



COMMONWEALTH OF AUSTRALIA

## 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**

MONDAY, 30 MARCH 2009

THURSDAY ISLAND

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES



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

**Monday, 30 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:** Mr Katter, Mr Marles, 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.

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**Committee met at 1.15 pm****KRIS, Mr John (Toshie), Chairperson, Torres Strait Regional Authority****SEE KEE, Mr Wayne, General Manager, Torres Strait Regional Authority**

**CHAIR (Mr Marles)**—Welcome. We will go in camera so that the public are not present. Obviously, it is fine for you to be able to give evidence in this way, but do you want to give all your evidence in camera, without the public here, or is it possible to allow the public to come in for part of your evidence?

**Mr Kris**—We could possibly let them in for part of the evidence.

**CHAIR**—Okay. Then why don't we now do the part of the hearing that you would like to have in camera and then, when you feel we are at a point where you would like to invite the public in, we can do that. Obviously, if they can, it would be preferable for the public to listen to what is going on.

*Evidence was then taken in camera but later resumed in public—*

**CHAIR**—We will keep going with the evidence in public now. I had inadvertently failed to introduce the members of the committee when I opened the hearing, and I will ask them to introduce themselves.

**Mr TURNOUR**—I am Jim Turnour, your federal member. It is good to see everybody here.

**Mrs VALE**—My name is Dana Vale and I am the federal member for Hughes, an electorate in southern Sydney in New South Wales. It takes in the Royal National Park, Sutherland Shire near Botany Bay and goes across to the Liverpool CBD.

**Mr KATTER**—Bob Katter. I used to come up here a lot of once upon a time.

**CHAIR**—Bob of course as the member for Kennedy is a neighbour. I am the chair of the committee and also the member for Corio, which is based on Geelong in Victoria. Before we invited the public in, Tosh, you talked about ideas of getting fresh meat up to the Torres Strait. I think one suggestion was to have an abattoir here. Is that right?

**Mr Kris**—Traditionally people used to own their own pigs or poultry but because of mosquito borne diseases and with the threat of bird flu coming through our region I have seen communities being asked to remove pigs and poultry not just from the backyard but from the communities. That has entered the whole process of traditional hunting methods, and the increase of hunting throughout the region is specifically because of the lack of protein through those shops.

**CHAIR**—When you are talking about hunting, we are talking about sea hunting, turtles and dugong?

**Mr Kris**—Traditional.

**CHAIR**—Can you give a sense of the proportion of meat intake that occurs in this community through dugong and turtles? Is this something that happens every day or are we talking about it at special functions?

**Mr Kris**—Special functions and also just traditional intake. When there is not enough red meat around people revert to turtle and dugong to get access to protein.

**CHAIR**—Is there a problem in that in terms of the sustainability of those populations, the dugong and turtle populations?

**Mr Kris**—Once you take away the poultry and the piggery that was traditionally looked after by community members, you are always going to put a lot of pressure on your intake of turtle and dugong throughout our region.

**Mr See Kee**—It is an issue. It is one of the things that the TSRA's land and sea management unit with both Commonwealth and state departments are working through, previously under the NHT program but now under Caring for our Country, to set ranges up but also to implement dugong and turtle management plans. I think we might have mentioned this the last time, but about seven or eight communities have put together their management plans and now under Caring for our Country we have got a range of programs being enacted to start to roll out those plans. How those plans were established was that the group sat down together, so on each community, for example, they would sit down and work out what would be an acceptable way of doing dugong and turtle hunting in the communities. Evidence over the past five to 10 years is showing that there is a lot of hunting going on not just in Australia but also on the Papua New Guinea side. Where you have got socioeconomic circumstances like you do in Papua New Guinea, for example, that is going to once again force people to look for meat; it comes under food security. They are going to be putting additional pressure on those stocks. When you think about the population growth that is happening naturally, you think about the number of events that have to happen in a community, you think about possible issues with the quality of meat that islands and communities are receiving, more and more you start to notice from time to time in communities that they will be going over to get that type of meat to put food on the table and at the end of the day it becomes a matter of how you get food on the table.

**CHAIR**—Despite all of that, it still sounds as though the predominant source of food throughout most of the Torres Strait is the community stores.

**Mr Kris**—Yes.

**Mr KATTER**—Have you applied to get your chooks and pigs back? Have you applied to the government to do that?

**Mr Kris**—At this stage, no, we have not. The number of pigs has been reduced so that you can minimise outbreaks of diseases, but with the chooks we still have to put an application in to look at how we can go about contracting all those issues.

**Mr KATTER**—Are you aware that there was a proposal that buffer herds and pig populations be put into the Torres Strait so that, instead of the Torres Strait being a vacuum into which these animals would come, you would actually be pushing the animals outwards, effectively, to New



Guinea, rather than getting stuff in from New Guinea. That was a proposal that was put to government. It was in the process in 1990. Obviously, it was never pushed forward by the incoming government at the time. Were you aware of that, Toshie?

**Mr Kris**—No, certainly not.

**Mr KATTER**—Are you aware that there would be the possibility of you winning a court case in the High Court on this issue. It would be on very similar legal principles to those of Mabo.

**Mr Kris**—No.

**Mr TURNOUR**—To pick up on an earlier question from Bob, can you give some sort of indication of the numbers of poultry and pigs that would have been around prior to the quarantine laws coming in? What is the difference between what they are now and what they were historically?

**Mr Kris**—The difference now until then I think is next to none.

**Mr TURNOUR**—So there are next to none now and previously there were many?

**Mr Kris**—There were many, yes.

**Mr TURNOUR**—We read about the trade that traditionally took place between Papua New Guinea and the Torres Strait Islands, and we have had some evidence about it. Obviously there is a national border there now, although we still have the treaty. Do you think there are opportunities for us to bring things from Papua New Guinea into at least the protected zone? In terms of food, should we be looking not just to the south and what we can grow locally but at what we can do from Papua New Guinea?

**Mr Kris**—I think that is just another can of worms if you are going to go down that road. They have looked at poultry or meat coming down from Papua New Guinea but, with the agreement of all those communities, they have declined the offer to move that stuff throughout our region.

**Mr TURNOUR**—Sorry; who has declined?

**Mr Kris**—There was an agreement by all the communities.

**Mrs VALE**—On page 8 of your submission you mention that you are about to start, in July this year, the Healthy Homes Program. You say:

The aim of the Healthy Homes Programme will be to:

- Monitor health service delivery in the region and contribute to ensuring health service levels are equal to the national standard
- Improve the health of Indigenous people living in the region through healthy proactive living initiatives
- Increase Indigenous home ownership.

But increasing Indigenous home ownership was not one of your recommendations, on page 11. I am interested in this because I think, for any people, homeownership is really a springboard to being independent and proactive and having respect within the community. Do you think it would be worthwhile adding 'increasing Indigenous homeownership' to the list of recommendations that you have on page 11? It would also assist in encouraging people to have home gardens, which is something that is increasing in mainland communities and mainland white communities—people actually going back to having some vegetables in the backyard. I would like to see more Indigenous people own their homes.

**Mr Kris**—We can simply put that in. On the first point of your question, we are actually working through the Torres Strait health partnership with district health and all the other health organisations—state and Commonwealth—to look at how we can actually build better homes and healthy communities throughout that partnership programs, which are funding not only by district health but also other organisations. With respect to Indigenous homeownership, the scope there for us is to look at how we are going to look at the land tenures in the communities out in the Torres Strait before we can move into homeownership. Homeownership applies only to Indigenous people living within the inner islands—mainly Thursday Island and Horn. We need to look at how you put tenure on those DOGIT communities throughout the Torres Strait and then we will actually look at implementing homeownership throughout those communities.

**Mr KATTER**—I just want to say something in answer to the member's question. Correct me if I am wrong, but the position in the Torres Strait when I was up here was that you own the land now. You do not need to get any title deed off any white fellas in Canberra or Brisbane; you own that land now—and you own it individually as per the Mabo case. But, in fairness to the member's question, you do need a title deed to be able to get money off the bank. So, whilst everyone up here absolutely believes in and will not relinquish the principle that they do own the land now, it still would be nice to have a title deed to reinforce that.

**CHAIR**—I might cut in here, because this is really about trying to get evidence from those people who are giving evidence, rather than asking ourselves questions and having a discussion about it. I am also pretty conscious of the time. If there are other questions that we need to ask of the TSRA, we might put them in writing to you and follow up as we go along. I am sorry that time is cutting in.

**Mr See Kee**—I would like to make one closing remark in terms of sustainability. It was not put into our submission because we felt at the time that it might have been outside of the scope of what the actual inquiry was about. In small communities such as we have in the Torres Strait, whether it is Thursday Island or the smaller island isolated communities, we would like there to be some consideration of things like packaging and the sorts of things that are being brought on to island, whether through stores or directly ordered in. Why that is important is that it is creating waste management issues on communities. When you have an island with only so much space and you have the additional challenges of climate change and the rising sea level, all of a sudden it becomes a pretty big issue and, before too long, you have got all this stuff on the island that you cannot get rid of. So, if we are talking about sustainability here, it is not only about the food security et cetera; it is also about what we are bringing on to some of these communities.

**CHAIR**—Thank you. That is an important point. We really appreciate the time that you have given us today and the evidence you have given.

[2.03 pm]

**GELA, Mr Fred, Mayor, Torres Strait Island Regional Council**

**SCARCE, Mr John, Chief Executive Officer, Torres Strait Island Regional Council**

**CHAIR**—Welcome. For the purpose of the *Hansard* record, could you please state the capacity in which you appear before the committee today.

**Mr Gela**—I am Mayor of the Torres Strait Island Regional Council—the newly established and amalgamated council, which is made up of the 15 island community councils and the Island Coordinating Council, which makes 16.

**CHAIR**—Thank you. Do you wish to make an opening statement, either individually or together, and then we will ask some questions of you?

**Mr Gela**—First and foremost I would like to have it noted that I would like to acknowledge the traditional owners of this land that we are sitting on, which is the Kaurareg people. I would also like to extend my acknowledgement to all the traditional owners of the Torres Strait region.

**Mr Scarce**—I have no opening remarks; we will take your questions now.

**CHAIR**—Can I firstly ask some background questions about the Torres Strait Island Regional Council itself. Do you represent the entire Torres Strait?

**Mr Gela**—We represent the 15 Island communities in our electorate, from Hammond Island all the way out to the top western area, which is right next to the border of Australia's territorial waters and Papua New Guinea.

**CHAIR**—Where are you based?

**Mr Gela**—At the moment there is office space on Thursday Island. The legal office address is Hammond Island. Whenever we travel around to each community we work in an out of those community offices.

**CHAIR**—How many people does the council employ?

**Mr Scarce**—We have approximately 1,800 people, and 1,400 of them are substantively on CDP. About 420 are either part time or full-time equivalents.

**CHAIR**—And what kind of services does the council provide?

**Mr Scarce**—All normal local government services from water and sewerage right through to roads. In addition, we have a lot of enterprises: we have four hotels, we have variety stores, some takeaways, some quarries and all the childcare.

If it was on the community before and run by the amalgamated councils, it was taken over by the regional council—it did not matter what it was.

**CHAIR**—Did you say ‘variety stores’?

**Mr Scarce**—Yes, variety stores. One store in particular just has white goods and clothing and things like that. It does not really have groceries.

**CHAIR**—In terms of community stores, I guess grocery stores, but beyond that, do you know how many there are within your region?

**Mr Gela**—IBIS is based in 12 communities. There are two private outlets on Badu; the Hammond shop, on the other hand, is owned by the regional council and it is leased out to a community member. Dauan, Darnley and Boigu have access to IBIS and privately operated outlets as well. The rest are predominantly IBIS.

**CHAIR**—Just so that I am clear, there is one store that you lease out to a private operator; is that right?

**Mr Gela**—We have three facilities in our region that are actually leased out. They were leased out by the old island councils in the past, prior to amalgamation. When the original council was given birth to, we just honoured those leases.

**CHAIR**—But they are stores that are providing the same kinds of products as an IBIS store might; is that right?

**Mr Gela**—They are different.

**CHAIR**—Are you satisfied with the quality and the price of products that can be found in both the IBIS stores and the privately run stores?

**Mr Gela**—We are dissatisfied at what is being provided down on the ground in terms of the quality of the products and the range of products provided to people.

**CHAIR**—Dissatisfied?

**Mr Gela**—Very much dissatisfied. If you walk into Coles you can have a selection between a carton of Paul’s UHT milk and, if you want a cheaper brand, a cheaper option, the Coles brand. In the communities, even looking at the range of Black and Gold products, there is hardly any. The other thing that I want to mention is that one would think that if you have more than one outlet in the community there would be pricing difference, especially if one operator does not have a monopoly in that community. What is actually happening in the Torres Strait is that even though you have an external outlet, the external operator, there is no pricing difference. What they are doing down on the ground is matching each other’s prices. In short, you would be lucky to get a range of 10 basic products that are used the majority of times in households where you could see a price difference between a privately owned operator or an external operator in comparison to IBIS. It is basically just mix and match.

**CHAIR**—So the comments you are making are about both the IBIS run stores and the privately run stores in terms of your dissatisfaction?

**Mr Gela**—Well, when you look at it, nobody is cheaper than the other; both are just matching each other. Some could argue that because IBIS has a monopoly they have buying power in comparison to when it is leased out to a private local person who individually does not have that buying power. IBIS, on the other hand, does, so there should be no excuses.

**CHAIR**—So there is no difference in price as far as you are concerned. Would you say that there is a difference in the breadth of the product that you can buy in an IBIS store compared to the privately run stores?

**Mr Gela**—Yes, there is.

**CHAIR**—Are there more products available in an IBIS store than there are in a privately run stores?

**Mr Gela**—To a certain degree. It depends on which community you are looking at, because you have some communities where, even though it is privately owned and operated, there is still a huge range in comparison to what IBIS offers. So it varies between communities.

**CHAIR**—Maybe you cannot make a generalisation, in which case do not. But are you saying that the private stores in general have a broader range of products and the IBIS stores?

**Mr Gela**—In the larger communities they do.

**CHAIR**—Can you make any generalisations in relation to the quality of products in the private stores versus the IBIS stores?

**Mr Gela**—I cannot in relation to the private stores, but I can make a comment publicly in relation to the products that are offered to the people through the IBIS outlets. They are of poor quality when they are received. You would not see anything like the potatoes and vegetables that are put on the shelves if you walked into Cairns. I want to make that point from the outset. Some are not good for human consumption and should not have even been put on the shelves.

**CHAIR**—Having made that observation, do you have a suggestion about how that situation might be improved?

**Mr Gela**—I will get John to talk about the discussions we have had in relation to what IBIS is actually doing now. If they are taken on board some of the changes could hopefully turn the tide in relation to pricing and the way business is happening in the communities.

**CHAIR**—Sure.

**Mr Scarce**—To add further to what Councillor Gela is saying, it is the belief that IBIS is the price setter out in the communities. It is most likely that the other stores are more compact in how they operate and would have lower overheads and things like that. They are the price takers;

I think that they set their prices based on IBIS. As such, they can profit a lot more than IBIS can in relation to those points.

The quality of the goods that come out, especially that of the fresh fruit and vegetables, as Councillor Gela mentioned, is not the best on a lot of occasions. We do not know the real reason behind that—whether it is to do with the shipping, with Sea Swift's cold stores and frozen stores and things like that. Quite often, when you are getting things privately you need to send them back or claim on insurance because of bad handling, that has occurred, we are assuming, during shipping rather than at Campbells, Woolworths or Coles or wherever we have purchased them from.

You need to look at IBIS's operations to see how this goes, but I believe it was stated in the paper that IBIS has a stock of about a month's supply. I do not know whether it was those goods that were coming out but, over that period of time when those comments were made, when the product was going into the supermarkets, the potatoes and things that were being put out should have just been thrown away immediately. They were rotten; we were not too sure why that was.

As to the other part, about freight: when you get things up privately, the freight component is around 15 to 20 per cent of the cost of the goods, whereas the work that Mr Turnour did—and which we have also done throughout the communities—shows that there is an increase of about 80 to 90 per cent on the costs of goods in Cairns throughout the whole of the Torres Strait. So there are other factors. Whether it is the buying power—

**CHAIR**—Can I just clarify that? Are you are saying that the freight costs should be about 15 per cent?

**Mr Scarce**—Fifteen to 20 per cent.

**CHAIR**—So, in the ordinary course of things, they would add 15 to 20 per cent on to the price of a product, but you are saying that when it actually gets to the shelves we are talking about an 80 to 90 per cent increase?

**Mr Scarce**—Yes. And that is based on this. We did an order; I cannot remember what it was, but it was about a \$900 order and the freight was about \$137 to get that \$900 order up. So that added about 15 to 20 per cent on to it, but when the goods are in the stores—and Mr Turnour found this when he did the comparison—it is closer to 80 per cent compared to Cairns.

**CHAIR**—Does anyone else want to ask a question?

**Mr TURNOUR**—I just want to point out that they are talking about the PriceWatch that I run quarterly. I publish the price of a basket of goods in Cairns as compared to here on Thursday Island and, obviously, there is a significant variation in the costs of those baskets of goods, and you are estimating the cost of the freight component compared to the difference in the price.

I have a couple of questions. One of the outcomes of the inquiry, and one of the things I hear when travelling around, is that people are obviously concerned about the cost of living, and quality and the like. It is great to be here as part of the inquiry. Mayor Gela, you are actually on the board of IBIS as well, according to their submission; I am aware of that. I know that you also

have your mayor's hat on at the moment, but I would not mind having your thoughts on governance structures for community stores as they currently sit with IBIS, and privately owned stores, and on how we could get greater community information on and involvement in improving those stores.

**Mr Gela**—Suggestions have come up from the communities. Let us talk about quantity. There have been strong views put forward in relation to never having enough products. The barge rocks in, they unload and then all of a sudden you have everybody rocking up to the IBIS, and then the next day or two days later you do not have access to potatoes, onions and so forth. So I guess there have been some concerns raised in relation to how orders are compiled and whether or not the managers on the ground—while they have got their finger on the pulse, and know what is going on—are taken seriously when they require more products, especially if you have an influx of people from New Guinea visiting the communities, because of the Torres Strait Treaty, or culturally significant events that occur in the communities.

We have been told that the orders are controlled through a computerised system, based on the products that are sold mostly. It manages itself through a stocktake measure at the point of sale. So each order is basically targetting what has been sold predominantly and the quantities that have been taken up. To a certain degree, that does not account for the movement and influx of the population—when they are coming in and not visiting anyone.

Other than that, communities have certainly, at the regional council level, looked at the possibility of having open dialogues about getting those shops back under the wing of the regional council and to look at developing our own model and our own way forward in relation to running those outlets. That was certainly put on the table prior to amalgamation. To date, we have not heard anything with in relation to an exit strategy that IBIS has come up with.

**Mr TURNOUR**—Are you on the board of IBIS as the Mayor of the Torres Strait Island Regional Council?

**Mr Gela**—No. I am a newly appointed board member. I only attended the first meeting that occurred.

**Mr KATTER**—Who appoints you?

**Mr Gela**—The minister for communities.

**CHAIR**—So it is not by virtue of you being the mayor?

**Mr Gela**—No. But I know everything is documented. It would definitely be on *Hansard*, and I have not seen a code of conduct yet.

**Mr KATTER**—I was once the minister. I do know what it was called then, but the councils had absolute control of it. Whenever I was abused about something I said, 'I don't own it; it's got nothing to do with me'—which was not entirely correct. The board owned it and the board were automatically there because they were mayors of each of the islands. But that is not the situation now, obviously.

**Mr Gela**—No. The structure has changed in terms of the approach. There are only two members, Councillor Phillemon Mosby from Poruma and me, sitting at the table. Other than that you have the past deputy chair, Mr Waia, and Mr Laifoo from Thursday Island. So it is a mixture of individuals at that table. The structure that was in place once upon a time no longer exists.

**Mr KATTER**—The ownership of the land now is a deed agreement of trust—and the owner of the IBIS would be the person who owns the land—but the legal ownership resides in two trustees appointed by the minister. That is the situation in the Aboriginal communities, but I did not check on what the situation is with the Torres Strait communities. There is native title, which overrides the legislation, but in the legislation it was to be two appointees of the minister.

**Mr Gela**—Prior to the amalgamation, there were peppercorn leases out there. The majority of those leases are basically winding down. They have just about expired. Discussions have occurred—

**Mr KATTER**—So they would be private leases?

**Mr Gela**—Peppercorn leases.

**Mr Scarce**—The Torres Strait Island Regional Council is the trustee of the 14 DOGITs, and the Department of Communities is still the trustee of Murray.

**Mr Gela**—Because Murray is a reserve.

**Mr KATTER**—By law, the Torres Strait Island Regional Council is now the trustee?

**Mr Scarce**—Yes.

**Mr KATTER**—That is very good. So they would automatically own the freehold on the IBIS stores?

**Mr Gela**—Yes. It was developed in relation to looking at lease arrangements on that ground—with the traditional owners as major stakeholders too, in the way forward.

**Mr KATTER**—What I am trying to say is that if you actually own the land then you own the fixtures upon the land, so you can tell them to go jump, it would appear to me. If that is the case, would you speak to someone like IGAs, which would give you local ownership?

**Mr Scarce**—That is one of the thoughts around how to go about it. We do not know, we are only assuming that the costs that are associated, that other 60 per cent, could be the governance or the distribution chain that is supplied by IBIS. There may be other ways, if there could be an IGA or a Metcash distribution chain that is utilised or some way we can actually start utilising the Woolies and the Coles and the other big supermarkets' distribution chains, their warehouses and things like that. There may be able to be some legislative changes to make those organisations conform to this sort of rhetoric, if you like. Everybody is aware that business is for business and there may be something that they cannot do at the moment. I know I am crossing over local government, state government and federal government jurisdictions when I say things like trading hours and the provision of liquor inside those big stores like they do in the southern



states but they do not in Queensland and things like that or other things. If there are ways they can be granted what they want, and they must want things that they cannot do at this point in time, then you have some sort of trade-off that they facilitate the stores up here equivalent to or similar to prices out of Cairns or somewhere else and any losses that they make. I am not a proponent of government owning and operating these things out there. As we know, government puts money in and they keep on putting money in. If they give incentives to private business then eventually the government money will not need to go into these things. So there may be other ways. If Woolworths and Coles and the others come knocking on the government's door, I do not know what they want to get into that they are not allowed to because they are hamstrung by some sort of legislation. You might be able to do a trade-off. I am thinking outside the square and I hope it is beneficial to think outside the square on those things. There has got to be something. There have got to be tax breaks or whatever they want for something, imports they want to bring in that they cannot or whatever.

**Mr KATTER**—Is IBIS making a profit?

**Mr Gela**—IBIS is making a profit, yes.

**Mr Scarce**—I do not believe that IBIS is making a substantive profit. It is not being put back into the communities anyway.

**CHAIR**—IBIS are about to give evidence and I am sure we can put the question to them.

**Mr Gela**—Some communities, not all communities, they would be profiting from. Some communities would actually prop up other communities.

**CHAIR**—Can I follow up on Bob's question. Have you made any approach to a private retailer to come up here?

**Mr Scarce**—No, we have not made an approach to a private retailer to come up here at this stage. They are all thoughts at the moment. As Mr Katter said, we have got six leases that are live on some of the stores and we can virtually say go away on the others, but always it is in the back of the mind that we still need to have that continuation of service, we need to have all our ducks in a row before we even attempted to do that. I am not convinced that the Torres Strait Island Regional Council is the appropriate venue for that. It would be like taking one statutory body developed by the government department and giving it to a local government to do the same sort of thing; we are going to be hamstrung with the same problems as IBIS confronts every day, as opposed to those who are in the specialist job of doing it. That is all.

**Mr KATTER**—As I understand it, the Badu stores, at least one anyway, is making good profits, so the experience of using a private ownership operation seems to work there. Is that a fair call?

**Mr Scarce**—I am not too sure what their profitability is but you would still come across the same sort of pricing, if not worse than IBIS stores.

**Mr Gela**—The other factor that would influence whether or not one is profiteering in a community is the owners of those facilities have got other businesses as well and other enterprises that are running.

**Mr TURNOUR**—Following up on that, as a general rule do you support IBIS cross-subsidising stores on the outer islands, with the Thursday Island store or other larger island stores?

**Mr Gela**—Let's face it, if IBIS can access any more government grants, if they are in a position where they have to be sustainable and viable then let's look at communities such as Ugar (Stephen) Island. Stephen Island is one community that is not serviced at all by any facility, so the constituents have to jump in a tinnie and head to Darnley and face rough weather, not to mention the major access issues. As you know, Jim, you can only access that community by a chopper or in a tinnie during high tides. In going into Ugar, IBIS knows it certainly would not be making good money, but it is a community service that needs to be provided for the wellbeing of the constituents there.

While we are on that subject, especially if we are touching on Eastern Island, I have one question: whether or not, under the terms of reference, the inquiry will look at the potential for the island. Once upon a time Torres Strait was broken up into five clusters: Eastern Island is predominantly volcanic soil. I have seen crops on Darnley and Murray Islands that look better than products that are sitting on IBIS. For ever and a day we will have this issue because of AQIS. If we could look at what has been happening in the past prior to the birth of the boundaries drawn upon us and the restrictions put on us and look at farming or developing market gardens in areas that have rich volcanic soil, not to mention the potential in the central island group for hydroponics as well. Nowadays with technology you can do just about anything. To look at a cost-saving measure, communities could supply fresh produce not only to themselves but also to the outlets here. We need to put ourselves in a position where, through an approach taken such as this, it is looking at helping us to help ourselves along the way.

**Mr TURNOUR**—Just picking up on where you started, which was the need for smaller island communities to get some support from larger island communities to potentially maintain profitable stores there. We are going to Murray Island, Masig and Badu, so in terms of the types of islands we will get a good cross-section across the outer islands. You raised another issue which I want to ask a couple of questions on. Historically, there were a lot more pigs and poultry on the outer islands?

**Mr Gela**—Poultry and pigs were on every island.

**Mr TURNOUR**—You just do not see them anymore?

**Mr Gela**—No.

**Mr TURNOUR**—Obviously, that has an impact on protein. What sort of pressure do you see that putting on a natural resource, particularly in the sea?

**Mr Gela**—I heard the questions before from sitting at the back. Turtle and dugongs were primarily used for ceremonial food. Today it is used to sustain diet, because for \$40 or \$52 you

can buy a drum of fuel and one turtle will feed 12 families. If you are looking at keeping the meat for yourself for your own family then you would be feeding your family for about 2½ months, compared to what 40 bucks would get you in relation to meat? Hardly anything.

**Mr TURNOUR**—I try to look outside the box and one of the things I see is a large continental area to the north, which is another country, but there was traditional movement across that area. I asked the same questions of different people, but it is good to get different views. In terms of exploring the border and some of the outer islands and what we could possibly do about not just food but also waste products, are those things we should look to explore?

**Mr Gela**—As a regional council we are responsible for waste management. We are looking at a landfill site because, as we know, some of the communities do not have sufficient space. We are negotiating with traditional owners within the region. The other discussions that we have had were with the Senate from the western province that came through here in looking at the potential or the possibility of negotiating with the PNG government to access an area within the western province for landfill so we could move waste away from the community and put it in that facility. And to retain diplomatic or international relations it has to comply not only with the EPA Act or standards of the Australian government but with international law.

**Mr TURNOUR**—There is a point I do not follow: are there still plenty of pigs and poultry in the western provinces on the PNG side of the border?

**Mr Gela**—There are, yes. I am not sure about poultry but I am pretty sure about pigs. There are not only pigs; you have venison that are also scattered in the communities.

**Mr KATTER**—Just on the legal aspects, the High Court decided that the state of Queensland, the government of Queensland, did not have the right to take your land rights away from you. It would seem to me that country Australia is trying to take away your right to almost stay alive, with the current incidence of diabetes. If the High Court decided that way there then it would seem to me that you would have a very strong case to go to the High Court here on the issue of whether you can keep pigs and poultry and those things. There are quarantine arguments—and it is not my place to get into those today—but have you people made any requests to look into the legalities of forcing the issue over this quarantine?

**Mr Gela**—Before I respond to that, to save any misinterpretation or misunderstanding here, you are allowed to keep pigs in communities, but there is a requirement: they have to be located 15 kilometres away from your nearest township. When you look at some of our communities you have only got three or four large communities. If you are looking at 15 kays from some of the smaller communities, you will not have a pig, unless it has a diving glass in it, a scuba tank.

**Mr KATTER**—But the answer to whether you have had a look at the legalities—

**Mr Gela**—I do not want to be speaking out of line here, but it is utterly ridiculous with the limited research or work that has gone into it in the past to look at what would happen, the impacts of that.

**CHAIR**—Your understanding of that particular regulation is that it is an Australian quarantine regulation?

**Mr Gela**—It is a requirement that has to be met but for most of our communities you cannot meet that requirement at all.

**CHAIR**—But do you know whether it is a Queensland Health requirement or an Australian quarantine requirement? You just understand that it is a requirement?

**Mr Gela**—In terms of getting the recommendations, we get that advice directly from Australian quarantine.

**CHAIR**—I have a couple of other questions. Firstly, going back to the comments you made initially about IBIS stores—I suppose you are now on the board of IBIS stores—prior to you being on the board of IBIS stores did the council have any kind of formal dialogue with IBIS stores? Did you raise any of these complaints or issues with them?

**Mr Gela**—We did. We even looked at the possibility of having IBIS come on board in terms of looking at not only freighting the regional council goods but also building some sort of a monopoly in partnership with IBIS, whether it is seven months of the year by land, road train or whoever tenders for it and whether we could get a better price than what Sea Swift is offering.

**CHAIR**—As the council, not as a member of the board, have you ever sought to gain access to the accounts of IBIS in terms of what their turnover is, what profit margins they are making and that kind of thing?

**Mr Gela**—I am at this discussion as the mayor of the regional council, not as a board member representing IBIS, otherwise I would be sitting here with two faces. We have not requested the financial reports from IBIS, and that is something that we need to take on board and request.

**CHAIR**—In terms of the governance of IBIS, I guess the way in which IBIS is attempted to be founded in the community is through the four local representatives. In your view, does that do the job? Do you think IBIS needs to be more connected with the community, or is that representation on the board enough?

**Mr Gela**—IBIS needs to be more connected with the community. That representation is not enough. Though I am sitting at that level, I am passionate about representing the people and not necessarily the body that I am representing, which is why I have never taken time to actually look at the code of conduct yet. So I might not be a board member for long!

**CHAIR**—In the submission from IBIS they talk about cross-subsidising healthy food against non-healthy products. Are you aware that that occurs?

**Mr Scarce**—I was under the belief that the charter of IBIS when it first came out was that some of those basics were meant to be delivered into the stores at a certain price and they could jack up the price of Coca-Cola and chocolate and things like that. I believe those staples were meant to be like that.

**CHAIR**—Finally, you made some comments about transport to one of the islands, that you either got there in a helicopter or in a dinghy across rough waters. Do you have any ideas about how both passenger and freight transport might be improved in the Torres Strait?

**Mr Gela**—We have a lot of ideas in terms of passenger and freight transport. We have been consulting with the communities to look at alternative transportation options as opposed to the limited opportunity that we have available to us now. Also, it is not just a matter of putting another option out there; there needs to be work done to the infrastructure to support any other options that are available to the people. Apart from that, there needs to be serious consideration in terms of dredging, because dredging is an issue up here. If you put the world's best boat in the water, there are access issues right throughout the region.

**CHAIR**—So infrastructure in terms of both sea infrastructure and air infrastructure. Is that what you are talking about?

**Mr Gela**—The consultations that we have been engaging in with the communities involve looking at taking advantage of the sea for cargo and passenger transport.

**Mr Scarce**—Last year we wrote to the appropriate minister and requested that Torres Strait be declared a national highway so we could get AusLink money to do all the ports infrastructures.

**Mr KATTER**—Highly unreasonable!

**Mr TURNOUR**—The freight subsidy to Tasmania is probably an even better argument, the \$140 million a year there.

**Mr Scarce**—There is that one as well.

**CHAIR**—As there are no other questions, can I thank you both for attending today. We really appreciate the time. If there are other questions that arise, we might forward them to you in writing.

**Mr Gela**—Thank you.

**CHAIR**—We are running about 15 minutes behind time, so we will try to keep to that time frame. All things being equal, we will try and have a break at 3.30.

[2.44 pm]

**McCARTHY, Mr Bernie, Chief Executive Officer, Torres Shire Council**

**STEPHEN, Mr Napau Pedro, Mayor, Torres Shire Council**

**CHAIR**—Welcome. Would either of you like to make an opening statement, after we might ask questions?

**Mr Stephens**—Thank you. I would like to take the opportunity to thank the committee for giving us the opportunity to provide evidence. I believe this is a long time coming, although there have been numerous parliamentary committees reviewing different areas of the Torres Strait over the last 20 years. Specifically I would like to say that in the Torres Strait our view and most of our traditional language is still the same—it has not changed since, I suppose, 1937 when our leaders met and actually expressed their aspiration. And that was about two things: access and equity. We sit here today and present our submission in partnership with the other stakeholders of our region, and we are highlighting those access and equity issues for our people in the Torres Strait.

I sit here humbled by the terms of reference the committee has identified, because one of the major issues for our region has been the community stores—they are the umbilical cord for our region, for sustainability and for growth. IBIS's predecessor, IAB, was actually formed with one particular focus and priority, and that was to enable people living in the Torres Strait—not only on Thursday Island but on the outer islands—access to goods and services at a price similar to anywhere else in Queensland or Australia. As we sit here today, it is all about choices. Although we have seen a lot of changes in 20 years, this boils down to local people still not having choices like their Australian brothers or other Queenslanders in this state.

One of the major problems is that although you see the Torres Strait as a region—and it has always been a high priority area—there is nowhere else that it can be likened to. Because of the international border issue, there is nowhere else like it in other territories or states in Australia. The problem that we have had for many years, even when IAB was around, is that there have been numerous reviews looking at how they can better manage and better provide that service to our people. I do not know if it has now changed its priorities, but IBIS was actually established to provide services. In the Torres Strait, because of our remote and isolated status, we will always have that problem of getting services to us. My colleague highlighted Stephen Island. If people want something they go down to the corner store and actually buy it. On communities like Stephen Island, you do not have that choice. Thursday Island is known as being a hub for the region, and there are the two main supermarket stores plus two other stores on Thursday Island. We have numerous other shops in our general business district area as well as shops on Horne Island.

Can I respond to a question that was put to my colleague Mayor Gela. What the Torres Strait really needs at this time is a freight subsidy that is in line with Tasmania's. We raised that issue when Tasmania got their freight subsidy. We believe that we have more evidence to acquire a freight subsidy at that level. When Tasmania got that freight subsidy there was a political push.

Tasmania has a population of 400,000 people, they are only a stone's throw away from Melbourne and they have access to numerous providers to cater for their cost of living. We live in the Torres Strait where every year there is a steep climb in the cost of living, not just from the CPI. It does not give us any peace of mind to know that in the global arena we are facing an economic crisis when up here alone the prices are still going up, and there is nothing in our pocket.

More than three quarters of our population is on CDP, and that is the lowest level of salary anywhere in Australia. A level 3 person who comes to the Torres Shire gets about \$600 a fortnight. A person on CDP gets \$248 a week. If you double that he is getting about \$400 a fortnight. How can someone survive in a high cost area on that? Let's talk about equity. Local people live on that low salary in this region but government employees have a higher scale. The government recognises the high cost of living here and remunerates their individual employees with what they call a locality allowance. So state and Commonwealth governments recognise that Joe Blow cannot survive here unless he gets a subsidy, but what about the local person with no change in his pocket?

From my own personal perspective, with all the reviews that have been done here, I think that the government knows that it is the cost to provide the services. Service providers like IBIS have put their hands up for the costs. Costs have not really gone up for them to deliver that service. Costs have not been taken into account in the numerous parliamentary committees that we have had. I have tabled over 10 submissions for parliamentary committees, highlighting the unfair formula to justify what is really happening. It is justifiable for the government's administration perspective, but down on the ground nothing has really changed in all those years.

We have actually asked for a state or Commonwealth parliamentary inquiry to look at the high cost of living, not from one perspective but from all government areas, state and Commonwealth. The impost that is put on the local person on the ground here means that that person is carrying a decision and the weight of both the state and the Commonwealth. At the end of the day, when the local person goes down to the shop, the value of that same \$20 is less than \$10 or \$8 compared to his brother who lives in Cairns.

We have provided evidence about the costs of a basket of goods. Look at the income that people are getting in their pockets in the Torres Strait. We have identified that a person pays \$150 more for those 44 standard items on Thursday Island than they do in Cairns.

**Mr KATTER**—How much, Pedro?

**Mr Stephens**—It is actually \$150 more for a basket of 44 standard items on Thursday Island than it is in Cairns. If a person—

**Mr KATTER**—How much would it cost in Cairns?

**Mr Stephen**—Double the price. I am saying that—

**Mr KATTER**—I know where you are going; I just wonder whether you could provide us with accurate figures or figures.

**Mr TURNOUR**—I have got it on the website, Bob—[www.jimturnour.com.au](http://www.jimturnour.com.au).

**Mr KATTER**—I cannot spell ‘website’.

**Mr Stephen**—Bob, from your time as a minister to right now, there have been numerous reviews and cries from the grassroot level saying, ‘We don’t mind surviving in our own country if we have the means to. It’s not fair that we are trying to survive in our own country when someone who is actually in control of our affairs does not give us the resources to do so.’ From my previous employment with AQIS, I can say that there have been numerous projects and submissions on how we can operate here.

We are coming from a history where timber and meat issues were handled in the Department of Native Affairs, DNA. Timber and meat were supplied from Bamaga and came here. Fresh produce was given by outer islands to other islands. I am from Stephen Island. Stephen Island sustained Masig or Yorke Island with fresh fruit and vegetables. My understanding is that that worked pretty well and it was sustainable. But, as we entered into more government legislation and control, the island communities have been backed into a corner—for example, because of quarantine restrictions.

You asked my colleague about whether the piggery was a state or Commonwealth matter. It is state legislation. The state legislation was around for a long time when we identified the piggery on Moa Island and a market garden on Moa and Badu to sustain the inner island as well as Murray to sustain the eastern island. Those things never got the resources to kick off. If anything, they only got more restriction, more legislation, introduced. So you are damned if you do and you are damned if you don’t when it comes to grassroot initiatives.

I have said that this inquiry is like an umbilical cord for us when it comes to sustainability and future growth. Our grandfathers worked on diver boats in the pearl diving days. They say that, for the diver, the essential thing was the person who looked after his lifeline. His job was to look after the lifeline while the diver was down there to collect the pearls and he had to ensure that the diver’s pipeline—the air pipe—was free of any kinks. Some of us here are lucky because, when we come up and we cry for help the kink is released. But some of us are not so lucky: if we kink up, we are dead. The data shows that we die 17 years younger than everyone else. It is like: ‘Let’s go and see what the fellas are doing up in the Torres Strait. Are they thinking for themselves? Are they doing something?’ We just have to look at the umpteen inquiries that have been done over the last 20 years and the recommendations that have been clearly identified but have not been implemented through all these government changes and restructures in our region.

**CHAIR**—Thank you for your opening statement. We are very happy to be here and to be looking at this issue. In large measure, we are here because of Jim Turnour and his advocacy around this issue and the need to try to deal with it. So it is something that, thanks to Jim, we have become very concerned about and, hence, the desire to be here. Indeed, this has branched out to an inquiry which is going to be looking over the whole of Australia, but we are starting here in the Torres Strait. I would like to ask some very basic questions, just so we get it on the record. Firstly, are you referring to a submission that you put in to us?

**Mr Stephen**—No.



**CHAIR**—That is okay. I just wanted to be clear on that. What islands does the Torres Shire Council represent?

**Mr Stephen**—At the moment, the Torres Shire Council represents the delivery of services for the local government infrastructure on Thursday Island, Horn and Prince of Wales and the inner islands. It does not for Hammond, but our boundary jurisdiction under the local government act covers north of the PNG boundary and south to 11 degrees. Within our boundary jurisdiction we have two regional councils that sit on our boundary jurisdiction.

**CHAIR**—But the three islands that you are principally responsible for are Prince of Wales, Thursday and Horn islands?

**Mr Stephen**—That is right.

**CHAIR**—How many employees does the council have?

**Mr Stephen**—About 85.

**CHAIR**—Do you know how many stores are on those three islands—IBIS stores and community stores?

**Mr Stephen**—There is one major store and another community takeaway shop on Horn Island. We also have a kiosk at the airport. On Thursday Island we have the IBIS supermarket plus its two branches. We have a newsagency, a clothing and appliance store, one souvenir shop, a pearl trader and clothing shop, two specific clothing shops, four takeaway shops, one marine shop, four hotels, one resort motel restaurant, a restaurant, one butcher shop, a hardware shop, a pharmacy, a bank and a post office.

**CHAIR**—What about Prince of Wales Island?

**Mr Stephen**—There is nothing there.

**CHAIR**—So that list that you have given me represents the stores that are within the Torres Shire Council area?

**Mr McCarthy**—Yes.

**CHAIR**—How do you think the stores operate—the IBIS stores and the private stores? I am really talking about the grocery type stores. Do you think they work well?

**Mr Stephen**—I think most of the smaller stores rely on buying their goods when IBIS receive their stock—similar to the situation in the outer islands. Here on Thursday Island I know that the quality is not stable. Although we have the same IBIS stores on the island, we have different prices in the main store from the other two stores. On the whole, quality needs improving. The locals here really have no choice but to go to IBIS but government employees have a choice to order privately through Sea Swift. In terms of the cost, sometimes a number of families pool and then they can afford to get their stuff through Sea Swift.

**CHAIR**—If they are pursuing that option, are they ordering online or ringing up and ordering? How does that work?

**Mr Stephen**—They do it online. I think Coles and Woolies have their contacts here and people from Thursday Island have that choice.

**CHAIR**—So they are buying from a Coles or a Woolies store in Cairns, are they?

**Mr Stephen**—Yes, on a country order.

**CHAIR**—And it comes up via that Sea Swift service?

**Mr Stephen**—But I am saying that that choice is not for everyone. I cannot see the people who are on CDEP ordering their stock that way. In terms of the choices that anyone else has as a citizen elsewhere, I will just go back to the statement I made earlier. I thank God for this inquiry. It is now a new era after the election. We do not know how government supposedly focused on closing the gap in life expectancy, in longevity. We are all on edge, waiting for the effect that it will have through numerous government departments, and legislation.

For a long time, even since my father's time, we have been saying that we are overgoverned. We have got so much legislation. Goods and services is only one area. It actually brings something to us that can fare us with families living down south—but at a cost. It is our cost. The other thing is the web of legislation that sits under us. We are spiritual people, so I will use this analogy: elsewhere people complain about smog, fog and all that climate change stuff in the air that pollutes the area; in the Torres Strait, one thing that pollutes us and the growth of our children is government legislation. There are so many things that when we clear one web and think we can breathe easy and move forward we find there is another new bit of legislation, made under the cover of, 'We're doing it for your own good; we're doing it to manage your life.' That is what really frustrates me.

**CHAIR**—In relation to that online service for getting things brought up from Coles or Woolies: are you aware of any research having been done comparing a basket of goods delivered to Thursday Island in that way as compared to buying the same basket of goods directly from the IBIS store here?

**Mr Stephen**—I know that Health made a submission to an inquiry looking at healthy living. That inquiry has gone. Data have been collected and sent away on families' costs and individuals' costs, to see where they align themselves. And there is no alignment. There is evidence, and we can supply you with evidence that we put forward to other inquiries, that highlights where we are at this moment. Jim, I thank you for making this possible. I know that, through your office, you continue to put that data forward and we appreciate that.

**Mr TURNOUR**—Thank you, Mayor.

**Mrs VALE**—I thank both of you for coming in. It is important that we hear what you have to tell us. Mayor, you said that the freight subsidy would be helpful to you in many ways. Have you put in an application? Have any of your Torres Strait Islands regional authorities put in applications for a freight subsidy? And, if so, what was the response from the government?

**Mr Stephen**—We have only put submissions to numerous parliamentary inquiries. And we have brought it up with Jan McLucas, on individual health.

**Mrs VALE**—But what I am asking is: besides giving evidence here, at a public meeting or in any of our inquiries, is there a formal way that you can make application through the apparatus of government to get that subsidy?

**Mr Stephen**—We tabled a submission to Paul Keating in his time as Prime Minister, we tabled a submission to John Howard as the Prime Minister at that time, we tabled a submission to Peter Beattie, who was actually the Premier on two different occasions, but that does not include ministers who we have tabled. I do not know whether there is a formal process out of those heads who we—

**Mrs VALE**—That should be pretty good. Having said that, this committee, like all parliamentary committees, makes recommendations. I want to know about that formal application. What was the response from those submissions that you made to previous prime ministers. Did they just say, ‘No, no way’ or did you get a response?

**Mr Stephen**—All our submissions highlighted that there should be one inquiry to look at all state government and Commonwealth matters. The response we got was that they are doing individual parliamentary reviews on different things, whether it be housing, employment, arts or culture. That was the response we got. We went to them and said, ‘Not one, one, one, one, one, one, one, one, one, because that is divide and conquer, that is divide and rule. Do one submission, because down on the ground we are saying that you have to know that we live in a high-cost area. That is why the wages of my brother and my sister who work for government departments are different from mine working at the CDEP.’ CDEP was welcomed by Indigenous people, because it is called the community development program. Now we are living in 2009. Before then, the government said that the CDEP did not work. It did not work, because they are blaming the incentive on the individual council. The CDEP does not work because you do not have any chance of making revenue; there is no other pathway of revenue within CDEP. It is either rake up leaves or go fishing or diving. In a council, under the CDEP, diving and fishing is much more attractive to me than raking up leaves. Since the introduction of CDEP in the nineties, we are sitting here hearing that the same weekly wage that a CDEP fellow gets is \$478. I received that today and I wanted to clarify before I came here how much the weekly wage is for a CDEP earner. When they told me it is \$248.79, I felt ashamed. I feel ashamed of who I am and what I am getting compared to what my brother and my sister are getting. Why should I have that feeling when there should be equity for everyone and it should be above board?

**Mr KATTER**—Obviously I represent an area that has the same problems but nowhere near as bad as yours. Figures were published in Queensland for the cost-of-living difference. It was 15 per cent in the mid-west towns where I come from and it was 42 per cent in Normanton and 62 per cent on Thursday Island. They removed them from publishing because, I am quite sure, of a compelling argument that there should be some acknowledgement of this by government. You get the same social security payment in those areas as someone gets in Brisbane, but it only buys you half as much food as it does if you live in Brisbane. The argument went forward and it will be going forward again very strongly from the mining industry, because they need it to keep their mines going to attract people to go out there. On that same point, Pedro, your argument is a different sort of argument but it ends up in the same place. The mining industry’s argument is on

tax but the argument is exactly the same on the social welfare. If the mining council are taking submissions forward to the government on this, would you people be prepared to take forward submissions with them?

**Mr Stephen**—Any submission or any avenue that would help to ease the high cost burden that is upon our people, it is only the right thing to do to engage with any partnership that will change the expensive lifestyle in the Torres Strait.

**Mr KATTER**—The previous prime minister said in the parliament that it was his view that the zone allowances needed to be revisited but that was not the position of cabinet. But he felt very strongly about it. He said it in the parliament. It is a very strong argument for us to put to the new government: if they did not do the right thing, this new government should. But I would urge strongly that the councils up here get in touch with the Mining Council through Jim Turnour and find out when they are taking their submissions forward. There are a lot of mines in this country that are going to close unless they get the breaks that they need, and you can get in on the same bandwagon.

**Mr TURNOUR**—Just for the transcript, answering Bob's question, the September quarter price watch for Cairns was \$236.73 for a basket of 44 items; on Thursday Island it was \$389.16, or \$152 more expensive on Thursday Island as compared to the average day price in Cairns. In the December quarter it was \$239.55 in Cairns and \$370.84 on Thursday Island, a difference of \$131 on everyday price for a basket of 44 items.

**CHAIR**—Do you want make a comment on that?

**Mr Stephen**—I would like to summarise our recommendations. The Torres Shire urges that changes to the current systems, including freight subsidisation by government to maintain lower and affordable prices, are urgently needed. The high cost of living in the Torres Strait is a significant burden, particularly on lower income residents, and thus they struggle with being able to purchase healthy food. Review viable stores operation to provide the best food supply model for the region, including greater variety and quality and better pricing. Ensure that all products are clearly priced, with specials being provided at maximum frequency. Review pricing policies to provide a deterrent to the high consumption of unhealthy tobacco and high fat content products. Increase funding for more effective delivery of sports and recreation services to provide the participation of Strait Islander people in a fit and healthy lifestyle. A substantial increase in sports and recreation funding to enable the direct employment of sports and recreation officers throughout the Torres Strait region as paramount to enhance the healthier lifestyle across the board, which would greatly assist in diminishing the high level of health expenditure presently being incurred by government. Increased market and land garden projects on the island to supplement the lack of healthy food varieties. Government funding and training is essential to enable the access to these projects. Education for Torres Strait schoolchildren is required to teach them better healthy eating and sports, recreation and fitness participation. Increased promotion of a healthy environment for adults and older residents through more productive healthy living initiatives. Ongoing review of healthy food products provided by all schools and council operated kiosks.

I know that this inquiry does not specifically look at this, but I would like to take this opportunity to talk about an issue that impinges on the health of our older people. The pensioner

concession does not apply to people in the Torres Strait. People with a pensioner concession card can only use it in Cairns, and I think that is a shame. As Australians, those concession cards should be available to us as citizens.

**CHAIR**—I have a few final questions. From the list of recommendations that you just read out, what is your view about the level of healthy foods that can be bought from the IBIS stores and the other community stores in your area?

**Mr Stephen**—Could you repeat that?

**CHAIR**—What is your view about the quality and the amount of healthy, fresh food—fresh fruit, vegetables and meat—that can be bought from the IBIS stores and the other community stores in your region?

**Mr Stephen**—At the moment, it is low. You mentioned Badu. I know that on Badu they have a market garden that provides food to the shops there. I do not know if it is specifically to IBIS. I know there was a trial run, as a pilot project. That was successful. It is only common sense that Thursday Island should be able to access the fruit and vegetables from that particular market, and that would enhance the economic initiatives there. But, because of quarantine restrictions, we cannot do that.

**CHAIR**—Are you aware of there ever being products in the stores which are out of date?

**Mr Stephen**—On several occasions.

**CHAIR**—Does the council have a dialogue with IBIS stores? Do you ever raise issues of concern with IBIS stores?

**Mr Stephen**—Not directly; we have gone through the board to raise our issues. I do not know if we have gone directly—

**Mr McCarthy**—I think we have in past years and we have liaised on other issues as well.

**CHAIR**—Is there a representative of the Torres Shire Council on the IBIS board?

**Mr Stephen**—No there is not, but we have on TI at the moment a past councillor who is an entrepreneur—Ron Laifoo. On numerous occasions when he was a councillor, we recommended Ron to be a representative on the board.

**CHAIR**—Do you think having four members of the community on the board—half the board coming from the community—provides enough community representation within IBIS's governance structures?

**Mr Stephen**—I believe the past make-up of the board, where you had 100 per cent Indigenous representation on the board and you had advisers or appointments from the heads of ATSIC—they actually sent a government adviser—is the best way. I know why we have to be accountable regarding funding and resources. People who sit on the board have expertise in marketing and

purchasing, but the majority of the people on the board should be from our region—mainly based on what we are telling you now.

Many years ago on my school holidays I used to work for IIB. Our job at IBIS on Thursday Island was to mark out the expiry dates on canned food with a black marker. That was because all the ones that had expiry dates printed on them could be sold on TI but all the ones that had expired expiry dates had to be blacked out. Because we were in year 10 doing work on holidays we did not ask questions. Reflecting back, I realise that we were told to do that so that that food could be sent to our families in the outer islands—and there were no questions asked as long as you got something. I am not saying that it is happening now, but we need to have Indigenous participation on the board. That will give me the assurance that things that I had to do under instruction from someone else will not be done again.

**CHAIR**—Have you ever sought to have a look at the books of IBIS to see what turnover is being made, what margins are being made? Is there any of that kind of communication between the Torres Shire Council and IBIS stores?

**Mr Stephen**—Not with Torres Shire, but I have made an individual approach through other traditional owners on Stephen Island mainly because of the stores and we have had liaison with the relevant ministers looking at the actual justification of IBIS closing the store down on Stephen Ireland and Badu and not reopening stores there.

**CHAIR**—So in that example were you able to get the information that you were seeking?

**Mr Stephen**—We did not get actual information. We were only told that you have to be mindful that as your island community is a small island community, the bigger store props them up. I said, ‘Look, blind Freddy can see that, because we haven’t got the numbers, we haven’t got the dollars that can sustain individual stores. But you must understand the history. The stores were put in there so people have equity of access.’

**CHAIR**—Okay. Thank you very much, Pedro and Bernie, for giving us your time today. We really appreciate it. Time does not permit us to keep going, but if there are other questions that come up as we go along we might submit them to you in writing, and if you are able to get back to us that would be great.

**Mr Stephen**—We will table our submission now but we will send additional information around communication in the area as well. That has a direct burden on prices as well.

**CHAIR**—We greatly appreciate that and we look forward to receiving that information.

**Mr McCarthy**—We are currently on airport trying to upgrade and expand runways. The question was asked of the council that appeared before. You can refer to our website, as someone said before, but we are doing a full lobbying exercise to try and upgrade the Horn Island airport to ensure that the bigger planes can be brought in. In relation to carriage of people, carriage of freight, carriage of mail, it has an effect in the whole region. We are quite happy to provide that as well.

**CHAIR**—Thank you. Is it the wish of the committee that the submission from the Torres Shire Council to the inquiry into the community stores in remote Torres Strait Islander communities be received as evidence and authorised for publication? Moved Mr Turnour. Carried.

We will take a break and take our next witness at 3.45. I just remind people that we will be having an open session at the end of today's proceedings, which will probably be somewhere between a quarter past and half past five. You are very welcome to participate in it if you are interested in doing so. So far, four people have indicated that they want to do that.

**Proceedings suspended from 3.28 pm to 3.55 pm**

**BOWLER, Mr Richard, Chief Executive Officer, Islanders Board of Industry & Service**

**CHAIR**—Welcome. We have a submission from IBIS. I invite you to make an opening statement and then we will ask you some questions.

**Mr Bowler**—I have a little bit of information here. It may be of value because it will answer a lot of questions that have been asked today. First of all, though, I would like to pay my respects to and recognise the traditional owners of this land, the Kaurareg people. I would like to explain what IBIS is, who we are and that sort of thing. It might be a good place to start. IBIS is the trading name of the islanders' industry board. It is an unfunded Queensland government statutory board that has been operating in various forms for over 100 years. It provides a range of services including groceries, white goods, brown goods, fuel, variety goods, banking and, fairly importantly, Treasury services to the communities that we serve.

We currently operate 16 retail stores, five self-operating fuel depots and one service station. We have approximately 150 staff, 89 per cent of whom are Torres Strait Islanders. Fourteen of our 16 store managers are Torres Strait Islanders. We have an administration centre in Cairns that looks after purchasing, IT, telecommunications, HR and finance. It is governed by a board appointed by the government. The board currently consists of eight members, four professional members and four community representatives. Discussions about finances occur on a regular basis. IBIS finances are disclosed each year by government. They are published in *Hansard* and are available from all sorts of sources. In the 2007-08 financial year, IBIS generated its first profit for an extremely long time. Six years ago IBIS was close to insolvency. A new board was appointed at the time. I took over as CEO of the organisation on 13 November 2003. A little later in the month I paid the wages. I looked at the books at that stage. We had \$1,200 outstanding of a half a million dollar overdraft, plus another \$6 million-odd in debt, and we had about \$2½ million in trade deficits, so we were as close as is possible to be trading insolvently.

We have come a very long way since then. A lot of fairly difficult things have had to be done to make that happen. A new board was appointed about 6½ years ago. This board employed me as the new CEO and gave me a directive to fix the problems. They were extensive. We had shrinkage—in other words, stock theft, running at over \$200 million a year. In some years, prior to my involvement, we lost up to \$3 million a year. We had an accumulated debt of over \$6 million. We put in place systems and processes that, as I say, although sometimes less than popular I knew from experience were needed to keep the business from going broke. It was quite simple. The board was informed that if IBIS did not trade efficiently and effectively, it would be closed down. If it started to go broke it would not be resurrected and, I believe, that would have had quite catastrophic effects on the communities that we are here to serve.

We put in place whole-of-enterprise computer systems. I am more than happy to talk about how stock is regenerated at some stage in the discussion. We documented policies and procedures that comply with the laws and regulations. Again, these were not in place and we had all sorts of issues. There are about 20 different pieces of legislation which we are currently required to comply with. As a Queensland government statutory board, we are audited annually by Treasury—and by the way we get clean audits on every occasion. We comply with the Workplace Health and Safety Act 1996 and its regulations, the Safe Food Act 2006 and the Food



Safety Standards of the Australian New Zealand Food Standards Code. As an anecdote, we have in place a certified safe food program and, as far as we have been able to tell, we are the only organisation in the Torres Strait that has one. That is the act which keeps people safe and provides them with healthy food which does not cause them problems. The Workplace Relations Act, the Industrial Relations Act, the Human Rights and Equal Opportunity Act 1986, the Racial Discrimination Act, the Sexual Discrimination Act, and Disability Discrimination Act—basically there is an A4 sheet of these things, including the Anti-Money Laundering and Counter-Terrorism Financing Act.

We have a centralised buying process to ensure that we keep prices down by having experienced buyers always negotiating the best possible price. I have been a retailer for 40 years. I have worked in Australia, in Papua New Guinea, in China and in mainland United States and have been involved in all sorts of retail companies. I have set up quite a number and spent 10 years before I joined IBIS as a consultant fixing retail businesses with all sorts of trading difficulties. The process we put in place was the most efficient process which a quite experienced board and my 40 years of experience could pull together. We have best practice, nationally accredited retail training for a full-time staff. In fact, we have trained virtually every full-time staff member we have who wished to be trained through to certificate II and certificate III of the retail training programs.

We do dangerous goods handling, food safety programs and fire safety evacuation. Throughout training programs, virtually every one of our staff members who have been through our training programs—and there are 50-odd now—have the certification required to work in food under the new regulations. Again, I doubt very much whether there are many people in the Torres Strait who are not IBIS employees who have that. Over the six years with the implementation of these systems, IBIS has slowly forged its way back to a position of financial security. Last financial year and this financial year we are very proud that we are able to announce small operating profits. This year's figures have not come out, although we will make a small profit. Last financial year, we made approximately 1.8 cents in the dollar, which is a little bit less than a normal grocery retailer makes. This year's results will be finalised shortly and we will make another moderate profit. That works out to about \$500,000.

Under our act, we cannot do anything with that money. We cannot give it back to government and the directors do not get it. It can only be used to benefit the people of the Torres Strait. With the money we have made so far we will refurbish, repair, rebuild and replace stores within our chain. We received some funding from government about three years ago to do some of this work. It has taken an awful long time to get it through native title, unfortunately. We hope this year to start construction. One of the first stores to be done will be on Ugar Island. Along with the previous board member Rocky Stephen, who comes from Stephen Island, we have been fighting to put it in place for probably 3½ or four years.

I would like to talk about some of the issues involved in operating a retail business in remote regions. I have operated retail businesses in Papua New Guinea as well and they have similar sorts of difficulties. They are not quite as bad here but they have similar ones. Food in IBIS stores is more expensive than food in a supermarket in Cairns. That is true, and I will let you know why. Jim and I have had this discussion on a few occasions. Jim's way of looking at it is probably a bit disadvantageous to IBIS, because we do some things that are a bit different to what a normal retailer would do and that would have an effect, but I will explain that later.

With regard to the size of the catchment, the supermarket in Cairns has a potential customer base of about 200,000 people. An IBIS store on Dauan Island has a potential customer base of about 90 people. The difference between the cost of running a business that is designed to cater for large numbers and the cost of operating a business that has 90 people—and there are probably 22 ladies who buy the groceries and we know pretty well all of them—means this is a very expensive way of doing business. On that particular island we have competition as well, just to make it a little more interesting. The cost of doing business on this scale is significantly higher than the cost is in an environment with substantially larger populations. This has a considerable effect on doing business.

As to freight, IBIS has the longest supply chain of any remote retail organisation in Australia, with the possible exception of Christmas Island. Our freight run is 3,050 kilometres long, from supplier to store. We buy our wholesale product out of Metcash in Brisbane. Our per-kilogram rate for freighting goods to the islands here is in excess of \$1.35 per kilo. That is not all Sea Swift. It is obviously a big chunk of it but it is not all Sea Swift; it is also the cost of freighting up from Brisbane or wherever.

Store maintenance is a critical issue for grocery retailing and impacts on a range of issues, from customer and staff comfort, to food safety, to public health risks. Maintaining plant and equipment in remote locations is an enormous challenge, made more so for IBIS by the fact that the stores are in a maritime environment. At the vast majority of our stores you could throw a rock into the ocean from the front steps. Furthermore, the cost of maintenance is prohibitively expensive. Consider this scenario: the freezer breaks down on Saibai Island—unfortunately they do it with monotonous regularity. The breakdown is reported. We arrange a tradesman to travel to the island. Because there are no scheduled air flights around the Torres Strait at the moment, if you want to get a flight you have to get a charter, and they are extremely difficult to get. If I wanted to fly to an outer island now it would be three weeks before I could get on a plane. When we can get on a plane, the cost is about \$1,500.

When the tradesman arrives he analyses the fault, orders the needed part and goes home. He cannot fix the freezer because he does not have the parts. It is a complicated piece of equipment. In the meantime, the goods in the freezer, up to four weeks supply, have spoiled and been written off, at a significant cost to IBIS—even though we are insured, obviously when you keep on claiming for breakdowns and loss of food you pay higher insurance premiums—and leaving the community without frozen food and possibly chilled food for up to a week, maybe longer, depending on whether we can get another charter flight. The tradesman returns with the needed part, installs the part and returns to base, at another cost of \$1,500 for airfares, plus waiting and travel time and labour at \$95 per hour.

Consider the same scenario in Cairns. The breakdown is reported. The tradesman arrives on the same day, analyses the fault, returns to base, picks up the part, plugs it in and away it goes. The difference between the cost of fixing the refrigerator at Coles in Cairns and the cost of fixing the refrigerator at IBIS on Saibai Island is about \$3,600. These are real figures. They are from a breakdown on Saibai Island about three weeks ago. A week would not go by where we do not have some sort of breakdown along these lines because of the difficult environments we work in. It is very hot, very salty and very humid.

Food security is a term that crops up in the press from time to time. Let me tell you what we at IBIS think food security is. Food security means ensuring continual supply of food—enough to sustain the community at all times. It is a critical issue in remote regions, as the health and wellbeing of the community can often rest in the hands of one operator, and we are often in that position.

The large proportion of food being temperature sensitive, it is essential that refrigeration be reliable and effective. To ensure this constant availability of safe, temperature-sensitive food, IBIS has installed state-of-the-art refrigeration equipment that is maintained regularly and upgraded when needed. For the sake of fresh fruit and vegetables we went out—this is when IBIS was still making a loss but we were still able to scabble together about \$250,000—and put the latest, state-of-the-art, fruit and vegetable fridges in every one of our stores. Before that, when the fruit and veg—even though they do struggle anyway because of the long distances they travel—got to our stores, the equipment we had could not keep them in decent condition in any case. So we have now put those in place to give people a better opportunity, and when you visit our stores I am sure you will see what we do. We ensure the cold chain is not broken during transport by monitoring refrigerated containers with data loggers. No other supermarket chain has to run data loggers in their chillers to ensure that nothing untoward has happened. We check and record temperatures of all sensitive stock on receipt, and we do checks every three hours, on every refrigerator or chiller—everything that holds sensitive foods—in every one of our stores three times a day, to ensure that we are doing the right thing. None of these things are inexpensive. They all cost money. And the more remote the area, the more expensive it is.

Our supply chain is long and unpredictable. It can be interrupted by floods. Recently we had a situation in Cairns, where I live, where I went into the supermarkets and there was nothing on the shelves—and there was nothing on the shelves for about a week. We know this is going to happen because it happens every year. So we carry about 35 days worth of dry goods in our stores, the same for frozen foods, and fresh fruit and vegetables and perishables depending on their life—they last as long as one delivery will last or until they run out of date. The interesting thing during that period was that there was more stock on the shelves in an IBIS store than there was in the stores in the supermarkets in Cairns. That is a big issue. It is an issue that we have looked at and taken care of. We carry a minimum of three weeks worth of stock and, in the wet season, run it up to about six weeks worth of stock. The reordering process holds stock for most products for up to about four weeks, but in that period we run it longer.

The system is automatic—yes, it is—and from time to time people come in and buy more than what we had estimated. When you have a customer base of 89 people, the estimates you make are fairly low. They are what you would expect 89 people to buy. If a whole heap of people come over from Papua and buy lots of our stock, then, yes, we can run short. We try to judge that as best as we can because it is a fine balance for us. If we hold too much stock, that stock starts going out of date and we have to write it off and take a loss. If we do not carry enough stock, the community can run out. We try and balance it as effectively as we can.

As I said, we have installed state-of-the-art fruit and veg fridges in all of our stores in order to ensure fresh fruit and vegetables are available. We have implemented pricing policy whereby unhealthy food and cigarettes subsidise the price of healthy food. And, no, contrary to what some of the earlier people said, there is not a requirement under any act or anything like that for us to

do that. It is a process that we have been working on, improving our ability to do these things over time.

Our weekly advertised specials only feature healthy food and fresh fruit and vegetables. We have a merchandising policy that aims to have 50 per cent of chilled drinks in cabinets and drinks displayed on the shelves to be either no sugar, low sugar or water. We have recently rolled out a healthy-food star program that identifies healthy foods on the shelves, to make healthy choices easier for our customers. We recognise that 35 per cent of the population that we deal with has diabetes. And even though we are the supplier of the food, we are not the educators; there are other people in government and that sort of thing whose role is to educate people. We have taken on the role of doing everything we can to help people make the best possible choices. The food star program was recently rolled out and there are some brochures in all the stores.

The next stage of the program will see our nutritionist conducting healthy food cooking classes on all of the islands that have an IBIS store. This stage of the program is designed to help people plan healthy meals and be supported by the recipes and such that we produce so that the people who live in the community can make better decisions about the meals that they are preparing for their families, knowing that there are healthier choices. That is the approach that we have taken with this.

I know that the hearings are running over time and I will try not to bore you too much with any more of this.

**CHAIR**—You are all right.

**Mr Bowler**—In line with legal requirements, IBIS has implemented a food safety program—the only one in the Torres Strait. This program ensures that food sold in IBIS stores is safe. It involves risk management. Once every three months, we review our business and the risks involved in it, particularly in the area of safe food—purchasing, design of premises and equipment, temperature recording of chilled and frozen products, goods receipt, food preparation and handling as we have here in main store, packaging and labelling of product, transport and storage, cleaning and sanitation, maintenance and repairs, calibrations, waste, pest control, returned and recalled products, food hygiene, auditing and records management, banking and treasury functions, performance management and career development. IBIS also carries out banking functions that include accounts deposits, automatic teller machines, transfers to other accounts, personal funds transfers from bank account to bank account, electronic bill paying including for stores in opposition to us on the islands who come to IBIS to pay their bills by getting us to send money to their suppliers.

In addition to the banking on the islands, we also carry out the treasury function. We are the ones who bring money out to the islands so that people have cash to spend. If we do not do that, there is no cash on the island. IBIS was never set up to be the banker for the islands, but we are the only ones left. Initially it was done by DAP, then the National Bank did it. Then they left and the only ones left standing were us so we took over. We also remove the damaged notes and do a lot of the things that a normal bank would do.

It is easy to talk about these things to make it sound good, but I would like to close with some quantifiable evidence to support my presentation. I grabbed our fruit and veg advertising late on

Friday afternoon—it was not a setup—before I jumped out and I went down to the local Coles to check our advertised prices against Coles and Woolworths. Red globe grapes are really nice at the moment. We are selling them for \$3.99; the Coles Cairns price is \$4.98. Cavendish bananas—we sell huge quantities of bananas—are \$1.99 a kilo and \$2.48 a kilo at Coles. For Shepherd avocados, at IBIS they are \$4.99 but they are \$7.63 in Cairns—I think we made that one too cheap—these are all healthy foods. Amber jewel plums are \$3.99 at IBIS and \$6.99 at the Super IGA but they did not have any in Coles. Tomatoes are \$3.49 compared to \$3.48 in Coles. Continental cucumbers are \$1.49 compared to \$2.79. And it goes on.

**CHAIR**—Those prices are from Friday.

**Mr Bowler**—Yes. Those are our ads for this week and the prices were what I picked up at Coles when I was wandering around on Saturday morning. To give you an idea of how this works for fresh fruit and veg in particular, which are close to my heart, in December 2007 we went back to our supplier because when you change prices to keep prices fairly low—you push pricing down on fresh fruit and veg, it distorts our sales figures. So we went back to our supplier. In December 2007 we purchased \$101,000 worth of fruit and veg from our suppliers. In December 2008 we purchased \$137,000 worth. In January 2008 we purchased \$91,000 worth of fruit and veg. In January 2009 that had jumped to \$105,000 worth. Obviously we are not throwing it away; we are selling a lot more product. In February 2008 we purchased \$89,000 worth and in 2009, \$120,000. In March 2008, we purchased \$80,000 worth. In the first three weeks of this month we have purchased \$119,000 worth of fresh fruit and vegies. You pay more for cigarettes and chocolate biscuits at IBIS but IBIS does everything possible to ensure that you will always be able to buy fresh, healthy food at affordable prices, and that you will know that the food you buy from the IBIS store is safe for your family to eat. That is the approach we take and, despite some comments we might receive, I am very proud of what we do at IBIS and I are very proud of the quality of service that we provide.

That being said, we are a retailer and it does not always go right. Things go wrong. We had potatoes mentioned earlier and I will put my hand up. We had a change of season and the potatoes changed to coming from the tablelands. The tablelands had had a lot of rain. When they get freighted up here they get freighted at normal temperature, room temperature freight, because you cannot chill potatoes or they start growing eyes and ears. Those particular potatoes, because there had been an extra bit of rain, all went off. We bought them in good faith from a good supplier and we are very careful with how we go about that. We had 1.9 tonnes of rotten potatoes turn up at main store. It is an unfortunate thing. The same sort of thing happened to me at Coles in Cairns when I had gone and bought fruit and veg and they have not been right either. We immediately claimed them back from our suppliers and did everything in our power to get the next load up here as quickly as possible in sufficient quantity. But we sell fresh fruit and vegetables and those things are subject to weather, subject to all sorts of things. That is my presentation.

**CHAIR**—Thank you very much for that. We appreciate the detail and the depth of that. There are a few questions I want to ask. Given the rundown of prices you just did at the end, ultimately do you then contest the proposition that IBIS is more expensive?

**Mr Bowler**—Absolutely it is more expensive, because it is more expensive to operate here and it is expensive to get things up here and all of those things.

**CHAIR**—So the significance of the rundown of prices that you gave before was in essence that, whilst it is more expensive, you try and cross-subsidise so that the healthy food is cheaper. Is that right?

**Mr Bowler**—That is exactly right.

**CHAIR**—So you cross-subsidise against other product lines with the healthy product lines. Is there any cross-subsidisation between stores? It must be more expensive to run a small store in an outer island.

**Mr Bowler**—Absolutely. The price structure we have, and again contrary to popular belief, all the prices on Thursday Island and Bamaga are the same. They are slightly lower than the prices in the outer islands because it is slightly less expensive to freight goods here than it is to the outer islands.

**CHAIR**—So it is more expensive to shop in the outer islands.

**Mr Bowler**—Yes, marginally more expensive, except for the specials, which are the same price everywhere.

**CHAIR**—Do you try and keep consistent pricing across the outer islands, if that makes sense?

**Mr Bowler**—All the prices on the outer islands are identical. When the product is scanned, it checks our server in Cairns for the price. So they all check the same place for the price, the same database.

**CHAIR**—You have obviously had the benefit of listening to the evidence that we heard this morning. If it is difficult for you to comment then say so, but the question I want to ask is your opinion of the governance structure of IBIS, which I understand you did not set up, it is what is there. Questions were asked of the other witnesses about the extent to which that structure connected IBIS to the community by having the four community representatives on the IBIS board. Do you wish to make any comment about the success of that governance model of IBIS?

**Mr Bowler**—I am happy to. Quite simply, IBIS runs as a normal corporation would with a board. The board has the role of developing strategy, ensuring that governance is met and making sure that the executor of the organisation follows the board's instruction. All of the decisions made by the board are made by a vote with the members. To my memory in 5½ years that I have been there, there has been one occasion when there was a dissenting vote which was recorded in the minutes. It is virtually always unanimous, and these are not one person or one group of people making decisions or putting suggestions up. It is a whole raft of people, both the community representatives and the professional board members.

I have reported to quite a number of boards over the years, including some fairly significant ones, and I do not see that that process is any different. As to governance, if you were looking for impropriety and those sorts of things—and it is an important part—we are audited every year by the Queensland Audit Office and we get a clean bill of health. In this particular audit we have not even got any 'medium importance' issues. So all that is well and truly above board.

**CHAIR**—I am sure that is right. It has been an interesting experience listening to the evidence today from where we sit, because we have had reasonably consistent evidence of concern about the way that IBIS operates, and then we have heard you give a very thorough and I think very professional rundown, and some pretty rational answers to the issues that have been raised. To what extent are the particular difficulties in running a store in a remote community like this, and the difficult decisions, as you have described them, that need to be taken in order to run a store in a community like this, owned by the community? My question is: does the governance structure of IBIS allow those difficult decisions to be owned by the community?

**Mr Bowler**—That is a very good question and it is a perennial question. It is an interesting one, because the board—and I am a vessel of the organisation; I do as the board instructs—has, for the whole time I have been with the organisation, written two or three times a year trying to organise meetings with the various bodies here in the Torres Strait. We meet occasionally with success; I have been in this room on two occasions. As recently as December, we met with the mayor.

That being said, there are different perceptions; there is no question about that. I hope Ron does not mind me quoting him, but when Ron Laifoo join the board, probably six or seven months ago, Ron, as he said himself, had a very different perception of what IBIS was. From the outside it looks very, very different to what it looks like from the inside, and I think that is true for most organisations. If you are on the outside and you come inside, you see it is done very differently.

Unfortunately, in a business like this, we are stuck between two things. One is that we are unfunded and we are required to operate in a financially viable fashion. So that tends to reduce the number of options that we have, or the board has, and certainly that the executive has, to make decisions.

All the decisions must be made on the basis that they are sustainable. We try and do the right things by, as I say, subsidising fruit and veg and other things with more expensive, less healthy products. But there is only so far we can go. I think that if we reduced the prices dramatically that would probably make a lot of people happy. I am sure it would! But we have been told very clearly that if we trade at a loss we will not be there.

There are lots of people here who have made comments like ‘This or that could be done much cheaper,’ but I have spent the last 40 years of my life as a retailer—I started as a 15-year-old doing weekends and school holidays—and, as I said, I spent 10 years before I joined IBIS fixing broken retail businesses in strange and remote places. In my professional opinion—and I see myself as a professional retailer—anything could be done differently, but I do not know that any solution you put in place would be dramatically less expensive and still work.

There are lots of things you could do. You could say, ‘Okay; we will let the store managers order the stock and we won’t have a buying team in Cairns.’ A couple of things would happen. One: when I joined Ibis that is how was, and we had stock-outs everywhere; we would walk into a store and a whole line of fixtures would be empty.

It is a difficult thing to be that manager in that store. As I say, I have been doing it for 40 years. A remote store operator—like the guys who used to manage the stores that Outback Stores

took over—was there, by himself, running a retail store. He had to arrange his freight, he had to buy all his own stock, he had to make sure that he complied with that A4 page of regulations, rules and things like that. Do not misunderstand me: if you, as a retailer, do not do those things properly and you make someone sick and they die, you get to go and spend a lot of time in jail; you are personally liable for that.

Even with 40 years of retail experience, I do not believe that anyone could be in a remote area store and do all the things you need to do, with the small wages you have available to you, and make it work properly. I think that is evidenced when you go around individually operated stores. You see some pretty horrible things. The reason that happens is that it is too much for one person to do without the skills and backup of a team.

**CHAIR**—This may be a question you need to take on notice: with that experience and now having worked in IBIS, is there any standout intervention from government that is not being done which you think could be done to make a difference?

**Mr Bowler**—I work for the Queensland government ultimately, I suppose, even though it is a statutory board and separate. I cannot make too much comment but obviously the cost of freight is huge—it makes a difference—over \$1.35 a kilo for every kilo of chilled or frozen goods. Dry goods are less expensive but still extraordinarily dear. The kilo of potatoes that you would normally buy for \$1.60 has \$1.39 worth of freight on it. That would make an enormous difference.

**CHAIR**—I think you said this in your submission, so forgive me if I am asking you to repeat yourself—I want to make sure we have this on the record. You quoted a figure of your last profit being something like 1.8c overall. Is that figure a matter of public record?

**Mr Bowler**—1.8c, yes. We publish our results. They were in the paper a couple of months ago for the 2008 year. They are published in *Hansard*.

**CHAIR**—So it is all on the public record?

**Mr Bowler**—Absolutely.

**CHAIR**—Is the structure of the cross-subsidisation scheme you have between healthy product lines and less healthy product lines a matter of public record?

**Mr Bowler**—We can provide information but it is quite complicated. There are a lot of different things involved.

**CHAIR**—Would it be possible to provide the basics of this information to this inquiry?

**Mr Bowler**—It would be possible. I would have to do that as a separate thing.

**CHAIR**—If it were possible, that would be good. There must be some kind of cross-subsidisation arrangement you have between stores to maintain consistent pricing.



**Mr Bowler**—The way our operation works is that we run a PNL for our whole organisation and we run individual PNLs for the stores. We are aiming for the whole organisation to keep it that couple of per cent above. We are a not-for-loss organisation more than we are a not-for-profit organisation. Basically we adjust our prices and such so that we can keep the business in that not-for-loss position. That means that for the individual stores in the outer islands particularly we do not do anything specific which says, 'We'll put this much money into this store or that much money into that store.' We treat them all equally.

**CHAIR**—Does that mean that you can tell whether or not a particular store is running at a profit?

**Mr Bowler**—Down to the cent.

**CHAIR**—Is that public information as well?

**Mr Bowler**—I do not believe that is in the published information.

**CHAIR**—Again, is that something we could be provided with?

**Mr Bowler**—I am more than happy to put that to the board to ask them for permission—it is out of my realm but I would be happy to do that.

**CHAIR**—Again, if it were possible, that would be particularly important information to get a sense of how—you mentioned a remote store on Dauan Island to take as an example and described what would seem to me to be a challenging retail environment. That would give us a sense of how you run a store in that environment. In that example I think you talked about 90 people on that island.

**Mr Bowler**—Yes, give or take.

**CHAIR**—You said there might be as few as 20 to 25 people doing the shopping. At that level I imagine you would get to know all of them. Is there a role that online shopping can play in that circumstance?

**Mr Bowler**—It is possible, but there are a number of issues with that. It is an area of particular expertise of mine. On the issue of a com speed out of the Torres Strait, the telecommunications speeds are appalling. We have this whole of enterprise computer system and I specifically designed it to run it in very low bandwidth environments. I am a bit older than most but when I got my first computer that actually went online back in the early 1990s the modem I had was 1440K, the slowest dial-up. If you got on a website you would wait for a week for something to load. We actually run slower than that. The telecommunications speed in the Torres Strait is less than 16K, which is appalling. If you were to put a computer out now and put on a webpage it does not work. We have been trying to introduce computer banking for people because a lot of people come in and check their balances. The companies that do the ATMs charge them \$2 every time they do it, which is an appalling waste of money. We have been trying to find ways that we can get computers to do it but all of the banks will kick you off for security reasons because the speeds are too slow and it takes you too long to get on the site. That

is another thing that would make an enormous difference to the Torres Strait. Broadband to the outer islands would be an enormous boon.

**Mr TURNOUR**—Richard, obviously when you go through the submissions and also the evidence today there are conflicting points of view. If I am in your store and I am unhappy with the service or unhappy with something, how do I make a complaint? What is the process that you have got in place in relation to that?

**Mr Bowler**—You can talk to the manager. If you are not satisfied with that, if you know the people involved you can call our regional managers here or John Smith, who was our retail ops manager, or me personally. My card is out in virtually every community and I am available 24/7. I give that to certainly all the chairmen and island managers now where everyone I meet has got my card and if they need me they call me. I have had phone calls on New Year's Eve from chairmen of islands and I do not have a problem with that at all.

**Mr TURNOUR**—Do you keep any records or tracking? You go into a lot of stores in major chains in the capital cities or regional cities and there is a process where people monitor and check on complaints around particular issues, whether it is service, quality or product price. Do you have a system where you monitor that and look for improvement?

**Mr Bowler**—I personally address each one of those. I do not have a specific system because I would get probably two a month for various things and they are peculiar things. As an example, I got a phone call on Friday about a rat problem on St Pauls. It is a major thing and has been driving me crazy for six months. We brought in the experts with all the right gear, because we send someone around every six months to put out our rat traps and things, which we are required to under the food act. We have had them up again. We have just about poisoned the place. We have put sticky tapes down to catch them. We kill hundreds and hundreds of rats but they keep coming back. I got a complaint again on Friday about that, and my guys will be out there again early next week. We put in place protocols to strip the store down once a week to scrub the place out, to do everything in place. That is the sort of thing that I personally handle maybe four times a month.

**Mr TURNOUR**—What if I go up to the checkout and it is scanned and it is different, I get this anecdotal price different from what you get and I am not happy in terms of the response I get. Clearly from the evidence we have heard today there is dissatisfaction in the community with issues in terms of IBIS. From what I hear from the evidence, your basic response to those complaints is 'I handle them'. There is no systemic way of identifying those issues in a way that may be only menial that to the individual may be more significant.

**Mr Bowler**—As I say, short of being able to call the CEO if they do not get satisfaction locally—I am happy to put the piece of paper in place for people to fill out things and send them in and all that sort of thing but I am just as happy to get the phone call so I know straightaway what is going on.

**Mr TURNOUR**—I knew what you are saying. Some people may have some shyness about ringing a CEO. There are a whole lot of different reasons that people go about communicating in different instances. I just wanted to get there clear in my own mind. In terms of the governance structure, I know Richard has asked you some of these questions previously, but has the board

discussed at all island community reference groups as some way of expanding the board in terms of reaching out to the community in terms of information discussion?

**Mr Bowler**—Absolutely. We have in place currently and for three years, I think. Every time I flew out I made a point to try and meet with native title owners in these particular areas, and it was not particularly successful—I think for the same sorts of reasons that you are saying. With the latest native title programs we are putting in place we have a program where we have a community group that meets. If I am coming to the island I put my hand up to meet with them. The retail operations manager or the regional manager meets with those people and feeds back any issues.

When I fly around once every three months I make a point, at least 2½ weeks beforehand, of contacting the representative from that island. I write to the council office and ask if the members of the community or the council would like to meet with me and I tell them the times that I will be there. If the council or members of the community want to meet with me I meet with them. I am more than happy to do that, and we do it on a regular basis.

**Mr TURNOUR**—What sort of response do you get to those offers?

**Mr Bowler**—I probably get three or four for each process that I go through. Some communities and some representatives are keen to meet; others are not.

**Mr TURNOUR**—What sort of involvement does your local store manager have in that process?

**Mr Bowler**—It depends on the particular instance. Generally, they invite me to go over there. We have very small staffs in our stores and when we fly around, a few of us come on the trip and they work with the store manager on different issues. The store manager is not always there. The store manager also has the ability—via email, fax and that sort of thing—to contact me if there are any issues that come up. Often the issues are about our store manager, rather than the other way, and sometimes we are asked to meet separately. You get that sort of thing.

**Mr TURNOUR**—I suppose the issue in terms of the store manager, and the role of the store manager is that you have gone through a whole lot of procedural training issues that are important in terms of the store but do you have any training, advice or systems for the store managers in terms of community relations? One of the things which you have not mentioned, which you should be proud of, is the number of local people that you employ in your stores. We have heard today a fair bit of criticism about the IBIS stores. Obviously most of them are run by local people. How do you provide training or support to improve that relationship with the local communities?

**Mr Bowler**—It is fairly difficult. Most of our store managers are members of the community and are related to the vast majority of the people on the island. I probably struggle a little bit to be in a position where I can tell them how to react to those people in a more efficient manner. It may be an area that we can look at. We try very hard to do the best we possibly can but we are retailers and we are never perfect.

**Mr TURNOUR**—Have you had any workshops or discussions with the store managers about how you could maybe improve some of the relationship issues with the community, that we have heard about today?

**Mr Bowler**—The relationship issues that we have heard about today are a little different to ones that I have heard before. I have not had an opportunity to talk to them about these specific things. On a yearly basis we have a managers' conference where we go through and discuss all sorts of issues for several days. There is no question: we can add those sorts of things to it.

**Mr TURNOUR**—On the issues about island managers you talked about the training. Is most of that done on TI—is that done locally or in Cairns?

**Mr Bowler**—It is a combination of things. The classroom work is done here on Thursday Island but obviously there is a workplace component to it as well. We do not normally bring the guys down to Cairns. There is no particular value in that and it would be more expensive again.

**Mr TURNOUR**—I am very aware of time. You have an agreement, or you are working on an agreement with Coca-Cola-Amatil I think—

**Mr Bowler**—We had had discussions with Coca-Cola over all sorts of things and we have got them to provide us with some things. We now do not have any Coca-Cola fridges—I hope we do not have any left, anyway—in any of our stores. They are all clean skins or water fridges.

I was invited to meet with them about ways of reducing the amount of sugared drinks consumed by Indigenous communities in Queensland because they had done some research that showed that the consumption of sugared drinks from our stores, according to their figures, were significantly lower than in most Indigenous communities. We learnt some things from them. We have talked with them about the things we do. As part of that they have come up with the program to replace all of our fridges for us. That was very good. We would like to go further with them and see what else we can scab out of them to help.

**Mr TURNOUR**—Have they looked at some of the pricing issues and at maybe supporting some of the variations in pricing issues between sugary drinks as compared to some of the maybe healthier lines that they supply?

**Mr Bowler**—No, they have not been forthcoming in that. It is one of the things that we would like to get from them. What we do, though, in that balance thing, you will see, if you look at the prices of our unsugared drinks compared to the prices of our sugared drinks, for example Coca-Cola Zero compared to Coca-Cola, the price for Coca-Cola Zero is less than it is for Coca-Cola. Again, that is just the balance thing that we are doing.

**Mr TURNOUR**—We have had evidence about packaging. Do you consider that in terms of the cost to the community of packaging and waste?

**Mr Bowler**—Absolutely. It is something that has become more and more of an issue recently. There are lots of things that need to be done in the Torres Strait. This has come up in the last six months or so. We have talked about a number of things. A lot of people buy their flour in big drums and we are trying to find other ways. We now provide it in big, heavy-duty plastic bags

but unfortunately big, heavy-duty plastic bags are not as strong as the other ones, so we had problems with that too. There are some things that we can do, and I am more than happy to work with the various councils and whoever. If there is a way that we can change what we are doing that will help them, we are happy to do it. We had discussions with their consultants when they came around looking at what they needed to do to change the amount of rubbish going into the tips and things like that. We are happy to help in any way we can. Again, our hands are tied by price and by all sorts of things, but if there is a way that we can make it easier and better that we can do then we are happy to do it.

**Mr TURNOUR**—You may need to take this last question on notice. In your submission you talk about a survey comparison with the outback stores. If you could provide it to us, we would appreciate that.

**Mr Bowler**—Absolutely. Not a problem at all.

**Mrs VALE**—One of the things that we have heard very clearly here today is the urgent need for the consideration of freight subsidies. Have you made any approaches to state or federal government in that regard and, if you have, what has been the response?

**Mr Bowler**—The board of IBIS made, some years ago I believe, a number of submissions based on that but because we are a state government organisation we needed to make it through government and I think that it was probably seen to be a federal issue rather than a state issue. I cannot really comment too much on that.

**Mrs VALE**—Does IBIS intend to make an approach to federal government?

**Mr Bowler**—We would normally expect that to go through further up the chain from us in the state government organisation. But I would be more than happy to work with local community groups in any way, shape or form I could to support it.

**Mrs VALE**—I know we are probably making a lot of work for Jim, but I think there obviously is a great community need. There are a lot of very good community groups that you have here that perhaps should all get together and make a very strong application.

**Mr Bowler**—I would be more than happy to assist.

**Mrs VALE**—I am sure that we will be making recommendations in that regard from this report but there is more than one way of belling a cat. You really need to keep hammering. This is really important for the Torres Strait.

**Mr Bowler**—I could not agree more.

**Mr KATTER**—There is a hell of a difference between the figures being quoted here by Mr Bowler and the figures that Jim Turnour was quoting earlier today. I know that Jim is on our panel, but could either of them comment upon the huge disparity between the figures being quoted by Mr Bowler and those being quoted by Mr Turnour?

**Mr Bowler**—I would be happy to throw my hat in the ring on that. Quite simply, we approach things differently to a normal retailer. I do not know the products that Jim has in his basket, but if they are lines that fall into the category where they are subsidising rather than being subsidised, they will be significantly higher. There are no ifs, buts or maybes about that. I do not know if cigarettes are amongst Jim's areas, but, as an example, we would be the most expensive place in Australia to buy cigarettes. You can pay \$17 a packet, but I am not the least bit ashamed about that. I am more than happy to do that, because we subsidise the cost of other things with that, like fruit and veg and such. There will be areas where that is the case. We buy from the same place that any other IGA buys from. Our volume puts us about half way up the discount rate. If we doubled our volume our discount would increase by about two per cent. As I say, I do not know what products Jim has in his basket so I cannot give you a definitive answer, but my only thought would be that some of the items in there fall into those categories that are more expensive.

**Mr TURNOUR**—I think that the other thing that differentiates our basket is that I picked up the same 44 items that Wayne Swan has been assessing for the last 10 years across his electorate in Brisbane. I did that specifically because of his advice of being able to compare that with Brisbane. They are all dry products. You are quoting fruit and veggies. The reason we did not do fruit and veggies is because it is very hard to walk into 20 different supermarkets and pick up a tomato and compare apples with apples. So we basically use a basket of dry products to compare tomatoes with tomatoes, because there are different qualities of different products. So the basis of our system is 44 items. I do not publicise it and Wayne never has. That way we can maintain and keep supermarkets clear. One of the things that we do find in the IBIS store up here is that we cannot find the same products as we do in all of the supermarkets in Cairns—that is, Coles, Woolworths and IGA, because you just do not have the range here. So we have to at times substitute a product with another product with the same volume but a different brand just because we cannot buy it here.

**Mr KATTER**—You gave a figure of \$1.35 per kilogram. What percentage of your cost structure is freight?

**Mr Bowler**—A little over 10 per cent.

**Mr KATTER**—Is that all?

**Mr Bowler**—Yes—at retail. Sorry, if you look at it at cost it is 20 something odd per cent. If you are looking at it at retail it is about 10 per cent.

**CHAIR**—In your experience as a retailer, what would that figure typically be—for instance, if you are in Cairns ?

**Mr Bowler**—If you are a Coles supermarket you do not pay for freight in the same way that we pay for freight.

**CHAIR**—But they have a freight cost.

**Mr Bowler**—I cannot quote their costs, I am afraid. They would not be shown at a retail level in any case. They would be shown at a distribution centre level and there would be all sorts of

other ways of looking at it. I would think, though, that as far as the difference between the vast majority of the costs is the Cairns to island leg. It is more than three quarters of it.

**Mr KATTER**—Is that 20 per cent from Cairns to here or does it include Brisbane markets to Cairns?

**Mr Bowler**—With fruit and veg we buy in from Cairns but our dry goods we buy in from Brisbane. So it is from wherever we buy the particular product from.

**Mr KATTER**—When I was serving as minister, freight was a government tended contract, and Sid Faithfull lost it at the time, which did not make him real happy! Is that the situation now or is it just a free market.

**Mr Bowler**—That was long gone before I joined the organisation.

**Mr KATTER**—Do you think we would be better off going back to a government tender?

**Mr Bowler**—I really could not comment on that. It certainly could be considered along with some form of subsidisation. That may be a cost-effective way of doing it. I am not averse to the idea, that is for sure.

**Mr KATTER**—I have one last question, and it is a fairly touchy question. I have sat on this body for some time now and today we have had 23 people come up. Whilst there were elected members, the other members were all white fellas. Out of 23 people I have only spoken to two black people that were in a non paid position. The government allocate about 9,000 million dollars to people of Aboriginal and Torres Strait Islander descent in Australia. Worked out on a per family basis, that means everyone here should be driving a Volvo motorcar. They are not, but clearly the money is not getting to them. ASIC had 600 employees in Canberra and only 60 of them were of Aboriginal or Torres Strait Islander descent. I mean, it is not hard to do. They called it 'the blacking of the department' when I was there, and that is exactly what it was. Would you like to comment upon that?

**Mr Bowler**—Sure. Just on 90 per cent of our staff are Indigenous.

**Mr KATTER**—Yes, but all the top jobs with all the big money are not.

**Mr Bowler**—It has been my goal—

**Mr KATTER**—I am not having a go at you personally.

**Mr Bowler**—No, please, have a shot. The reality is, what I would like to achieve is to acquire some young smart people from the community, help them through university and bring them up to the point where they can be CEO of IBIS. I would be more than happy for them to do that. The reality is that I have trouble finding people. I have 18 vacancies at main store for people now. To run a business like this is really, really hard. If you run it as a business, as we are required to, you have to have the best possible people running the thing for it to survive. I believe that those people are amongst this community, but the vast majority of them end up going down south. They get a great education and they go on to other things; they do not come

back. We try to bring people up through our organisation, but, again, we are in the retail business. We pay the lowest wages and anybody who is smart is obviously going to get the best deal that they can get. They can get much better money in the public service than they can get from us. It is not an issue as far as I am concerned. Anybody who can do the job that needs to be done, I am happy to have them. It makes no difference at all to me.

**Mr KATTER**—You are not a public servant so this does not really concern and you will be able to be objective in answering this question. Ian Causley and Wilson Tuckey were the most prominent members of the last committee that I served on. They advocated and got the backing of the committee for what they called ‘bottom-up funding’. The idea is that we lock the money up in a box and send it to Badu Island. No white fellas can get their hands on it anywhere along the line. It goes straight to Badu Island and if it goes astray in Badu Island it is going to go astray in the hands of black people and not white people. They were blokes like myself who were brought up in communities that were predominantly Aboriginal. You are objective in this; obviously it does not concern you. What is your comment on bottom-up funding, which was advocated very strongly by that committee?

**Mr Bowler**—I really do not have a comment on that. I am not sure how that would work or whether it would be good or bad. I do not know. Sorry.

**CHAIR**—I am really close to time and I just want to ask one more thing. In doing the business you do, do you run into quarantine laws; do they have a big impact on how you operate?

**Mr Bowler**—No. We have set our business up so that they do not. The issue would only be if we started bringing in stock from outer island stores to inner island stores. We do not do that, so it is not an issue.

**CHAIR**—Richard, thank you very much for the time you have given us. I know that it went a bit longer than expected but I think that, given the evidence that we have received earlier in the day, it was important that we had a full discussion with you. There are a whole lot more questions I would like to ask but we do not have time to do that. But I wonder whether it would be possible if we might follow up with you through the secretariat if there are other concerns or queries that we would like to ask you?

**Mr Bowler**—I am more than happy too. IBIS is an open book. Anything that you need to see I am more than happy to show you— with the approval of the board.

**CHAIR**—Thank you for coming today.



[5.00 pm]

**PARRY, Mr Michael, Sales Manager, Sea Swift**

**WHITE, Mr Fred, Chief Executive Officer, Sea Swift**

**CHAIR**—Welcome. Would either or both of you like to make an opening statement before we ask you questions?

**Mr White**—Yes, I would, Mr Chair. I begin by again acknowledging the traditional owners of the land we are meeting on this afternoon. I would like to first paint a bit of a picture of what Sea Swift does—obviously there are a lot of people in the room who would be aware of the services it has provided over many years—before addressing a couple of points that have been touched on today. We do not have a submission as yet. We received notification fairly late, and we will forward one. If there are questions that come out of that, please feel free to contact us.

**CHAIR**—We will.

**Mr White**—Sea Swift have been operating in the region for a bit over 20 years. As I understand it, they began the first large operation to the islands up here in that time and since then have become the predominant freight provider in the region. I note that Bob made reference to early days with Sid Faithful, who was the owner. It is a private company but it does have some corporate governance over it now. So we do have a board, and I have been appointed by the board to run the organisation now.

We began with a single barge operation many years ago. We currently run two linehaul vessels direct from Cairns to Horn Island, TI, Bamaga and back to Cairns and another vessel from Cairns, Horn Island, Bamaga, Weipa and back to Cairns on a weekly basis. Those vessels deliver the bulk of the freight to Horn Island, and from there it is trans-shipped to the outer Torres Strait islands with barges. There is also a tug-barge combination, which provides a ferry service across the harbour between Horn Island and Thursday Island.

Sea Swift are not party to any subsidies in any form whatsoever. Being a private organisation, things that have occurred over time in terms of expansion of the fleet and providing a service to the areas that we do have been done without any subsidisation whatsoever. There have been a number of operators who have tried to provide a similar service, but those operators are no longer operating now. There are probably people in the room who would have enjoyed discount rates compared with those that Sea Swift offer; however, the rates that were provided did not allow for ongoing vessel maintenance and for that service to be provided on a sustainable basis. Those operators have essentially disappeared out of the market.

I note that comments have been made this afternoon about the freight component of the cost of goods to the Torres Strait. That freight component as an overall cost of the goods is, as mentioned by Richard from IBIS, from about 10 per cent up to about 20 per cent. I believe there is a perception out there that a lot of the cost of providing the goods and services to this region is

solely freight, so I am glad that people have made that point. I do believe that we cop a bit of undue flack in that regard.

I also note that earlier today the condition of the island ramps or facilities where we are unloading was raised as a bit of an issue in terms of the added cost of doing that business. In a normal barge landing scenario and operating in an area where there is not a lot of reef where you are scraping over at low tide or whatever the case may be, a normal barge operator would not be doing the amount of repairs that that causes to our fleet. That again adds a cost. I was happy to hear that people were talking about potential dredging or upgrading facilities, albeit that that would be quite a sensitive matter to undertake.

I also note that some of the people making presentations today talked about cross-subsidisation and things that occurred internally within their own organisations to provide a service to another region where there were a lot less customers. That is also something that Sea Swift does. We do have some of our routes that internally we subsidise, some of the OTSI regions. We heard about some islands that have 60 people. The amount of fuel burn that you have to go and deliver to that island, obviously if we charged accordingly we would probably only do one delivery and that would be the last one we ever did. So there is some cross-subsidisation that occurs.

Earlier today someone also mentioned the possibility of running road freight up to Bamaga and then transshipping from there. That is an idea that probably has some merit. However, I would caution the inquiry that by doing something like that you take away some of the cross-subsidisation that we provide in Sea Swift. We would then be in a position whereby it would completely undermine a couple of the routes that we currently do.

For those reasons we are in a position where we agree with a lot of the people who have presented today, that we would welcome some form of subsidisation to the communities or freight providers in whatever manner it would need to be. That is all I have. I will allow you to get on track, Mr Chairman.

**CHAIR**—That is all right. First, I want to be clear about the routes that you do. You say you have got two ships operating between Cairns and here and then an additional ship which does a route to Weipa.

**Mr White**—The two included the one from Weipa.

**CHAIR**—That makes sense. I am not sure you said how often you do those trips.

**Mr White**—Weekly services.

**CHAIR**—I got the impression from what you were saying that you operate services to the outer islands from here, but with different ships, I take it.

**Mr White**—That is correct.

**CHAIR**—How many ships do you have that run those routes?

**Mr White**—On those routes on a regular basis we have got about three, so about three barges that ply those routes.

**Mr KATTER**—Servicing the outer islands.

**Mr White**—That is right.

**CHAIR**—So the two barges that operate out of Cairns, Cairns is the base?

**Mr White**—They are liner ships, they are vessels that have got about three and a half thousand tonne capacity. They bring most of the containerised and bulk freight to Horn Island and from there it is transshipped.

**CHAIR**—We saw a ship today at Horn Island. Is that one of them?

**Mr White**—That is barge, it is not one of the main line haul vessels.

**CHAIR**—Do the barges operate out of here? Is this their base?

**Mr White**—No, Horn Island is their base.

**CHAIR**—You are a private company. To what extent do you make public your cost structures? There is no reason why you would necessarily, but do you?

**Mr White**—To answer your question directly, we do not. They are not public knowledge at all.

**CHAIR**—Sure. It would be unusual for a private company to do that.

**Mr White**—However, I could probably share with the inquiry that it is not much over what the IBIS result was, so it is actually quite a low margin at the moment.

**CHAIR**—Why do you do the outer islands? If they do not make money, why do you do them?

**Mr White**—I am probably not the right person to answer that. You probably need someone with a lot more years of experience with Sea Swift. What I have been able to understand is that, based on the fact that we are a provider that has been in the region for many years, we are seen as providing a regular service and it is something that we have an obligation to do. It is probably as simple as that.

**CHAIR**—So it is an exercise in maintaining goodwill?

**Mr White**—I believe so.

**CHAIR**—Are you able to tell us what percentage of your customer base is IBIS?

**Mr White**—Michael could probably answer that.

**Mr Parry**—A few per cent. It is approximately seven per cent.

**CHAIR**—So you are saying 93 per cent—

**Mr Parry**—To a lot of project work, construction work and major construction jobs in Weipa and the Gulf as well.

**CHAIR**—So only seven per cent of your business is IBIS?

**Mr Parry**—Yes. The project charter barges we do bring a lot of revenue—for example, mining equipment from remote sites.

**Mr KATTER**—In the islands?

**Mr Parry**—It can be all over—from Groote Eylandt to Mackay, anywhere up and down the eastern coast and in the Gulf.

**Mr KATTER**—Mining activities in the Torres Strait?

**Mr Parry**—Not the Torres Strait.

**CHAIR**—To pick up Bob's point, which perhaps clarifies my question, are you able to say what percentage of your business in the Torres Strait is IBIS?

**Mr Parry**—Probably double that, but no more than that.

**CHAIR**—So around 14 or 15 per cent?

**Mr Parry**—Yes. The retail segment of our business is, I think, only 24 or 26 per cent overall. Building construction, trade and maintenance is the largest sector. Administration is also there—administration being the councils and government bodies.

**CHAIR**—That figure of a quarter, is that across your business or across the Torres Strait?

**Mr Parry**—Across the total business.

**CHAIR**—What would it be in the Torres Strait? You may not have that figure with you.

**Mr Parry**—I am not sure. We are new to the company. We are corporatising and these are things that I am looking at right now. It had never been looked at before.

**Mr KATTER**—Could we ask you to look at those issues in your submission?

**Mr White**—Certainly.

**CHAIR**—Getting a picture of that would help considerably.

**Mr KATTER**—You can provide submissions in a confidential way and they are not published. If you want to provide information that you did not want to be published you can notify the committee and we can do that. I suppose one of the issues that we would be interested in is the level of cross-subsidisation. That would be of interest to us. Trust us—we are politicians!

**CHAIR**—I am not sure if you had the benefit of hearing this, but there seemed to be an indication from one of the witnesses earlier today that there are some people who organise their groceries privately online. The impression that I got was that they contract with you directly to bring their groceries up from Cairns. Is that right? Do you have people who you do that for?

**Mr Parry**—Yes. That is something that started more with Endeavour Shipping and which we inherited—which is fine. Overall, the business has 2,130 accounts and 265 of those accounts account for 95 per cent of the business. So there are 2,000 other accounts there that are mums and dads and people in the community et cetera that we provide a service to.

**CHAIR**—Is it profitable for you to contract with an individual in that way?

**Mr Parry**—The owner, Sid Faithful, has historically had an obligation to this area and to the community—so that is the way it has been. All those things will be looked at now as part of our new approach to the business.

**Mr KATTER**—If I could make an observation, Mr Chairman: Sid is not Mother Teresa or Santa Clause, but this is his job—this is what he does.

**Mr TURNOUR**—Do you have a complaints mechanism?

**Mr Parry**—Yes, we do.

**Mr TURNOUR**—Can you outline that for us briefly?

**Mr Parry**—It is systemised, it is in the computer system. It is received by our customer service team—on which we have four members. One girl is totally dedicated to claims. She investigates the claim initially and, if it is about missing cargo, she tries to find it. If it cannot be found, she will issue a claims form to the person or customer. The claims form is then filled out, so it has all the details of the claim and what they are claiming for. That will come back and be submitted to the operations manager, who is essentially in control of where that cargo could have gone or been damaged, and he will accept or reject based on the validity of the claim and the responsibility of the customer at the other end as well. Once again, being new in the business, we are reforming the system. I do not know whether I need to go on about that. Have I answered your question?

**Mr TURNOUR**—I just wanted to get an outline of that. If you are reforming that part of the business, that is something that you might also want to include in your submission. Obviously you have heard things today, so it would be good to give us some advice in relation to that in terms of the overall management of community stores and other systems.

**Mr Parry**—We also do a customer survey. That goes to all our major customers and islands for feedback.

**Mr TURNOUR**—Do you publish the results of the survey.

**Mr Parry**—We do, in our newsletter to customers.

**Mr TURNOUR**—You may need to take this question on notice, because I know you are both relatively new to the company. Back in, I think, 2006 the Howard government abolished a fuel freight subsidy that was in place for the Torres Strait. I know, because I campaigned strongly around it and I have spoken to our minister about it as well. Obviously freight subsidies are an issue that has been raised, and it is an issue that the committee is interested in as well. In your submission, could you give us information on how that work, how it was administered and the efficiency of that in terms of your organisation as a major carrier of fuel? This inquiry needs to make some investigation of that internally within the department, but it would be good to get feedback from a private company about how that operated and you how you found it administratively.

**Mr White**—Yes.

**Mr KATTER**—I would like you both to comment on this. If the government was going to provide a subsidy, what do you think would be the most efficient way for a subsidy to be applied? With the airline subsidies, we call tenders and whoever puts in the best tender gets the subsidy and the route. The second part of my question is: do you think there should be some exclusivity? If you have got the subsidy that really burns off any opposition. You are dead right: in every single case where we are servicing small, isolated, remote areas or even a big area, like Mt Isa, once other people start coming in, they start eating away at your profits and then everyone collapses—and they do it at prices that could never be sustained long term. So there are two questions: (1) how would you apply the subsidy most effectively and (2) do you think there should be some sort of exclusivity on the route?

**Mr White**—I do not believe there should be exclusivity on the route. Obviously competition is healthy for everybody. In terms of the subsidy, do you mean whether it is applied to an organisation or to the individuals or the groups that are seeking the freight—or we are providing the freight service to, in this case. Is that what you mean, Bob? Is that the thrust of your question?

**Mr KATTER**—Maybe with an emphasis on food, but it seems to me to be hard to apply a subsidy on food isolated off from everything else.

**Mr White**—I have a personal view, and that is that it probably should sit with the end user. The basis of that personal view is probably something that is a little close to your heart and is akin to the MacAir subsidy—when MacAir were the recipients of a subsidy but ended up folding. So that did not do anybody any favours. If you had the subsidy sitting with a customer or a customer base or customer group—whatever it happened to be—they still have a choice of asking for a different service from different individuals if they need to. Maybe that would be more successful.

**Mr KATTER**—MacAir is a good example. It was disastrous use of money. Michael, did you want to say anything?

**Mr Parry**—No, I would agree with Fred: it should sit with the customer. Everything we bring up here will have an impact on the cost of living, whether it be building materials or food.

**Mr Parry**—No, I would agree with Fred, actually; it should sit with the other customer. Everything we bring up here will have an impact on the cost of living, whether it be building materials or food.

**Mr KATTER**—We applied a freight subsidy and the price of petrol actually went up in those areas where we gave that freight subsidy. Fred is in a unique position, like myself, to understand how badly the MacAir subsidy worked. But you asked about competition: either way it is your profit, so you cannot provide a cost effective service. But if you get any ideas on that we would be most anxious, wouldn't we Mr Chairman, to hear from you.

**Mr White**—All right. We can make that part of our submission as well.

**CHAIR**—Thank you very much for giving us your time. We will follow up those other issues with you through the secretariat.

**Mr Parry**—Thank you.

[5.21 pm]

**MOSBY, Mr Daniel, Acting Northern Australian Quarantine Strategy Operations Manager—Torres Strait/Northern Peninsula, Australian Quarantine Inspection Service**

**CHAIR**—Welcome. Do you wish to make an opening statement before we ask questions?

**Mr Mosby**—No. I am conscious of the time. Things might get drawn out during the questions.

**CHAIR**—Okay. The question I think we are all keen to ask is how does this work in practice—that is, this map, which you would be familiar with, of the two quarantine zones: the Torres Strait protected zone and the special quarantine zone. Could you just give a brief description of how they operate?

**Mr Mosby**—AQIS in this area operates under the NAQS—the Northern Australia Quarantine Strategy—which came into effect in 1989. We have about 28 staff based in the area. Obviously we quarantine to stop exotic pests and diseases getting into the country. I like to think that we have a three-pronged attack. Apart from intervention and checking movements in between the zones that we have spoken about—such as movements from PNG into the Torres Strait Protected zone, from the Torres Strait protected zone into the special quarantine zone and from both zones down to the mainland—we have a team of staff who are positioned throughout the Torres Strait and the NPA and also in Cairns, where most of the movement occurs. That is the intervention—checking that movement. We also rely on the cooperation of the people in the area. We have a strong public relations system in place where we make people aware of some of the exotic pests and diseases that are in PNG which we do not want in the Torres Strait. We also have scientific monitoring as the other arm of NAQS. We conduct scientific monitoring both in the Torres Strait and along the mainland, and occasionally we do go into PNG. With that three-pronged attack, our hope is to stop exotic pests and diseases coming through.

**CHAIR**—Do I understand it correctly that there is complete freedom of movement of livestock, produce—I suppose vegetables—within the zones?

**Mr Mosby**—There are restrictions in regards to movement of certain goods from the zones themselves. You obviously need permission.

**CHAIR**—Can you move whatever you like within, say, the Torres Strait protected zone?

**Mr Mosby**—That is right.

**CHAIR**—And the same with the special quarantine zone?

**Mr Mosby**—Within that zone, that is right.

**CHAIR**—And you can move whatever you like northwards?



**Mr Mosby**—Yes.

**CHAIR**—You are based here on Thursday Island?

**Mr Mosby**—I am, yes.

**CHAIR**—If you are an AQIS official on one of the islands in the Torres Strait protected zone, how do you check whether something has been moved northwards or southwards?

**Mr Mosby**—Firstly, we do not check anything that moves northwards. We are not—

**CHAIR**—What I am saying is: if you are on one of those islands on the Torres Strait protected zone and something arrives at the island which could be a prohibited movement, depending on where it has come from, how do you check where it has come from? Do you just rely on the person who is bringing it in as to where they have come from?

**Mr Mosby**—Most of the movement coming out of the zone from the south—so from the Torres Strait protected zone to special quarantine zone—is by aircraft. We target wherever most of the movement is happening. If it is movement from PNG coming into the protected zone, we will liaise with the council and the immigration officers in regard to what movement is expected to happen. We carry clearance out on aircraft and we rely very strongly on our public relations in regards to letting people know what we do not want moved. We try to strategically place our officers at the point of movement—for instance the airport. In saying that, we have a strong presence at Horn Island Airport, where a lot of the aircraft movement comes back to.

**CHAIR**—Is there much informal movement around the Torres Strait? I am thinking by sea.

**Mr Mosby**—Yes. Again, we try to intercept that movement either by patrols or by being stationed around the wharves or other points of arrival here or points of departure on the outer islands. Again, it is very hard to police that movement and we rely very strongly on our public relations. We try to target seasonal movement. If the weather is good enough to travel by boat then we look to position staff at areas where there could be a high movement by boat. If it is in the monsoonal season, we focus on where we perceive most of the movement is going to happen, and that is usually by aircraft. The other part of the movement is the cargo that gets moved by Sea Swift. We work closely with the locals and also with Sea Swift in regards to clearing their movements.

**CHAIR**—There was quite a bit of comment earlier in the day that quarantine regulations are perceived to have inhibited the keeping of pigs, poultry and perhaps traditional trade. There was some evidence in relation to the keeping of pigs—they cannot be kept within 15 kilometres of a human settlement. Taking that example specifically, is not keeping pigs within 15 kilometres of a village a rule of the quarantine service?

**Mr Mosby**—No.

**CHAIR**—Are you aware of whether that might be a regulation of Queensland Health?

**Mr Mosby**—No, I couldn't comment.

**CHAIR**—But it is definitely not a regulation of—

**Mr Mosby**—No, we do not regulate that.

**CHAIR**—That is useful. It does appear that what overlays some of the regulations that go on in the Torres Strait around this is through Queensland Health. Do you have any cooperative relationship with Queensland Health about implementing their regulations?

**Mr Mosby**—No.

**CHAIR**—They operate totally independently of you.

**Mr Mosby**—Yes, that is right.

**CHAIR**—Does anyone else have questions?

**Mr TURNOUR**—On the issue in relation to poultry and pigs in the islands, you do not see them around, and I understand historically you did see a lot more poultry and pigs in the outer islands. Can you comment on the reasons for that?

**Mr Mosby**—In what regard?

**Mr TURNOUR**—One of the issues that has been put forward in terms of protein and other sources of meat products in particular is that there used to be a lot of pig and poultry in the outer islands and in the Torres Strait Islands in general. What has been put to the committee, and the chair has already raised it, is that quarantine restrictions have meant that those animals are no longer kept, for that reason. Are you aware of any quarantine restrictions that would prevent people keeping poultry and pigs in the outer islands or on the Torres Strait?

**Mr Mosby**—There is no restriction on people bringing them up from the mainland, where a lot of them would probably be sourced from. There are no quarantine restrictions with them bringing the animals in, poultry or pigs. Again, within the protected zone there are no restrictions.

**Mr TURNOUR**—It is good to get that on the record as well. I think the swill feeding regulations, as the chair has spoken about in relation to Queensland Health, may have been a major driver in the changing of those habits in the past.

**Mr Mosby**—We operate independently from regulating that.

**CHAIR**—There was also evidence this morning about the fact that the eastern islands—I think people are looking at Murray Island and York Island—are particularly fertile places but that quarantine would prevent the supply of produce grown on those islands to other parts of the Torres Strait. From what you have said, were there to be produce grown on those islands I assume it would be perfectly possible to move them anywhere within the Torres Strait protected zone but it would not be possible to move them to the special quarantine zone. Have I got that right?

**Mr Mosby**—That is right.

**Mr KATTER**—Do we have any AQIS inspectors on the Jardine ferry?

**Mr Mosby**—On the mainland?

**Mr KATTER**—South of Bamaga, yes.

**Mr Mosby**—No. We have got three staff in Bamaga, well, in the NPA area.

**Mr KATTER**—Do they inspect the airport?

**Mr Mosby**—They inspect any movement travelling from the Torres Strait down to the mainland, so the ferries and the aircraft. A lot of their role currently also involves, because we get a lot of people that travel up from the mainland, tourists or a lot of locals travelling up, providing awareness for people travelling up in this area to make them aware of any of that movement. I suppose we also look at strategies in regards to responding to other things outside of the movement from the Torres Strait: illegal foreign fishing vessels movements that might come along the coast. That is strategically why we have got staff down there.

**Mr KATTER**—The outbreaks of papaya fruit fly and black sigatoka, which I suppose cost taxpayers and the Australian economy \$200 million between the two outbreaks, were said to have come in from the Torres Strait. I would think that it would be very important to have the Jardine ferry man to be an AQIS inspector. I cannot see why he could not do both jobs. He would get a lot more money that way. You could check on him checking on the people.

**Mr Mosby**—The quarantine zone that we regulate is before the ferry—

**Mr KATTER**—North of Jardine, but I would argue that there are only two ways of getting from the Torres Strait with bananas carrying black sigatoka—via the Horn Island airport, which I understand you are inspecting—

**Mr Mosby**—Yes.

**Mr KATTER**—So every plane that goes out now is inspected.

**Mr Mosby**—From Horn Island back to the mainland?

**Mr KATTER**—From Horn Island south, yes.

**Mr Mosby**—There is a legislative requirement for aircraft to report to quarantine, travelling from those zones back down to the mainland.

**Mr KATTER**—So everyone that goes through the Horn Island airport is inspected.

**Mr Mosby**—Yes.

**Mr KATTER**—The Jardine ferry is not being inspected.

**Mr Mosby**—Yes.

**Mr KATTER**—One more question: if there were a proposal for a controlled herd here—which actually went to cabinet in 1989—because it was felt that people would bring pigs and chooks in and it would be far better if we had the pigs and chooks here that we were controlling and oversighting for any outbreak of foot-and-mouth disease or spiralling whitefly or any of those diseases, would you have a view on that?

**Mr Mosby**—Currently we have a number of pigs in Bamaga that we use as part of our monitoring. We do not have any livestock of our own—a sentinel herd—whether that be livestock or poultry. Currently we do have animal surveys and we have a team of scientists, for both plants and animals, who come and look at the animals that we have here.

**Mrs VALE**—Thank you for coming in. You say you rely a lot on public relations and local knowledge. Is there anything that you find is reported by the locals more than anything else regarding the insect problem or any kind of infection?

**Mr Mosby**—Yes. We have a very strong friendship with the people. We get a lot of people reporting things that they see that are unusual. To answer your question, we do get a lot of reports.

**Mrs VALE**—Is it an important part of your surveillance?

**Mr Mosby**—Definitely. With our team of vets, botanists and plant pathologists, we are able to forward whatever information we receive and use that as part of the surveillance and feedback. Probably a majority of the things that we do find are an exotic—

**Mrs VALE**—Do you have many officers placed in the special quarantine zone?

**Mr Mosby**—We have got a quarantine officer in all the communities. On Boigu and Saibai, where a lot—

**Mrs VALE**—Is this just in the special protection zone or the protected zone? Obviously you have got a special quarantine zone, and you have officers there in all the communities?

**Mr Mosby**—We have about eight staff here in the special quarantine zone who are strategically based on Thursday Island, where a lot of the movement happens, and Horn Island. We have got three staff down in Bamaga, and we have got an officer on all the inhabited islands in the Torres Strait.

**Mrs VALE**—This is in the Torres Strait protected zone?

**Mr Mosby**—Yes. And we have got two officers on Boigu and Saibai. That is where a lot of our movement happens under the treaty.

**Mrs VALE**—Thank you. Just one more question: have you had a good strike rate with finding issues, and what kinds of issues do you find?

**Mr Mosby**—I suppose the public relations and the intervention work are in tandem. Because we have got good public relations with a lot of people, we do not make a lot of interceptions. A majority of the things that we do find are on people that visit and do not have that quarantine awareness, I suppose. But a lot of the people who live in the area have seen some form of quarantine awareness, in the form of a sign or a Torres Strait calendar or pamphlet or they have seen one of the officers. I suppose that one of our strengths is that the majority of our staff are Indigenous staff from the community, which does strengthen the awareness for us.

**Mr KATTER**—There is one other question I want to ask. Danny, would it be your opinion that there are an awful lot of people from New Guinea who visit the Torres Strait and the islands, unofficially?

**Mr Mosby**—Unofficially?

**Mr KATTER**—Every time I went to an island they said, ‘You don’t see that, Minister! You don’t see that!’ I saw a lot of New Guinea people in the late eighties, when I was up here all the time.

**Mr Mosby**—I believe, with the resources that we do have—

**Mr KATTER**—I do not necessarily think it is a bad thing; I am just asking the question.

**Mr Mosby**—I believe, with the resources we have in place, there is definitely a higher intervention rate compared to what there was back in the eighties. That is for sure.

**Mr TURNOUR**—I know that, because of your local involvement with communities, that you do know what is going on on the ground. I see that when I get around the communities up here.

**CHAIR**—Thank you very much for your time. We may have other questions that we might forward to you through the secretariat. We really appreciate your taking the time to be in front of the committee today.

[5.43 pm]

**AH LOY, Mr Peter, Private capacity**

**AKEE, Mr Leo, Private capacity**

**DEVINE, Mrs Samantha, Private capacity**

**HARRY, Ms Abigail, Private capacity**

**HIGGINS, Mr Michale, Ilan Health Foods**

**MOAR-MALONE, Ms Vonda, Private capacity**

**SPROAL, Mr Tim, Private capacity**

**TEKAHIKA, Mrs Betty, Private capacity**

**TURNER, Mr Chicka, Private capacity**

**Ms Harry**—First and foremost I would like to acknowledge God and acknowledge Him for this gathering here today, because without God you would not be sitting here today. This is very important for the people of this nation—for the Torres Strait Islander people. It has been one of my interests. I have lived in Australia for 38 years and I have moved only in the last four years. And I have looked at the things that have happened here in this community—the Torres Strait community. I must say that when I looked at the email that was going around—and it came from you, Chairman—and you addressed the remote Torres Strait, I thought that I must say to this committee that this region is none other than a remote Indigenous community.

We ought to be mindful of what is happening in the Torres Strait with this inquiry into IBIS, which was a shop when we were growing up. Today, as a community person, I do not know who the custodian of IBIS is or who owns IBIS. Is it the government and the board members and the government representative? Today we listened to Richard—and I did not quite catch his last name—talk about the prices at IBIS. Our leaders are saying one thing—an accurate thing. We are here to say things that are just and right. People come here to give evidence, and let us hope that this evidence is the truth and nothing but the truth. I have been here for years and the prices in IBIS shocked me.

Then there is the turnover in staff. If you go to IBIS today, there are no Indigenous people working there like there were 10 years ago. I had a headache and I did not feel like writing down the number of staff who has worked at IBIS. This is a remote Indigenous community. Staff are employed by IBIS to come here to work. They have housing provided. They have better housing. I do not know whether they pay rent. Is it government housing? It is different for the people living on the island. This issue is not only about IBIS itself; this is to do with the social structure in this place.

There is another class of people living in this environment, and I do not know whether those people who live in those houses pay rent. There are those Torres Strait Islander people who are able to work in a position here in this community. Then there are the people at the bottom who cannot afford to live on their CDEP. Who would want to live on CDEP? The great Australian dream is to own your own home. These people up here do not have any hope or a future. We need changes.

I listened to the boy from AQIS. I think there needs to be a better submission from AQIS, because the special zone and the quarantine zone are two different things. When I listened to Mayor Stephen and Mayor Gela, I heard two different things. When you listen to someone who represents an organisation, you hear a different view. This committee is very important to the people. Everything we put forward to the committee is documented and will be condensed and presented to government. This is about the future of these people in this nation. We receive the people who come to this place for business, this remote Indigenous community, this place in the Torres Strait—gud pasim, I pasim—because they are going to do good for our community. It is usually a government representative who comes. I do not mind that, but I am trying to figure out which Indigenous person is going to sit on this consultation to listen to the views of the people.

I listened to Bob and I am really surprised that he knows my old boss from Western Australia—the first Aboriginal state minister. It really touched me. Where is this Standing Committee on Aboriginal and Torres Strait Islander Affairs heading? I do not know the closing date for this inquiry. I also want to make a submission as a community person. Is there a closing date?

**CHAIR**—Yes, but you should feel free to make a submission if you want to make one. We will not be reporting until September. If you want to make a submission, we would ask you to get it in as quickly as you can.

**Ms Harry**—I think it is very important to do that. Look around at this room. In any consultation between Torres Strait Islander people and the government, even if you only have a handful of Torres Strait Islander people that is consultation. If you go to any consultation with Torres Strait Islander people, you will only get a handful of people. We expect people like Leo, Mayor Gela and Mayor Stephen to come and speak for the people. I hope that one day our people can come and sit down like this and speak to your mob who have come to talk to our mob about proper representation and how we are going to put things in place.

This is just one issue. What you are doing today is putting a bandaid on it. There are a lot of other social issues that need to be addressed. I go to buy one small, ugly, old purple sweet potato and I have to cut the thing right down because the end of it is rotten. I have to cut it right down to the bottom. These are the kinds of things that those people working in IBIS need to be accountable for to the people. What they presented was very good, but we have to have other ways of understanding to make those things really happen in the community. I want to thank you for that.

**CHAIR**—Thank you, Abigail.

**Mr Sproal**—I have been a resident of Thursday Island since January 2008. I will make just a few comments and then ask a question at the end. Firstly, thanks for the inquiry. If nothing else,

it has meant that for this week at least the shelves of IBIS are really, really well-stocked. I have some observations from regularly shopping at the store. Quite frequently, stock in the fresh food section is off. Most commonly, things like onions and lettuce are, effectively, rotten, which is a pretty significant health risk. Quite frequently stock is out of date. I am always finding dried fruit well beyond its use-by date. Quite often in the fresh food section there are no prices on stock such as chillies, herbs and that kind of stuff. You get to the register and find it is six bucks for a couple of chillies. There is a line behind you, so what do you do? You pay six bucks for two chillies and you have the most expensive curry you have ever had.

I will give you an actual example of the costs. I think we talked about \$1.30 per kilo being the average freight cost. Feta cheese, which I buy regularly, is \$6.69 at IBIS and \$4.98 at Coles, for 250 grams. By my quick maths, that is about \$4.80 per kilo. That is just one example. Also, you will frequently pick up something off the shelf at a certain price but find, when you get to the register, it is different. In this example, feta was at \$6.09 but when I got to the register it was \$6.70. That happens quite frequently. I guess it is just a communication thing but, when you have quite a few people in the queue behind you, it is not something they will sort out straight away and you feel a bit awkward asking them to fix it for you.

Richard Bowler had a letter published in the newspaper a couple of weeks ago, which talked about the biodegradable plastic bags that are currently used in IBIS stores and have been for many months. My armchair investigative journalism found they have the brand 'bullseye food service', which is actually non-biodegradable. They have had that bag for months and months and they still have it today. I just want to submit that what he reported was inaccurate. Green bags, another environmental initiative, have only arrived in the last couple of weeks. There are a small number of them for sale at an exorbitant price. It is just a token.

Another thing you come across quite regularly is that the deli is closed. You seek a manager, which is a bit of a challenge. Often you will speak to the manager and say: 'The deli is shut. What's the deal? I'd like to get some fresh produce.' They will say, 'The girl didn't show up today,' and then have a little rant about the girl not showing up. That is not her problem. What if, for example, something unforeseen happened and she could not come to work, which happens regularly? By their structure, if she doesn't come to work the deli doesn't open. That is not her problem; it is management's problem. So that is a big issue, I think.

My question is for Richard, and I do not think he is here, which is a shame. My question is about food security, and I think I have a slightly different perception of food security. It starts with the community, in my opinion, not with trying to establish relationships with Coca-Cola. It is about locally sourced food. At the moment we are relying on a centralised food chain, and there is a lot of opportunity for locally sourced products. There has been quite a lot of talk about community gardens and local agriculture. My question to Richard is: if community gardens get established, if local agriculture gets established, would there be any opportunity for IBIS to stock those kinds of community agriculture derived products? What was that, Richard?

**CHAIR**—For the record, that is a question to Richard Bowler, I take it.

**Mr Sproal**—Yes.

**Mr TURNOUR**—Maybe we could follow that up as a committee and ask that of IBIS.



**CHAIR**—Samantha Devine?

**Mrs Devine**—I would like to pay my respects and say thank you to the Karaueg people for allowing us to be on their land today, and I also say thank you to the committee for coming here. My issues with IBIS started some time ago, when I purchased three items, added up the amount in my head so that I had around the right money at the till, and was charged nearly \$2 over the ticket price on the shelf for those three items. I started to keep an eye on my dockets and comparing them with the prices shown on the shelf. I asked a couple of times to talk to the manager. One time I was told there was no manager, and another time someone's name was called by the girl at the checkout and no-one came. I would ask for the difference to be refunded to me each time, which was not an experience that you would really want to go through unless you were really trying to make a point. When things like that have happened in Coles, they do lots of 'Oh, very sorry, Madam. Here's your first item free, here's the money refunded, we're really sorry; we hope it won't happen again.' In IBIS I was told, on a Sunday, 'We can't refund your money today. It's Sunday. We're very busy. You'll have to come back tomorrow.' When I came back the following day, which was the Monday, I was made to wait about 45 minutes and the money was put into my hand like that, without the operator looking at me. There was never an apology. I was told that the price that was scanned was the correct price, not the price on the shelf.

I was also told by one of the operators that it was not possible, and it was wrong of me to expect that all the prices would be changed on the shelf, because there were too many. The prices went up every week and they could not possibly get around to change those prices. After I had asked to speak to the manager twice, I actually called the Cairns office twice. I was quite annoyed when Richard Bowler said that they really did not need a complaints procedure because they were quite open to receiving complaints. I called the Cairns office twice and no-one returned my call, so then I got really pooppy and talked to the Office of Fair Trading and I started quite a lengthy relationship there with a lady called Peta Ison. I kept all the receipts that IBIS gave me with the refund differences on, and probably three times a week I emailed Peta Ison with the latest IBIS incident and overcharge. She met with Richard Bowler as a result of that, and she assured me—and I really believe that she did a very good job; she certainly did all she could do—that they now had processes in place to ensure that it would not happen. But it would have happened last week, and it is happening today.

**CHAIR**—Sorry—that IBIS—

**Mrs Devine**—IBIS will charge you more at the checkout than they display on the shelves.

**CHAIR**—When she said there were processes in place, did she mean that there were processes that IBIS advised?

**Mrs Devine**—Yes.

**CHAIR**—Where was Peta based?

**Mrs Devine**—At the Cairns office. I have probably still got all of the emails if you want to see them. It was a very uncomfortable process. One of the reasons that I did it was that I thought IBIS is supposed to be working for the members of this community, and what it is really doing is

ripping people off. A lot of the Torres Strait Islander ladies would be too ashamed to say anything at the counter, because it is uncomfortable. So I thought, 'It takes someone else to make that stand.' My treatment from one of the managers, who has been in this room today, went from being very friendly—they would have a chat with me when I am in IBIS—to completely ignoring me, which he still does to this day. I find that to be incredibly unprofessional. I am not quite sure about their accredited training and how that is working, but it does not seem to have translated to the shop floor, despite the fact that that training might be happening.

In my mobile phone and at home I have photographs of salami that has had its date crossed out and then been put on sale. I have the same with sausages that have had their use-by date crossed out and had a new date written in. I also have a photograph of bread—but this one is not very clear, because of the reflection on the bread—that was incredibly mouldy and was still for sale and on the shelves. I have those if the committee would like to see those.

**CHAIR**—That would be good.

**Mrs Devine**—There are things like the lettuce mix: if you lift it up it is sopping underneath; it is juicy and wet. I never realised that it was such a problem until I saw on TV that it is one of the worst things for food poisoning. Food safety, handling and looking at all the laws and regulations all seem not to apply in practice. The onions are black. It is over \$16 for a kilogram of Black and Gold cheese which in Cairns is about \$6. I know there is a \$1.39 charge for every kilogram of freight they bring up, but it does not mean charging twice the price for a block of cheese that you can get in Cairns for less than half the price.

There have been issues about the lack of availability of fuel raised by friends of ours on the outer islands. IBIS regularly run out of fuel. They run out of fuel at the beginning of the crayfishing season, so none of the crayfishers can go out, start catching crayfish and start earning money. The fuel bowser on St Pauls broke in December and was not fixed until about two weeks ago, so no-one had access to fuel for their dinghies. There is a man called Keith Taylor on St Pauls, whose details I would be happy to provide and who would be happy for me to provide them. He talked to me about talking to an IBIS manager, who said, 'IBIS isn't even interested in selling fuel anymore; they don't want to do it.' Darnley and Badu have been out of fuel and out of oil, so that means people cannot run their main mode of transport or earn a living.

A lot of goods are not priced at all. There are no prices on the shelves, like Tim said, so it is a bit of a guess what you are going to pay. You do not know if you have been overcharged, because there is no price there. That was another thing that was going to be addressed after Peta Ison met with Richard Bowler but which has not happened. My husband was out on Dauan last week on Monday. There were no fresh fruits or vegetables whatsoever in IBIS. There was no milk and there was no bread. Last week at IBIS there was a poster advertising their healthy food program on the side of a bin. In the fruit bin there were tomatoes that were all black around where the stalk of the tomato would go in. They were full of black bits and soft bits. I talked to one of the other shoppers and said, 'Is this part of the IBIS healthy food program?' She said, 'Yeah, I think so.' It was the sort of stuff you would not feed to rabbits—if you could have them in Queensland.

Locally, the fruit and veg section in IBIS is known as 'the compost heap'. We will 'go and see what is available on the compost heap' because that is oftentimes what it looks like. One of my

issues is that I now order groceries from Coles—I have been here about four years—which I had not wanted to do, because it was about supporting local business and keeping it local, but I was fed up with getting ripped off by IBIS's pricing issue. I now get my groceries sent up by Sea Swift, but a lot of people do not. You have to have a credit card to be able to do that, and a lot of people do not have that option open to them. When IBIS advertise their fruit and vegetable specials in the paper they never say what the original or proper price should be; therefore, you do not know how special the special is. You do not know if you are saving 2c, 20c or \$2. You know how, when you are in a supermarket down south and you get an item scanned, you have a computer screen and it comes up with the amount that you pay? That does not happen in IBIS. The only person who can see the amount that is scanned is the operator. The only thing you get told is the total at the end. You cannot even see and think, 'Hold on; that has come up at \$2.99 and it says \$2.09 on the shelf.' You will not know that unless you check your docket at the end.

I get vegetables sent up, and the See Hops store sells fruit and vegetables. I cannot understand how my grapes come and my grapes are crispy and IBIS grapes are soggy. You can go to See Hops and buy fresh fruit and vegetables, not—

**Mr KATTER**—What is See Hops?

**Mrs Devine**—See Hops is a locally owned grocery store. You can buy things that are fresh there; it is not a compost heap. I think if See Hop can do it and if I can get fruit and vegetables that are still fresh when they arrive, there is something going on with IBIS's processes, in that they are holding stuff in the back of the shop. They leave things on the shelf when they are mouldy and when they are old until they are sold and then they bring out more mouldy stock from the back so that we can buy more mouldy stock. I would suggest a complaints register, but I do not have any belief in the integrity of IBIS as an organisation. I think they would fudge it like they have obviously fudged their submission to make them sound great when they are not.

**CHAIR**—Since you have been ordering stuff online and getting it delivered through Sea Swift has that been more or less expensive as an option for you?

**Mrs Devine**—It is less expensive, even with the freight on top. But I still have to buy fresh produce because I only do an order from down south about every two or three months. You do a big bulk order to make it worth your while. But, as I say, to have an account with Sea Swift and to pay the grocery store down south you need a credit card, and that is not an option for a lot of people here. People like me who have a half decent job and blow in can do it, but the people who really need that assistance with health and being able to buy affordable goods are locked out because of their lack of credit cards.

**CHAIR**—Thank you very much, Samantha, for that evidence. We will now hear from Leo Akee.

**Mr Akee**—I currently work as a public servant but I am here as an individual from the community. What initially turned out to be a three-page presentation has actually gone to 10, but I will not go through each page; I will just touch on the salient points of the presentation. I acknowledge the time that you have given to come here for this important community stores review.

IBIS was initially set up to benefit the local indigenous people. Money was set aside from pearling to set up a company. But over time IBIS has lost its focus. Especially now that it has taken on the mandate to run as a business, it has lost its focus on providing a service to the community that it was supposed to support. Bill Arthur, in his comments in a report that he did, identified that the subsidised nature of IBIS operations gives them an unfair advantage over local retailers. I have put together background information on some of the discussions about IBIS that have taken place in the community, and I would like to give a copy to each of you. I have also done some pricing. As at 25 March there was quite a disparity between the prices that you would pay on the mainland as opposed to what you would pay here locally for goods from IBIS.

The Port Kennedy Association held a number of community forums in 2006, from which we identified that the key organisations needed to get together to form a working party to discuss the finer details as to how IBIS could work better for the benefit of the community—and I would like to say at the outset that the late Miss Ellie Gaffney was a strong advocate of those forums. She is no longer here with us. The frustrations of the community are quite evident with regard to IBIS. People say that, because of the overpricing, we cannot get any reprieve from the high cost of living in this area.

When I attended the remote Indigenous stores conference in Adelaide, I talked to a couple of local people from a group of Aboriginal communities that formed a cooperative, and I asked them, 'How much would you pay for an apple in your community?' and they said, '40c.' I did an exercise before I left to go to that conference in 2006, and I paid \$1.20 for a large apple. A number of community groups have expressed an interest in taking over the stores. Not only the community councils but a number of community people have expressed an interest in running the stores as a business enterprise. All the advocacy regarding this issue has fallen on deaf ears.

The community knows full well that whilst people say that the freight impacts quite a bit on the cost of the goods, I want to say that I have the deepest respect for Sea Swift, because in the last five years that I have run the local festival and community projects, I have knocked on Sea Swift's doors and they have come forward—even recently with the garden project for the youth association—and given us free freight all the way from Cairns to TI and from TI to the outer islands. This is \$22,000 worth of goods that we purchased in Cairns. I have done a personal exercise about the cost of freight. I can land \$760 worth of meat from Cairns here on TI for \$40 on the freight with Sea Swift, and that equates to roughly \$4.68 per kilo. That is for rump and everything else. So what people are saying about the high freight is really incorrect.

In particular, we have a community on the outer islands—you may have had some presentation regarding Ugar, Stephen Island. The closing of the store on Stephen Island impacted greatly upon the local people, especially when you consider the water that exists between Darnley and Stephen. After the store was closed there was an incident, that has not been recorded, where our local policeman, just before he retired for the night, decided to make a trip around the community and spotted a torch light in the darkness. He organised a dinghy and they found that a family had gone over to Darnley to do their shopping and, on the way back, they had run out of fuel. If he had not taken the time to do that particular round, who knows what would have happened to that family.

With respect to the high cost of fuel, in particular, with IBIS there is no incentive for the local fishermen to work at the moment, because there is a negative impact. The price of fuel does not

allow them the opportunity to go as far out as they can from the island to dive. When they do, they can only get whatever they make in that half-hour or hour before they have to return to the island. So there is no incentive in the community for those fishermen to go out and work—plus the fact that there is a fear of running out of fuel on the high seas.

It is concerning that when the price of fuel dropped to below 99c a litre on the mainland, IBIS was selling fuel up here at \$1.89 per litre. In 2009 it has only just dropped down to \$1.69. Before the second half of the year, it will slowly start going up again.

The national benchmark of eating two serves of fruit and five serves of vegetables per person is an unrealistic goal, mainly because of the high cost of living. When you apply this to a family of five, it equates to \$22 per day, \$220 per week, and it is quite unachievable because the community is mainly all welfare recipients.

**Mr KATTER**—Is that for a family or a single person?

**Mr Akee**—A family of five.

**Mr KATTER**—A family of five, is it?

**Mr Akee**—Yes. The government has a national strategy of two serves of fruit and five serves of veges per day, but when you apply that here it just does not work. Many people cannot afford the high pricing of the branded products, so they go to the black and gold labelled items. You will see from the pricing I have done for you that the prices of some black and gold products are just below the prices of branded products. Where local people would have had the opportunity to buy some black and gold products, even that pricing puts those products out of their reach. The staple diet is flour and rice. A 10-kilo bag of rice just before Christmas was \$90. At the beginning of the year, it was selling at about \$43.

The other thing I want to mention is about the high cost of living. If you are going to get results with the health statistics and with the mortality rate of our people, there are two things you have to address: the high prices being charged by IBIS and the rental issue. If you address those two issues, you will find that people will have money in their pocket to buy the things that most people on the mainland take for granted.

**Mr KATTER**—Is that rental for their housing?

**Mr Akee**—Rental for housing at the moment is worked out at 25 per cent.

**Mr KATTER**—25 per cent of social security payments?

**Mr Akee**—Total income, yes. I know of an instance with a family where the father worked and had an income, and the kids chose not to go on the dole but housing chose to apply some rental as if they were working. Where they would have had some reprieve from that rental and paid, say, \$90 a week, they were paying up to \$200 a week on rent.

I made some recommendations in my submission for your benefit. Firstly, that the government, after consultation with the community, consider ways of putting the control either

of IBIS or a similar entity back in the hands of Indigenous people. If that was done, we could put the best possible prices on foods. Richard Bowler mentioned that he was not aware of people who had the appropriate background. Before I came to TI, I managed the Buchanan's Hotel in Townsville when I was 19. I did that for three years. I have worked my way up the public service and now enjoy a \$100,000 salaried job. There are people in the community who have the capability of doing Richard's job or sitting on the board of IBIS to manage the decision-making role. I think the government should review the operation of the community stores in the Torres Strait and how it is impacting on people. If you address the high rental and the food pricing, you will get a better result with the health statistics of the people in our community.

**CHAIR**—Thank you, Leo. Is it the wish of the committee that the submission from Leo Akee be accepted as evidence? There being no objection, it is so ordered. Leo, that means that this is now a formal submission to the inquiry. I now call Michael Higgins.

**Mr KATTER**—Can we ask a question?

**CHAIR**—We are running out of time, Bob. I think we will move on. Can I say to all of you: thank you for giving evidence. If there is any material you would like to give us, and you have referenced some material in what you have said, we would really appreciate getting it. You can speak to the secretariat about that. Also, can you let the secretariat know that the capacity in which you interact with the community stores so we can get a sense of the perspective from which you are speaking today.

**Mr KATTER**—I cannot remember criticism of the IIB like the criticism we have heard today of IBIS. There has been wholesale criticism today. IIB was not that bad, was it?

**Mr KATTER**—I cannot remember criticisms of the IAB like this. There have just been wholesale criticisms today. But IAB was not that bad, was it?

**Mr Akee**—IBIS initially had local Indigenous leaders on the board. There were some issues with the finance of the organisation. So many of the enterprises within IBIS, which included freight—they had about three of four barges operations—were actually sold off to pay for the debt that IBIS was in at the time. But you will find that the information that I have provided is based on consultations that we have had with the community. I have written a number of articles in the local media about issues with IBIS. All the information provided is based on facts.

**CHAIR**—All right. Michael Higgins.

**Mr Higgins**—Most of you probably ate at my cafe today.

**CHAIR**—Can you tell us the name of the cafe that you run?

**Mr Higgins**—It is called Island Health Foods or the Island Cafe. It is run out of the Gab Titui Cultural Centre. We are a non profit health food place, and we started off on the main street here. My background is in diabetes education and nursing, and our aim is to try to do something about the problem of diabetes and obesity and so forth. I wanted to point out that, from my experience of being with communities down south and up here for the last seven years or so, Thursday Island is unique in the sense that we have two communities living here not side by side but one

on top of the other. There is the government community with a lot of very well paid government workers and a huge influx of cash coming through government funded projects and buildings. That is mainly on Thursday Island but it goes to the outer islands as well. Then we have the local community that, which is a separate community within this very wealthy community.

Looking at it from the perspective of private business, private businesses that service this community are focused on the government—that is where their money comes from. They profiteer off of the government. To give you a couple of examples of how that happens, I went from working in a small business that was known to be private to now working out of Gab Titui, which is a government organisation. So I appear to be part of the government, although I am a private, non profit organisation. I had a local refrigeration company that serviced the same fridge 13 times in eight weeks and basically did not resolve the small problem. They perpetuated the problem because it was worthwhile, because that is what they have always done there. They service other organisations as well. I do not pay those bills; the bills for that are paid for by the government. I have seen a different service provided to me—

**CHAIR**—So a worse service?

**Mr Higgins**—It was worse. It was profiteering. They know that the government is going to pay the bills so they profiteer. But then they do not know that I am private. They serviced my fridge for 2 hours and charged my \$660. That was the one bill that I had to pay. It is just ridiculous that I should pay \$660 for a machine that took two hours to fix.

What I particularly wanted to point out is to do with freight. Running a private business I know the impact that freight has on the final price of food. We are putting out healthy food and healthy food is expensive to start off with. It is also very bulky. Fruit and vegetables take up a lot of space. I was with Endeavour and we received business discounts and very good customer service. Overnight, Endeavour shut down and their assets were all purchased by Sea Swift. There has been a cycle of other freight companies coming into the market and then disappearing overnight but Sea Swift continuing on. I pay \$380 for a cubic metre of fresh food, and a cubic metre is not very large. I have to add \$380 on the base price and then have to figure that into my GST and so forth. IBIS said before that it was about 25 per cent. It is a huge thing to add 25 per cent on to my final cost, which I then have to pass on to the community.

**CHAIR**—So that figure would be right for you to?

**Mr Higgins**—It would definitely be right. So freight is a huge thing. I have had in-depth conversations and emails with Sea Swift saying: ‘We’re non-profit; we’re trying to do something about diabetes. Can you give us some sort of business discount?’ and their response was, ‘Let’s look at what you’re doing for the first six months,’ even though we have been operating with Endeavour and before that with them for several years. We then sent further emails after six months saying, ‘Can we please have some sort of a subsidy or something that we can do here? We need to try and watch the price of our foods.’ But there has just been no response. So there is no business discount. Sea Swift, in my opinion, has been the major contributor to my foods having gone up 30 per cent in the last six months, because our other shipping company has closed down and we are paying such a huge price for shipping.

As to private business, I will just point out that private business see this island as a government island. That is where the business is going—14 per cent of the business for Sea Swift. You were saying that IBIS is only about 14 per cent of fresh fruit and vegetables. The majority of the money is coming from government, so there is no real incentive. And there is no true interest, I think, in the individual, especially when it comes to Torres Strait Islanders because they are, again, at the very bottom. They have the lowest wages and they have the worst housing standards and so forth.

The reason we see these problems in housing is because of these two communities. One is very wealthy—the government has a lot of money, an endless supply of money—and the other, the local community, has very little. But private business do not see that. That is not their focus. This is not what Thursday Island is about; it is about the government, and that is where the money is coming from. That is why you would start a business here—that is why you would bring your business from Cairns or Western Australia or China or wherever. The reason you would set your business up here is that there is a huge government presence and a lot of money to be made. You come here to make your money, and then you leave. So that is what business is doing.

**CHAIR**—Thank you very much, Michael. If there are any other thoughts that you have we would appreciate them. It would be really good if you could, if you have the time, put them in writing and send them to us, because we would very much appreciate your contribution. Vonda, would you like to make a statement?

**Ms Moar-Malone**—I am here as a community member. Firstly, I would like to pay my respects to the traditional owners. I would also like to acknowledge the committee and to thank you for holding this inquiry, and to thank the chair and Minister Macklin for taking the initiative. I am probably the last speaker for the day, so there may be some things I mention that will already have been mentioned, so I apologise for that, but I want to make sure they are on the record.

I would like to say that I speak on behalf of the low-income people, because a lot of our people are on CDEP, the Community Development Employment Program, and they are only receiving up to \$10,000 annually, and within that they have to live and provide for their families. The high cost of living impacts on families and their livelihoods; so does rent. A lot of the community members are paying high rent, and that includes those in the Torres Strait as well as the NPA. So altogether, when they have to pay for all their living expenses and their rent, they do not have much left to live on.

There is not much available through IBIS in the way of a variety of healthy food choices, unfortunately. There are lots of Black and Gold products, but there are concerns in the community that there are just not enough healthy food options. So we have a ready supply of Black and Gold products but also at very high prices—they are not at the affordable prices you would think they would be.

The other thing is the quality of fruit and vegies, as has been mentioned before—people are concerned that the things that are put out on the shelf are not suitable for consumption. I also want to mention that recently I was at the NPA over at Seisia community, and there is a supermarket there that is run by the Seisia community and was actually funded by the TSRA



under the community enterprise scheme. That supermarket is run by the community and the goods supplied through that small supermarket are way above what IBIS provides on Thursday Island. On my last two trips over to the NPA I have actually shopped over there because their prices are a lot better, and their fresh fruit and vegies are of higher quality compared to what we have here on Thursday Island. I believe that IBIS is government funded and I thought that the standard that they would provide would be a lot higher than the community-based enterprise.

The other thing I would like to reiterate is the freight cost. People have mentioned that the average person of low income will not have a credit card and will not be able to have that option to buy fruit and vegies or general supplies from elsewhere, so they are stuck with what they have got. The supply to the communities on the outer islands is such that often when the boats deliver the cargo if you do not shop on the day that the goods arrive you miss out. I particularly notice in Mer or Saibai by that the supply is not sufficient for the population.

I also wanted to raise a question about whether the Australian consumer commission does visit here and provide a watchdog on the prices that we have to accept as local community members. Would that be something you would look into as a committee?

**CHAIR**—If who would come here?

**Ms Moar-Malone**—The ACC, the Australian consumer commission.

**CHAIR**—The ACCC. I understand.

**Ms Moar-Malone**—I wanted to raise that because over TV regularly we see that if general community members throughout Australia have a concern about prices they go through that process. I hope that could be more common up here.

On the cost of fuel, people are risking their lives because of the fact that if they want to come to Thursday Island for shopping or for other services they have to bear the cost of fuel to get their families in to Thursday Island. If they cannot afford to fly, they will be risking the lives of their families to transport them to Thursday Island.

Regarding the Australian quarantine regulations, the other concern that members of the community felt is that there is a general perception that the laws that were put in place in regulating movement of plant materials between the zones should be raised with this committee on whether they were put in for the convenience of the actual government authorities, because we felt that the movement between the zones should be also looked into. Thank you.

**CHAIR**—Thank you very much, Vonda. The next person is Betty Tekahika.

**Ms Tekahika**—I have just come in because I heard about this meeting. I was visiting next door and I thought I should drop in and listen because it is open for the public. Before I go further, I voice my respect for the land-holders of this place we are sitting in and speaking in. On IBIS, the question from me to Richard is not here. I saw him once out at Kubin. I am from Murray Island originally but I lived in Kubin for almost five years. I went to a shop at Kubin, the IBIS store. I wanted to buy meat. Meat is out there at Kubin. The boat comes in every Monday

and we do not get red meat, we get black. The meat comes unpacked, it does not look good, it looks black. I cannot buy meat there. I come to TI to buy my meat.

I whinged about this to Richard at Kubin, but I am living back here on TI again. My other question is to Richard—but he is not here now. Every time I send money from Kubin to my children—they go to boarding school in Cairns—they have to pay \$30 to pick up the money. I send the money through IBIS for my children to pick up at this end and they have to pay \$30 to pick up the money. If I send \$100 for my children, they cannot get that \$100; they have to take half and then half goes to IBIS. That is the only question that I wanted to put across.

**Mrs Devine**—That does happen. There is a \$30 transaction fee—

**Ms Tekahika**—It is really too much.

**Mrs Devine**—Betty is right: there is a \$30 transaction fee that IBIS charges community members for every transaction it conducts on behalf of their members. My husband and I ran a shop when we were first here. Sometimes people might want to buy things that were \$20 and they would want to go to IBIS and transfer the money and it would cost them \$30 to make the transfer for a \$20 purchase. After a little while I found out that, if there were post office facilities on an island, the post office would perform the same function and would not charge the community member at all. But a lot of people do not know that and a lot of times the service is not available because there are no actual post offices on islands. When I heard Richard Bowler today talk about all the services they perform for the community, I was thinking that that \$30 every transaction has to be quite a money earner for IBIS. It is not a service; it is a way of making a profit.

**Mr KATTER**—Why can't you make those transactions through a bank?

**Mrs Devine**—There are no banks.

**Mr KATTER**—There is not a single bank operating here?

**Ms Tekahika**—On the island the quickest way is to put money through IBIS but we have to pay the \$30 fee and, on the other end you cannot pick up the full 100 bucks, you have to pay another \$30 to pick it up.

**CHAIR**—Can I just be clear on that. If you are transferring money from here to your kids in Cairns, you are paying a total of \$60?

**Ms Tekahika**—Yes.

**CHAIR**—So it is \$30 here and \$30 there?

**Ms Tekahika**—Yes. It comes off no matter how much you want to send.

**Mr Turner**—It is \$15 if you do that through the community council. The advantage that IBIS has is that it is open longer hours and also on the weekend. The IBIS store here is open on the weekend so, if you want to do a transaction on the weekend—as opposed to doing it through the

community council—it has to go to another facility in town here like the post office which is not open. So as far as banking is concerned, that is true. People in the outer islander just take it as a given that you pay that \$30 in order to do the transaction and give your brother some money when you get paid. That is the cost of the transaction. There is no broadband—there is dial-up—and there is no mobile phone coverage, so you just pay the \$30 and that is it.

**CHAIR**—We have one other person who wants to speak, Peter Ah Loy. Peter, can you state the name of the store that you run or own?

**Mr Ah Loy**—I own See Hop Trading on Thursday Island. I am a bit of a bugbear to IBIS but I am trying my hardest. I get a lot of complaints about IBIS but I cannot give you all of them. The biggest one is about bread. You fellows gave IBIS a \$3 million refurbishment loan. We have already got two bakeries on TI, and IBIS are going to buy two brand new ovens and try to start up their own bakery—and they are only going to use frozen dough, which is full of preservatives. I would not sell back to them anyway due to the simple fact that, when I was selling bread at \$2.95 I was giving it to them at \$2.75 and selling about 100 loaves a day through IBIS's main store.

Then the next minute I was selling only 25 or 30 loaves of bread a day. The IBIS manager said, 'I want you to take all your old bread back and put in new stuff.' I said, 'There is no way in the world. I am watching your stock. You put me right down in the corner where nobody can find my bread, and you are charging \$4.75 for my loaf of bread.' I said, 'People on TI can count, you know. I'm selling it for \$2.95 and you're selling it for \$4.75.' Now comes the real sticky question. You go to the health department and find out how you can sell frozen bread. They import frozen bread from Cairns and they put it on the shelves with a note saying, 'Stored for your convenience.' According to Queensland Health, you get it out frozen, you have got to sell it frozen—not 'defrosted for your convenience.' I would not sell to IBIS anyway, with my bread. There was another bakery here, they stopped buying their own, and you are supporting them by giving them money to put us all out of business—even with the fuel bowser.

I have IBIS staff come down with notepad and pen and take a note of my price of fuel. I used to have premium, and I have got unleaded, diesel and outboard. They have got only diesel and unleaded. Gee, it must be hard to remember two figures. Not only that, but the other day, 2½ weeks ago, someone from IBIS was sent down to my shop with a full-blown computer printout of all their products. She was sitting in my aisles writing own my prices. I said, 'What the bloody hell are you doing?' She said, 'I'm writing your prices down.' So I found out from fair trading that that is legal. But, hey, I am not a government-subsidised store. If I do not make a profit, I get a kick up the ass. Then I also found out that I could ask her to leave. So I did. I said, 'That's bloody ridiculous. You subsidise the bloody store and all they are doing is trying to put all the private business out of business.' There used to be about five independent private stores on the island. I am about the only one left. That is what I have to say about IBIS.

I try my best. I try to get the best of the vegetables and everything I can, but I have not got the buying power of IBIS. They can go to Brisbane and get all the IGA prices. I have to get it out of Cairns and I am still bloody competitive. I still have to put up with Sea Swift's freight.

**CHAIR**—You source your fruit and vegetables out of Cairns?

**Mr Ah Loy**—Yes.

**CHAIR**—There were some estimations given by IBIS and by Michael about the percentage of the total cost that was freight, and they were estimating that it was between 10 per cent and 20 per cent. Michael may have said it was a bit higher than that, I think. Is that consistent from your point of view? What is the percentage of your prices that would be accounted for by freight.

**Mr Ah Loy**—It would be closer to 30 per cent. I think they should go back and do their homework, because Sea Swift is charging me \$398 a cubic for a chiller or freezer. It starts off at about \$330 but you read the fine print: 9½ per cent miscellaneous charges. That used to be fuel charge. When the fuel price dropped down, it suddenly changed to miscellaneous charges. Then you have got 10 per cent GST on top. This is why Perrotts, or Endeavour Shipping was way below their cost. You could sell things a lot cheaper, but with Perrotts gone you have got no choice. You just have to adjust your prices accordingly. You cannot run at a loss. They have no competition. It is just like you fellows with your deregulation on airlines—you only put Qantas in the air. They can charge and do what they like. If you had put two airlines in you might have got a decent rate. Now, if you are not there an hour before, you lose your ticket. You cannot always be there an hour before. But that is up to you fellows.

**CHAIR**—Thank you for that, Peter.

**Mr KATTER**—Can I ask a question?

**CHAIR**—Yes.

**Mr KATTER**—I am quite staggered. When I was minister I had IIB and in all my years of coming up here—and I probably came up every three or four weeks—I never heard anything like this. I am quite staggered by this. Does the minister come up here?

**Mr Ah Loy**—Which minister?

**Mr KATTER**—The state minister for community services.

**Ms Moar-Malone**—I remember seeing you on a plane but nobody else.

**Mr Mosby**—From the forums that we held in Weipa, we sent a letter to the minister to come up here and discuss the IBIS issue but it never happened.

**Mrs Devine**—I would like to make one more comment. I want to follow up on Peter's point about the bread in IBIS. IBIS has not sold any fresh bread whatsoever to the community since probably the middle or early last year. You cannot buy fresh bread anywhere other than from See Hops and the other bakery. The IBIS store does not sell fresh bread at all. You can buy frozen bread from the freezer or you can buy thawed frozen bread—which I have not seen for a while. IBIS has not stocked any fresh baked bread for a long time, which probably is not helping people's health.

**Ms Moar-Malone**—The frozen bread is always white bread. There are no healthy choices in bread when you buy from IBIS.

**CHAIR**—I thank everyone for coming today not only for listening during the day to the witnesses who have given evidence but also for participating at the end. It was really valuable for us to hear what you had to say, and we really appreciate that. You saw the process of us receiving a submission from Leo, who came with one prepared. If any of you want to put anything in writing—and we would certainly encourage you to do so if you have something to say—please give it to us and we will then go through a similar process the next time we meet and it will become part of the formal record of this inquiry. There is a process by which you can, if you want, provide us information in camera—that means confidentially. It will still be read by us but it will not form part of the record. If you feel more comfortable doing it that way, please feel free. But, if you are happy for it to form part of the public record, we encourage you to do it that way.

Thank you for having us on Thursday Island. We very much appreciate your hospitality and being here. We have certainly learnt a lot here. Thank you for your attendance. I also thank the Hansard reporters for their work today. The committee will be taking into consideration everything that we have heard today, and we will be reporting to the parliament around September this year. We present a formal report to the House of Representatives and that will be a public document that you can all access. From there, it is a matter of the government picking up our recommendations—and state governments can pick up our recommendations as well—and either acting or not on the basis of the report that we ultimately present.

Resolved (on motion by **Mrs Vale**, seconded by **Mr Turnour**):

That, pursuant to the power conferred by paragraph (o) of sessional order 28B, this committee authorises publication of the evidence given before it at public hearing this day.

**Committee adjourned at 6.49 pm**