



Australian Government

Australian Government response to the
House of Representatives Standing Committee on Indigenous
Affairs report:

Inquiry into food pricing and food security in remote
Indigenous communities

The Australian Government welcomes the report by the House of Representatives Standing Committee on Indigenous Affairs (the Committee) and its recommendations. Food security in remote Indigenous communities is a long-standing issue. The Government is committed to improving food security and the availability of affordable, fresh and nutritious foods in remote Indigenous communities.

RECOMMENDATION 1

The Committee recommends that the Treasurer direct the Australian Competition and Consumer Commission to undertake an enhanced market study into food and grocery prices in remote community stores. This study should make recommendations about how to increase competition in remote areas and put downward pressure on food prices.

The study should also identify better complaints handling mechanisms for people in remote communities, any changes to the consumer protection laws that might need to be made to address price gouging in these communities, which the current laws do not address, and a consideration of the impact, if any, of rebates.

The study should also recommend ways in which remote community members can be better informed of their rights as consumers, especially the right to make complaints.

The Australian Government **does not support** the recommendation.

A further inquiry is unlikely to provide new insights into the drivers of higher prices in remote community stores. The Inquiry report found high prices appear to be reflective of the genuine cost of operating supermarkets in remote communities and the Committee did not find evidence of systemic price-gouging.

In relation to informing remote community members of their rights, the ACCC will continue to work on a range of engagement activities through the National Indigenous Consumer Strategy, which involves co-operation with state and territory consumer protection agencies and non-government organisations on education and outreach.

RECOMMENDATION 2

The Committee recommends that the Australian Government establish a real-time price monitoring and disclosure mechanism through a point of sale data system across all remote community stores. Such a system should allow for real time information about changes in price and patterns of consumption and supply. The price monitoring system should be reported and made publicly available by the NIAA.

The Australian Government **notes** the recommendation for a real-time price monitoring mechanism.

The Australian Government will assess feasibility of this recommendation including:

- policy objectives of the mechanism
- value proposition including forecast of effect on consumer prices from greater disclosure
- costs to establish and maintain the mechanism/lessons from similar initiatives
- issues in relation to store participation in the mechanism including compliance costs
- data management and use of data generated through the mechanism, and
- legislative implications.

The Australian Government will also assess the interaction between the proposed price mechanism and Recommendation 6 - the Australian Government institute a national scheme of licensing and inspection of remote community stores, and Recommendation 10 - the Australian Government, in partnership with the States and Territories and First Nations people, develop a strategy for food security and nutrition for remote First Nations communities.

RECOMMENDATION 3

The Committee recommends that the Australian Government investigate the need for upgrading the infrastructure and shipping lanes in the Torres Strait and coastal areas of the Northern Territory, and road infrastructure into remote communities, to improve the supply of food to remote First Nations communities.

The Australian Government **notes** the recommendation.

Since 2013, the Australian Government has committed almost \$6.5 billion to critical road infrastructure in northern Australia to enhance road reliability, better connect industry to market and provide improved access for communities. Under existing planning processes, there are mechanisms in place to identify the needs and priorities for upgrades to road infrastructure to support remote communities, including coastal areas of the Northern Territory. Some recent examples of investments include:

- \$20.6 million in Australian Government funding to seal and improve the flood resilience of the Great Northern Highway between Broome and Kununurra in WA.
- \$180 million in Australian Government funding to seal, widen and improve flood resilience along the Central Arnhem Road in the Northern Territory.
- Over \$9 million in Australian Government funding to seal the Tanami Road into Yuendumu in the Northern Territory.
- \$190 million in Australian Government funding to undertake more sealing and flood resilience works in priority sections between Cooktown and Weipa in Queensland. These works build on the \$220.8 million funding that completed over 173 kilometres of sealing works along the Peninsula Development Road in Cape York in December 2019.

The Australian Government's Remote Airstrip Upgrade (RAU) program provides grants to upgrade remote and very remote aerodromes across Australia. Improved air access for remote airstrips facilitates improved delivery of essential goods and services such as food supplies, health care, community mail and passenger air services. Round seven of the RAU announced in May 2020 provided \$9 million for 45 projects including \$436,200 for two coastal Northern Territory aerodromes, \$2.1 million for eight aerodromes in far north Queensland and \$450,401 to Ardyaloon on the Dampier Peninsula in the Kimberley region. Round eight of the RAU announced in May 2021, provided \$8.2 million for 46 projects. This included \$800,000 for three coastal Northern Territory aerodromes and \$1.9 million for six aerodromes in far north Queensland. Examples include:

- \$500,000 as part of a \$1.8 million project delivered in conjunction with the Northern Territory Government, to re-seal and re-paint line markings on the runway, taxiway and apron at Elcho Island aerodrome. This will ensure the communities of Galiwin'ku and the surrounding homelands continue to have a safe connection to the mainland for essential goods and services.
- \$371,800 to the Cook Shire Council, Queensland to reseal the Coen aerodrome runway in far north Queensland to ensure the community continues to have safe air access.
- \$288,372 to the Aurukun Shire Council, Queensland to install Precision Approach Path Indicator (PAPI) lighting at Aurukun Airport.
- \$68,447 to the Pormpuraaw Aboriginal Shire Council, Queensland to replace fencing around the Pormpuraaw Airstrip to prevent animal incursions.
- \$248,500 to the Wirrimanu Aboriginal Corporation to upgrade Balgo Hill Aerodrome (resheeting and lighting works). Balgo in the Kimberley region is one of Australia's most remote and largest Indigenous

communities, and relies on the Balgo aerodrome for delivery of essential goods including food supplies especially during the wet season when roads are cut off.

In addition, the Government delivers the Remote Air Services Subsidy Scheme (RASS) with approximately \$13.5 million indexed annually, subsidising weekly flights to some 269 remote communities and stations including 86 Indigenous communities. The RASS Scheme subsidises a regular weekly air transport service for the carriage of passengers and goods such as educational materials, medicines, fresh foods and other urgent supplies to communities in remote and isolated areas of Australia. There are ten RASS regions including Cape York and the Gulf Country in far north Queensland and the region north of Tennant Creek in the Northern Territory.

Shipping channels are a joint responsibility of Australian, State and Territory Governments, however matters around channel depth and dredging to access small remote community ports are generally a state government responsibility. There are a number of grant and other funding programs that provide support for improving regional infrastructure, that may be used to improve barge access to remote communities including the Building Better Regions Fund.

RECOMMENDATION 4

The Committee recommends that the Australian Government encourage the establishment of more local distribution centres by wholesalers in major regional centres closer to remote communities.

The Australian Government **supports** the recommendation and recognises the value of increasing the number of local distribution centres located closer to remote communities. The National Indigenous Australians Agency will continue to engage with wholesalers in support of the recommendation.

RECOMMENDATION 5

The Committee recommends that an independent review of the outcomes and quality of governance training conducted by ORIC be undertaken so that in future training be available in language, and that evidence be collected that those who have completed the training actually understand their duties and obligations as directors.

Completion of initial governance training and some level of continuing professional development for directors and staff should also become part of the national licensing scheme.

The Australian Government **supports in principle** the recommendation.

The Australian Government agrees the quality and outcomes of governance training conducted by the Office of the Registrar of Indigenous Corporations (ORIC) is important. ORIC is currently implementing a reform program that includes redesigning its training materials to better meet client needs and developing measures of impact of its services on strengthening organisations' governance. ORIC is also adjusting its engagement approach with participants to a longer-term capacity-building journey more akin to a coaching and mentoring program. These major reform changes are expected to provide better quality development for participants and improve ORIC's ability to measure outcomes.

Underpinning many of the reforms is a 2020 independent review of ORIC's governance training program and its components. The reformed program content being developed by ORIC in response to the review, has been designed by a team with expertise in governance, adult learning and cultural advisers. Programs are due to be piloted in 2021 and once refined, ORIC will tailor workshops to suit different sectors – community stores are an identified priority area for tailored training.

ORIC acknowledges the recommendation's reference to language, however due to participation in many training programs of individuals from a range of corporations, locations and language groups, ORIC is unable to deliver training specifically in Indigenous languages. ORIC does use, and will continue to use, interpreters when working with distinct corporations when appropriate, available and cost effective.

Inclusion of completion of initial governance training and some level of continuing professional development for directors and staff will be considered in the implementation approach to Recommendation 6.

Through ad hoc consultation with the sector ORIC notes a continuing obstacle to directors engaging in professional development, either facilitator-led training or self-directed activities, is the competing pressures and demands on their time. It can be challenging to negotiate with employers for time away from their duties.

RECOMMENDATION 6

The Committee recommends that the Australian Government institute a national scheme of licensing and inspection of remote community stores.

The Australian Government **supports in principle** the recommendation.

The Australia Government has referred this recommendation to the Indigenous Affairs Taskforce of the National Federation Reform Council. The intent is for the Indigenous Affairs Taskforce to consider related elements of the Committee's report (see response to Recommendation 10).

RECOMMENDATION 7

The Committee recommends that the *Stronger Futures in the Northern Territory Act 2012* be amended to remove the requirement that stores be given notice before inspections.

The Australian Government **supports in principle** the recommendation.

The Australia Government agrees stores licensing enforcement is strengthened if inspections can be conducted without notice. In partnership with the Northern Territory Government, the Australian Government is considering future arrangements for stores licensing in the Northern Territory when the *Stronger Futures in the Northern Territory Act 2012* sunsets in July 2022.

Additionally, the Australian Government will suggest requirements relating to stores inspection form part of considerations by the National Federation Reform Council Indigenous Affairs Taskforce (refer to the response to Recommendation 10).

RECOMMENDATION 8

The Committee recommends that remote stores provide material to inform communities on their use of rebates.

The Australian Government **notes** the recommendation.

The Australian Government considers the distribution of material by remote stores on use of rebates promotes transparency and public confidence in pricing regimes in remote communities.

The Australian Government is not able to mandate the distribution of material on rebates by remote stores. Stores and store management companies are responsible for determining their policies and procedures.

The Australian Government will encourage store management companies and independent stores to promote transparency including by providing materials to inform communities on their use of rebates.

The Australian Government will suggest requirements relating to the public provision of rebate information by stores form part of considerations by the Indigenous Affairs Taskforce of the National Federation Reform Council (refer to the response to Recommendation 10).

RECOMMENDATION 9

The Committee recommends as a means of applying competitive pressure that at the expiration of store management contracts, new contracts should ideally be open to competitive tender.

The Australian Government **notes** the recommendation.

The Australian Government agrees the opportunity to tender for remote store management contracts represents good practice and could act to increase competitive pressure on prices, food quality and food security.

The Australian Government is not able to mandate competitive tendering arrangements at the expiration of store management contracts.

RECOMMENDATION 10

The Committee recommends that the Australian Government, in partnership with the States and Territories and First Nations people, develop a strategy for food security and nutrition for remote First Nations communities.

The Australian Government **supports in principle** the recommendation.

The Australia Government has referred this recommendation to the Indigenous Affairs Taskforce of the National Federation Reform Council. The Indigenous Affairs Taskforce has agreed to develop a national strategy for priority actions on food security in remote Indigenous communities, including consideration of the underpinning support a national stores licensing regime could deliver.

The Australian Government will suggest consideration of a food security and nutrition strategy for remote First Nations communities include related recommendations of the Committee's report. These are:

- assessment of the role of a real-time price monitoring and disclosure mechanism through a point of sale data system across all remote community stores (Recommendation 2)
- completion of initial governance training and some level of continuing professional development for directors and staff as part of the national licensing scheme (Recommendation 5)
- national stores licensing scheme (Recommendation 6)
- requirements on stores inspections (Recommendation 7)
- requirements relating to the public provision of rebate information by stores (Recommendation 8)
- utility of a governance or advisory group such as the Food Security Working Group (Recommendation 11)
- community store eligibility for essential services grants (Recommendation 14).

RECOMMENDATION 11

The Committee recommends that the Food Security Working Group that was established during the COVID-19 pandemic be maintained and tasked with:

1. identifying improvements to the logistics of food and grocery supply into remote communities
2. assessing the viability of warehousing greater volumes of food and groceries in more remote parts of the supply chain
3. identifying ways to improve the replenishment cycle of food and groceries in remote community stores
4. ensuring food supply during pandemics, natural disasters and seasonal changes
5. identifying ways which the major supermarket chains can help play a role in driving down food prices and guaranteeing supply for remote communities
6. identifying ways in which Outback Stores might assist independent community stores with the supply of food and grocery stock.

The Australian Government **supports in principle** the recommendation.

The Food Security Working Group (FSWG) established during the COVID-19 pandemic has been highly effective in ensuring food security in remote communities. The Australian Government supports a longer term and expanded remit for the FSWG. The National Indigenous Australians Agency consulted on this Recommendation with the FSWG members, the ACCC, the Department of Home Affairs and other relevant stakeholders. FSWG members agreed to maintain the group and amend the group's terms of reference to include points 1 – 4 of Recommendation 11 in May 2021.

The National Indigenous Australian Agency will continue to engage with stakeholders on points 5-6 of the Recommendation.

Consideration of the utility of a governance or advisory group such as FSWG can also take place in the context of the Indigenous Affairs Taskforce's agreement to progress Recommendation 10 (a Strategy for Food Security and Nutrition for remote First Nations communities).

RECOMMENDATION 12

The Committee recommends that the Australian Government support local food production in remote communities to meet food safety standards and other regulations in order to encourage the greater use of locally sourced food.

The Australian Government **supports in principle** the recommendation.

The Australian Government recognises the benefits of access to locally produced food in supporting food security and nutrition in remote communities.

There are numerous programs by the Australian Government, state and territory governments and the not-for-profit and philanthropic sector that can be accessed by communities or enterprises looking to develop local food production in remote communities. These include the Indigenous Advancement Strategy, Indigenous Business Australia and not-for-profit organisations such as Food Ladder.

Food safety enforcement is the responsibility of state and territory governments.

RECOMMENDATION 13

The Committee recommends that the Australian Government introduce a remote community competitive grants program, with a focus on:

1. access and continuity of power
2. improving cold and dry storage in communities promoting and supporting local food production schemes such as mobile abattoirs, fishing enterprises and community gardens.

The Australian Government **supports in principle** the recommendation.

The Australian Government is committed to supporting regional and remote Australia and has delivered significant investments focused on improving reliable, secure and cost effective power supply to communities in these regions.

In March 2019, the Government announced the \$50 million Regional and Remote Communities Reliability Fund, a competitive grants program that supports feasibility studies for microgrids in regional and remote areas. The program aims to help communities understand whether establishing a microgrid, or upgrading existing technologies which provide an off grid source of power, would better meet their electricity supply needs. For regional and remote communities, including Indigenous communities, microgrids can lower electricity bills, reduce reliance on costly diesel generation, and improve the reliability and security of electricity supply. This could lead to flow on benefits in these communities for health, education, businesses and jobs.

Under this fund, the Government has awarded over \$46 million towards 38 projects in regional and remote communities. Of these, 19 projects worth over \$22 million will assess alternative energy supply options using microgrid technologies in Indigenous communities.

Since 2016, the Government, through the Australian Renewable Energy Agency (ARENA), has invested \$138 million in grant funding to support microgrid projects including those in regional and remote locations across Australia. In the 2021-22 Budget through the 2021-22 Budget, the Government announced an additional \$67 million towards microgrid deployments, including \$52.6 million for the Regional Australia Microgrids Pilot Program, administered by ARENA. The program opened for applications in September 2021.

The Australian Government has also agreed to provide additional support through the 2021-22 Budget to support improvements to stores and economic infrastructure in remote communities.

Grants will provide additional resources to remote communities, building on other programs by the Australian Government and state and territory governments that can be accessed.

This includes a \$5 million 2021-22 Strengthening Remote Communities – Food Security Grant targeting the continuous and sustainable supply of food and essential items in remote community stores.

It also includes a \$10 million Indigenous Land Enterprise Infrastructure Fund over two years targeted to activate economic opportunities on Indigenous held land by providing increased access for Indigenous enterprises and community organisations in remote Australia to reliable and affordable infrastructure, such as greenhouses, off-grid solar power systems, and plant and equipment to support improved water security.

RECOMMENDATION 14

The Committee recommends that community stores be eligible to access and apply for any grants that might be available to other essential services in remote communities.

The Australian Government **notes** the recommendation.

The Australian Government notes 'essential services' are defined in state legislation and will suggest this recommendation form part of considerations by the Indigenous Affairs Taskforce of the National Federation Reform Council (refer to the response to Recommendation 10).

RECOMMENDATION 15

The Committee recommends that the Australian Government consult with the relevant State and Territory Government agencies to develop solutions to deliver reliable electricity to remote communities.

The Australian Government **supports in principle** the recommendation.

The Australian Government is negotiating bilateral agreements on energy and emissions reductions with state and territory governments. These agreements accelerate the delivery of affordable and reliable energy to consumers, while achieving emissions reductions in line with the Paris target. The Australian Government has signed agreements with New South Wales, South Australia and Tasmania.

The Australian Government is also progressing an agreement with the Government of Western Australia. Foundation projects include the South West Interconnected System (SWIS) Big Battery and the WA-based microgrids program for remote and Indigenous communities.

The Australian Government is investing \$28.5 million in Western Australian Big Battery and microgrid technologies to lower energy costs, create more jobs and boost reliable energy supply.

- The two projects will contribute an additional 0.5 million tonnes of abatement towards meeting our 2030 emissions reduction target and generate construction jobs, including jobs in Indigenous communities.
- The microgrids project will enable up to seven regional towns and remote Indigenous communities in Western Australia to replace high cost, unreliable diesel generation with an affordable energy supply they can rely on.
- Importantly, this funding will provide reliable and affordable energy solutions to remote Indigenous communities, supporting economic development, local jobs and reducing disadvantage for households.

In the 2021-22 Budget, the Australian Government also announced \$30 million to fund foundational projects to underpin an agreement with the Government of the Northern Territory. This funding will support a Big Battery for the Darwin to Katherine system and the deployment of microgrids in remote Indigenous communities. These projects will provide reliable and affordable energy solutions, including to remote Indigenous communities, supporting economic development and local jobs, and reducing disadvantage for households.

The measures in the agreements with the states and territories build on the Government's \$50 million Regional and Remote Communities Reliability Fund which is supporting 38 microgrid feasibility projects in over 110 communities across regional and remote Australia. The Government has also allocated a further \$52.6 million for grants, administered by the Australian Renewable Energy Agency, to support microgrid pilot projects in regional communities.

The Government, through the Australian Renewable Energy Agency (ARENA) has also supported innovative deployment of new technologies that increase affordability and reliability while reducing emissions in remote areas. For example, ARENA has committed \$35 million in grant funding towards the \$59 million Solar Energy Transformation Program (SETuP), jointly financed by the Northern Territory Government and managed by Power and Water Corporation (PWC). The SETuP project has developed new approaches to determining 'least cost' power system design in remote communities. The project has deployed 10 MW of solar photovoltaic (PV) generation across 25 remote Northern Territory communities, serviced by Indigenous Essential Services. Solar PV energy has partially displaced diesel generation and is delivering 15 per cent fuel savings on average. At the Nauiyu community (Daly River), a popular Northern Territory barramundi fishing location, battery storage was added to 1 MW of PV, allowing the diesel engines to be turned off during daylight hours.

RECOMMENDATION 16

The Committee recommends that the NIAA consult with the relevant stakeholders to ensure that Aboriginal and Torres Strait Islander residents of town camps can receive food deliveries from supermarkets in their vicinity.

The Australian Government **supports** the recommendation.

The National Indigenous Australians Agency will engage with stakeholders to examine options to ensure Indigenous Australian residents of town camps can receive food deliveries from supermarkets in their vicinity.