

ALPA Response to supplementary questions asked by the Senate Standing Committee on Finance and Public Administrations' CDP inquiry

Last year ALPA released some information that suggested that shop sales were being negatively affected by loss of income through CDP penalties. Can you provide further, updated information on shop sales in areas where CDP operates?

Since the Community Development Programme (CDP) commenced in July 2015 we continuously heard anecdotal evidence of a significant drop in the net income throughout the communities in which we operate and the impact this was having on families and individuals, particularly in the context of food security.

These stories were of concern to the management of ALPA who are responsible for delivering CDP services in two regions in East Arnhem Land and for ALPA's Board of Directors, Yolngu leaders elected by the Traditional Owners and ALPA members throughout five East Arnhem Land communities, in all of which CDP is delivered.

As these communities are unfortunately largely dependent on welfare payments we considered it reasonable to assume that there was a link between these stories of people going hungry and the significant change in Government policy as RJCP transitioned to CDP. We decided to investigate, utilising stores sales data in conjunction with programme data on compliance and financial penalties issues to CDP participants.

In order to accurately identify any change in community income and map its impact we thought it important to establish some baseline data. To ensure the integrity of this process we engaged a third party, WorldSmart Group, who provided all sales analysis referenced in this response using raw sales data from our stores, the closest measure of community finances available to us.

Figure 1 below shows the consolidated total store sales for the communities of Ramingining, Milingimbi, Galiwin'ku, Minjilang & Gapuwiyak over a five year period ranging from mid 2010 through until the implementation of CDP. These communities represent the five ALPA member community stores and were selected as there were no major changes in the retail environment such as store renovations, upgrades and entering or exiting competitors in those markets.



Figure 1: Total consolidated store sales for the communities of Ramingining, Milingimbi, Galiwin'ku, Minjilang & Gapuwiyak (Sales figures redacted due to commercial confidence)

This data reflects an expected normal sales growth, averaging a 4% annual increase in sales year on year. The factors contributing to this growth are CPI increases and a slight population increase. There is a high elasticity of sales across our region due to the transient lifestyle of our members throughout the broader Arnhem Land region, particularly for ceremonial and funeral commitments and due to significant retail events such as Christmas and Back to School. Despite this there is a clear upwards linear gradient across this five year period representing an average annual increase in sales of 4%.

With the baseline data giving as a clear picture of expected annual sales behaviour we are now able to analyse and contrast the sales data from the period immediately after the implementation of the Community Development Programme (CDP). Figures 2 & 3 below display store sales for eight communities. It was possible to increase the sample and include three further communities which all had a stable retail environment throughout the period of review. We thought it valuable to include sales data from communities which represented a variety of different CDP providers to emphasise that this impact is systemic and not isolated to the regions in which ALPA delivers the Community Development Programme.

Figure 2 below shows the total consolidated sales of these communities throughout the period of review. There is a clear downturn in sales, a significant contrast to the sustained period of growth prior to the implementation of CDP. Over the two years analysed the average annual decline in sales is almost 10% with the most significant decline in the first twelve months of CDP before slowing to a decline of 4% in the first half of 2017.

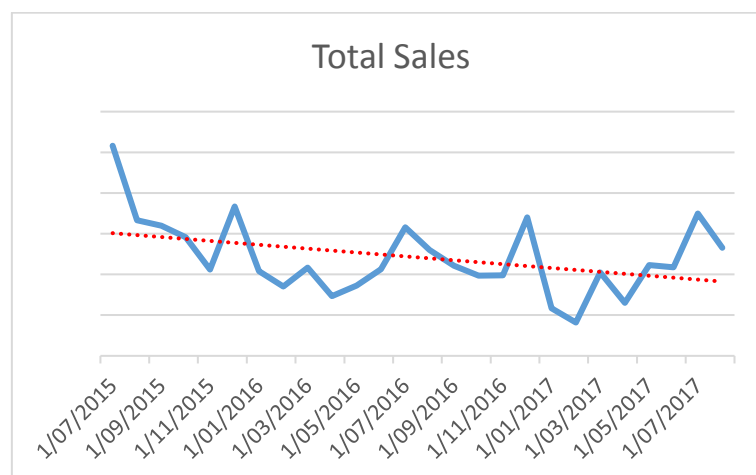


Figure 2: Total consolidated store sales for the communities of 8 communities (Sales figures redacted due to commercial confidence)

Figure 3 below shows the total consolidated food sales of these communities throughout the period of review. There is a downturn in food sales consistent with the decline in sales seen in the total consolidated sales. Over the two years analysed the average annual decline in food sales is also 10% with the most significant decline in the first twelve months of CDP before slowing to a decline of 4% in the first half of 2017. Of interest is that the coefficient for determination (for this purpose a measure of how consistently the sales figure per period align with the linear gradient of the sales decline) is notably higher when considering food sales in comparison to total sales.

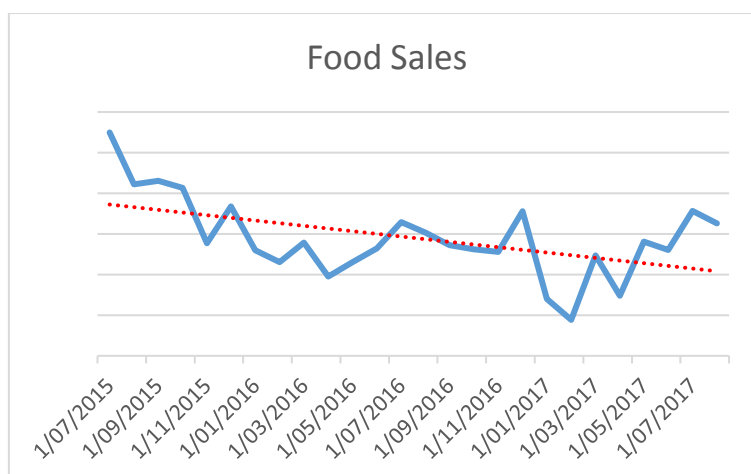


Figure 3: Consolidated food sales for the communities of 8 communities (Sales figures redacted due to commercial confidence)

The coefficient of determination for the data in Figure 3 is 0.26, suggesting somewhat erratic consumer behaviour month on month in comparison to the linear gradient of the trend line. This is attributed to the elasticity in sales mentioned earlier and has been consistently recognised across ALPA's history as a retailer in this region. Of interest is the fact that when total sales are evaluated as in Figure 2 the coefficient of determination drops to 0.15, demonstrating that consumer purchasing of lines such as fuel, flights, tobacco, electronics and whitegoods are significantly less consistent than food sales. This could potentially be a reflection on participants making larger purchases when suspended payments are overturned and paid back as a bulk payment.

Can you explain to the committee why you believe there is a link between sales and CDP penalties?

It seems an obvious conclusion to come to when you contrast the sales data with analysis of the financial penalties applied to CDP participants since the programmes implementation.

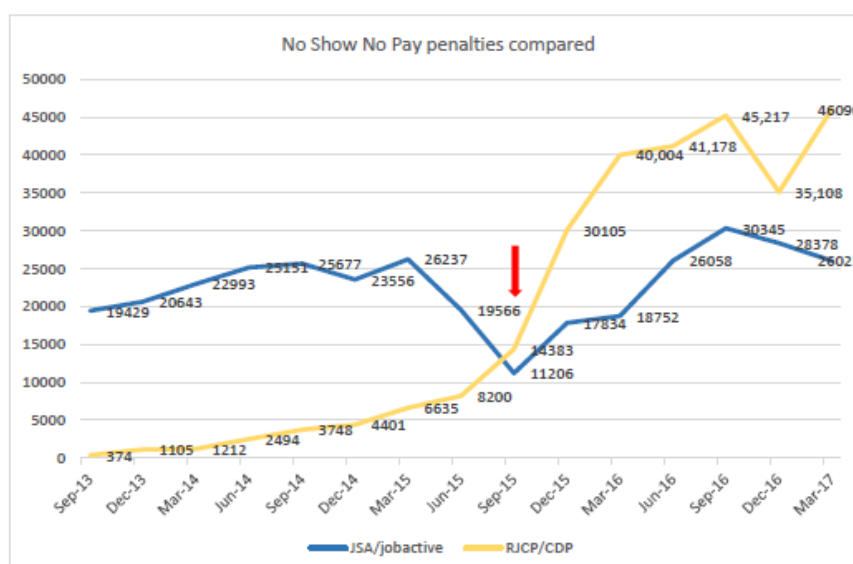


Figure 4: No show no pay penalties JSA/jobactive and RJCP/CDP compared

Source: Social security penalties applied to participants in the Community Development Programme Update including data for quarter ending March 2017 - Lisa Fowkes, July 2017

Up until July 2015 there had been consistent sales growth year upon year regardless of mobility between communities or any other external factors. From July 2015 to present there has been a significant decrease in store sales, coinciding with an immediate and meteoric increase in financial penalties applied to CDP participants.

This link is supported by the fact that the most significant period of decline in store sales was evident in the second half of 2015, immediately after the implementation of CDP. In Figure 4 you can see that financial penalties applied to CDP participants triple in the second six months of 2015, a clear correlation between the two sets of data.

It is impossible with the data available to us to conclusively prove that the financial impact on communities is solely attributed to the Community Development Programme. We do however believe that analysis of the data presented clearly demonstrates that the CDP has had a significant financial impact on the finances of remote Indigenous communities and has contributed to increased hardship for CDP participants and their families.

This financial hardship has had a destructive impact nationally, including in the ALPA member communities, and can be seen in many forms. An example of this is in the youth demographic in East Arnhem Land which has seen an explosion of volatile substance abuse in the form of sniffing.

Community	Tested	BLL >5			Age	
		Number	Mean	Range	Mean	Range
Galiwin'ku	115	94 (20 to RDH)	29.5	5.6 - 89.8	14	8 - 30
Yurrwi	30	24	21.6	6.5 - 38.9	14	10 -18
Gapuwiyak	42	39	20.9	5.2 - 43.4	13	8 - 23
Yirrkala	10	2	19.5	17.6 - 21.9	14.5	14-15
Maningrida	5	2	8.4	7.2 - 9.6	14	12 - 16
Marthakal	7	6	17.5	9.2 - 27.7	15	13 -17
Total	193	167				

Figure 5: Blood Lead Level Results/Treatments as of 08/09/2017

Source: East Arnhem VSA Stakeholders Meeting (Sept 11th, 2017)

As you can see in Figure 5 there were 167 positive tests returned with blood lead levels in a dangerous range, the average age of those tested positive for dangerous levels of lead in their blood throughout the region was 14. When interviewed by counsellors after being tested and found to have dangerously high blood lead levels over 90% of sniffers cited hunger as the major contributing factor to their engagement in this behaviour.

It is difficult to definitively link these occurrences to the financial impact of CDP, however it is undeniable that there has been a sharp increase in volatile substance abuse, with hunger cited as a key underlying cause, at the same time as a decrease in food sales in the same communities.

It is true that the Community Development Programme has had many individual successes, however these have come despite its negative financial impact, punitive focus and inequity with comparative mainstream programmes, not because of them.