal with, are they not?

Mr Aarons—And Outback Stores, in its submission, touches on some of those points. ALPA, by the way, does its own research, so you probably should ask them.

CHAIR—I appreciate that.

Mr Aarons—I think they would probably be able to answer a lot of those questions.

CHAIR—Thank you very much. Again, as I said to the last witnesses, I feel like we could go for another hour. We might ask you some further questions through the secretariat if there is other information we need provided. But we really appreciate your coming.

Dr Smith—We are very happy to provide information that is required.

Ms Curran—I want to confirm that we do not disaggregate the data.

CHAIR—Thank you for that. Thank you all for your attendance.

Resolved (on motion by **Mrs Vale**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.56 pm