



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**

TUESDAY, 28 APRIL 2009

ALICE SPRINGS

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

**Tuesday, 28 April 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 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 9.03 am**

**PEARCE, Mr Darryl, Chief Executive Officer, Lhere Artepe Aboriginal Corporation**

**CHAIR (Mr Marles)**—Welcome.

**Mr Pearce**—First of all, I make a quick apology. Unfortunately, the person who was supposed to be doing the welcome this morning has not been able to make it, so I have been dumped in it. Welcome to Central Arrernte country. The country you are on is Mparntwe. There is a native title holding group over Alice Springs. There are three Central Arrernte groups: Irlpme, which I am a member of, is to the north a little bit; Mparntwe is here in Alice Springs; and Antulye is out to the east. On behalf of the three groups, we would like to welcome you to Mparntwe country, which is Alice Springs itself. Hopefully you will be finding out all sorts of weird and wonderful things about Central Australia and the way that we do business here, which may help in some respects—a bit more understanding about Aboriginal way of business in Central Australia which, from our perspective anyway, is the key business model that we need to deal with in Central Australia rather than the idea of it being an Alice Springs based entity. It is really about the idea that Aboriginal economic development operates at a little bit of a lower level than non-Aboriginal economic development. In other words, one is about creating an economy and the others, in some respects, are about taking money out of that economy and trading it elsewhere. On behalf of my families and the different Mparntwe, Irlpme and Antulye groups, welcome to country.

**CHAIR**—I understand we are in Mparntwe country?

**Mr Pearce**—Yes.

**CHAIR**—Thank you for that welcome. I also welcome people to this public hearing of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs as part of our inquiry into community stores in remote Aboriginal and Torres Strait Islander communities. I would like to acknowledge the traditional custodians of this land, the Mparntwe people—I probably butchered that pronunciation—and pay our respects to the elders past, present and future. The committee would also like to acknowledge the Aboriginal people who now reside in this area.

There is a formal aspect to these proceedings. These are formal proceedings of the Commonwealth parliament and everything that witnesses say today needs to be factual and honest. Attempting to mislead the committee can be considered a serious matter. Having said that, we invite all those who want to give evidence to make comments that will assist us in our inquiry, which has the intention of making the administration of community stores in remote communities better. This hearing is open to the public and a transcript of what is said today will be placed on the committee's website. Before I call our first witness, which will be you, Darryl, I would like to give the other members of the committee an opportunity to introduce themselves so you know who you are in front of today.

**Mrs VALE**—My name is Danna Vale. I am the federal member for Hughes. That is in New South Wales, just south of Sydney. I come from an area called the Sutherland shire. My electorate is on the western side of Sutherland shire and it goes across to Liverpool. You may

recall the name Botany Bay. Our Georges River flows into Botany Bay. That might give you a geographic representation of the area that I represent. The Indigenous people of my area are the Dharawal people and the Gundungurra people of the Illawarra. I believe it is a wonderful opportunity to be here to meet you all today and to receive your guidance, advice and information on how we can help improve the diet and nutrition of Indigenous people. Thank you.

**Mr TURNOUR**—Good morning. My name is Jim Turnour. I am the member for Leichhardt. Can I start off by paying my respects to the traditional owners and the elders of the country we are meeting on. I represent the area from Cairns through to Cape York Peninsula and the Torres Strait, so I have significant Indigenous communities in my electorate. It is nice to be here to see and hear about how things are done in Central Australia. Thank you for having us.

**Mr MARLES**—My name is Richard Marles. I am the chair of the committee and the member for Corio, which is an electorate based in Geelong in Victoria.

**CHAIR**—Darryl, would you like to make an opening statement about the issues? Then we might ask you some questions.

**Mr Pearce**—Yes. The first thing I am going to do is go back a little bit. I am going to try and elevate this a bit higher than your specific terms of reference, but I will show how they link together. One of the key things about Aboriginal economic development is that it has realistically only been operating for the last 20-odd years. We did an economic study in 1989 about the Aboriginal contribution to the Central Australian economy. We went from the Pitjantjatjara homelands right up through to just south of Katherine to get a bit of an idea. To a \$550 million cash economy, we contributed about \$184 million. We contributed around \$101 million worth of social security money, we generated \$30-odd million in terms of our own economic enterprises and the balance of the money came from government services. The interesting part is that, out of the 11,000 jobs in Central Australia, we only held 600. We suspect that not much has changed in the last 20 years. The raw numbers may have changed but we suspect the percentages have not changed much—in fact, it is possible that they have declined.

Alice Springs is in a really weird position. There is a view that it is not remote Australia, that it is somehow connected, that it is unique and that it is a small town in New South Wales or Victoria versus one even in Queensland. We would debate that. We would say that maybe the whole view of Alice Springs and Central Australia needs to change, given the fact that Central Australia is remote in the purest sense of the word. Just because we have an airport and we have train access or road access that does not necessarily mean that we are connected as well as we would like to be to the rest of Australia. Certainly in terms of our connection with the governing of the Northern Territory—for example, with members of parliament—without a doubt there are people who are elected. However, when policy is developed—and this sounds a bit like the Melbourne or Sydney or Brisbane against the bush communities argument—much of that policy is not really focused on what works for Central Australia.

The reality is that Alice Springs is basically the CBD of Central Australia. Out of what we call the Central Australian economy, so from this zone—and take into account that we are talking about the Pilbara, Western Australia, South Australia, the Northern Territory, New South Wales and Queensland—is extracted around \$10 billion per annum. Obviously, less than a tenth of that

in some respects actually comes back to Central Australia. One of the key things therefore is about what we generate locally and how we keep that local. How do we ensure as well as we can that the money that is generated through stores, through the sourcing of supplies, actually stays within Central Australia? One of the things that we have promoted very clearly is that we are concerned that we have ended up with a carpetbagging mentality. We have had it for a long time whereby people come to make their fortunes before they retire to the east coast or the Sunshine Coast or wherever else it may be.

The reality is that we are looking to ensure that the processes that we have got put money back into this economy to stabilise it. So one of the key things about the proposition that we would like to put this morning is this in relation to stores. How does a government, from one perspective, see these outback stores themselves and the individual stores contributing to the local economy? How do they ensure that as much money as possible is actually staying within the local economy so we create positive feedback loops in terms of a vertically integrated economy and sourcing locally? That seems to be one of the key things.

There is acknowledgement that the stores themselves have contributed significantly to an increase in better fruit and vegetables in the main going out to the communities. There is anecdotal evidence that has increased by around 50 per cent. We should not be seduced by the idea of having a store and having fresh fruit and vegetables coming out here—which we did not have before. That does not deal with the fact that there was a store there before and people were not doing the right thing otherwise by that whole contribution. So, in other words, would the outback stores model actually work and be valid in the community if you took the intervention and the BasicsCard out? If we changed that all around, would we have an economy that is real and works or would we have one—which we have at the moment—that is a bit of a false economy? It is a subsidised economy that is holding back the potential customers in these communities.

In Alice Springs one of the key things that we have started to talk to people about is the fact that many of the people who criticise Aboriginal people, because of alcohol and what we term anticultural behaviour and all the rest of it, are the same people who are making a large amount of money out of people. There is the idea that somebody who goes to a party and criticises ‘those drunken blackfellows down the road’ is the same person who works or whose child works in the bottle shop or in the supermarket that is selling that is selling alcohol or in the hairdressers that sells alcohol or gives alcohol away or in the take-away or BP garage that sells alcohol. So the reality out of all of this process is this. There are two parts to it. If there is no thought by government about how the outback stores model and the intervention specifically in the Northern Territory are contributing to the local economy, not just to bolster it but to actually build it, then I suspect there is a flaw in the model before we even start. Secondly, if the stores—and, unfortunately, we have to use the term outback stores—in all the communities are not actually working very hard to ensure that they buy locally to again contribute to the economy to make things available, then that is a failure. With Alice Springs there needs to be far more of an understanding of the fact that people are making a lot of money out of Aboriginal people and that a lot of that money is not going back into the Aboriginal community.

An example of that is that, as the traditional owners of country, we tried to buy significantly three supermarkets in town. We were told by government agencies that we would not get support to buy those supermarkets because they had bottle shops attached. It sounds a bit crazy when

you think that if we were in control of those liquor licences we could actually change people's behaviours in terms of coming in to buy alcohol and their behaviours in relation to buying alcohol, including changing some of the opening and closing times. I guess in one sense there is also a cry of frustration that some of the views and attitudes and ways of doing business from a stores community process is not also floated and flowing on into Alice Springs with the idea that we do not compete against the mainstream guys, we do not compete against the Woolworths and Coles, who in town are the largest liquor suppliers. When we talk about it, we say, 'You can't actually go and buy fruit and vegetables in town here unless you go to a liquor outlet.' That is what we argue is part of the difficulty that we have in town at the moment. If we had a stores process or a supermarket in town where people could go, where women specifically could go, and husbands—and not to blame the men in this case but we would argue it to be both sexes—were not going to follow because they cannot get the money off the mob because there is no grog outlet. That is as simple as it is.

**CHAIR**—Thank you for that. That is really interesting. There are a number of questions that come out of that that I would like to ask. The first is in terms of the locally sourced produce, which has definitely been a theme that has been raised in a number of the hearings we have had. Picking up on your notion that Alice Springs is itself remote, to what extent is produce produced locally here? If you are looking at the stores in Alice Springs, is most of that stuff sourced from Adelaide or some other part of Australia? Is meat produced locally? Are there fruit and vegetables produced around Alice Springs?

**Mr Pearce**—Most of the supermarkets, Coles and Woolworths, obviously bring their own stuff in. McDonalds bring their own stuff in. I think the only people that buy anything locally are Hungry Jacks in terms of fast food, take-away, for instance. I know there are some fruit and veg that get sold that I know specifically and personally is Coles, but in the main the majority of the stuff is brought in. Then again means that the quality is two, three or four days. It is probably the same argument you hear in a lot of supermarkets, but I would argue, having come back home after 17 years away, but I was incredibly surprised to see the quality of the produce in town. It is low.

**CHAIR**—Is there, for example, an abattoir in Alice Springs?

**Mr Pearce**—There is an abattoir in Alice Springs, Charbray Meats, but they sell out of their own store or butcher shop. Other people source their meat from outside, in terms of the big shopping centres.

**CHAIR**—Right. Presumably that would then flow through to the community stores as well, most of the stores we would be seen around Alice Springs. We were in Papunda yesterday and they are sourcing their product from Alice Springs, which probably means they are sourcing their product from Adelaide or somewhere else.

**Mr Pearce**—There are two ways to do it. Back in the 80s I lived out on communities and was involved in the stores. When I was running a store at Kiwirrkurra as a community adviser, one of the things that we did was to make all fresh fruit and vegetables free of charge. We put it on the other side of the checkout. That freaked out some of the government bureaucrats, because they argued that the store itself could not be deemed to be viable even though, and this is back in 1986, it made \$45,000 profit, so enough to meet the needs of the community. The key thing that

people did not take into account in terms of the economy is the health economy as well. If you are just looking at it as a cash economy then you fail dramatically in a community if you do not take into account the health economy as well. The idea that we could just give fruit and vegetables away to people as part of a 'subsidy', because that is obviously profit forgone by the shop, was a contribution to the economy, being the community's human economy. A lot of the meat products we sourced back in those days, it was a very interesting process. You find the standards going onto Aboriginal communities was pretty low. It was not the best meat in the world. I suspect a lot of that has changed now, that people would argue that their quality assurance is in place. The question you really have to look at is about where and how people buy. Do they source the best local product even though there is a potential price premium on that, or do they go, 'Okay, we can actually source this out of Coles and Woolworths and wholesale and we can bring the price down and therefore our bottom line, our cash line, looks good at the bottom.' We are not aware of that. We are not exactly sure how the bush stores, for instance, decide to do their business. But the idea that there is a collective buyer, I would suspect they would have significant power.

**CHAIR**—You mentioned that you were seeking to purchase a number of the stores in Alice Springs. Can you explain that? Who was seeking to do that?

**Mr Pearce**—Lhere Artepe as the traditional owners.

**CHAIR**—Which stores?

**Mr Pearce**—We were looking at the three Foodlands, northside, eastside and Flynn Drive.

**CHAIR**—Are they the major supermarkets in Alice Springs?

**Mr Pearce**—They are the three major supermarkets outside of Coles and Woolworths. Basically it would have been us, Coles and Woolworths as the three players.

**CHAIR**—To get a sense of context, how many Coles and Woolworths supermarkets are there in town?

**Mr Pearce**—Two. One of each.

**CHAIR**—Right. So you really would have been a major player. That did not happen why?

**Mr Pearce**—Besides the fact that there is always a price premium when you try to buy businesses here, the key thing that we found was intriguing was that we could not get support from, for instance, Indigenous Business Australia. The whole idea of buying anything that has alcohol attached to it was a nightmare. The Indigenous Land Corporation indicated the same approach. They thought they would be crucified in parliament on the basis that they had been using their money to buy liquor outlets. In other words, you can buy a tourist operation with a liquor licence attached to it and that is kind of good economic development, but you can't buy a food outlet with a liquor licence attached to it because that is just contributing to the Aboriginal drinking problem.

**Mrs VALE**—But surely that is perfectly understandable. I do not have a problem with that. You have people coming to buy their food and then you have got an alcohol outlet that is not even next door, it is part of the whole establishment. How many messages can we send?

**Mr Pearce**—That is true, but as the traditional owners we currently put ads on TV where we talk about, ‘We don’t want to send you home in boxes anymore.’ They do violence. If we had control of those liquor licences, I suspect that we would not be seeing the willy-nilly any customer is entitled to come and drink at any point in time would still be the way we would do business. We would more than likely cut the liquor outlet hours down.

**Mrs VALE**—Would it have been a business proposition to actually run the food part of that organisation and not open the alcohol plant?

**Mr Pearce**—We could do that where we would forgo those three liquor licences. If we were to get support from—

**Mrs VALE**—They are saleable items, they are marketable items.

**Mr Pearce**—Again we are then back in the same boat, aren’t we? We have just shifted it from our store to somewhere else.

**Mrs VALE**—You are interested in providing a good food source and in providing that kind of a service. You do not have to take them both together, surely.

**Mr Pearce**—That is true, and that is why one of the encouragements for us is that I understand that Woolworths in Queensland, as an example, does not attach liquor outlets to their food stores. Coles could be in the same boat. So the whole idea could have been that you would move it all off-site.

**Mrs VALE**—Or you would operate it separately, a completely separate site.

**Mr Pearce**—By moving it off-site away from the actual food. But one of the key things for us is that what we have seen in town is that there are about 111 liquor licensed facilities in town. The bottle shops take significant amounts of money. We also looked at the fact that if we know that our mob are going to drink, how do we take, bluntly, advantage of that by using that to subsidise food going into the community—we call them basically the town camps at the moment. Could we do things where you could give a bag of fresh fruit and vegetables to ladies and children to take back home.

**Mrs VALE**—Still sending mixed messages, though.

**Mr Pearce**—This is the interesting part about it. You are basically saying that for the Aboriginal community there is a mixed message over here in terms of drinking and food, but for the non-Aboriginal community there is a different message over there.

**Mrs VALE**—You will not have an argument from me on that line. It is still a mixed message for all human beings.

**Mr Pearce**—Therefore if it is possible, for instance, for government to make a determination—and states and territories obviously have to follow this through—that you do not put liquor outlets and food in the one place.

**Mrs VALE**—I think that would be a great improvement all over Australia.

**CHAIR**—To follow on from that, I wanted to be clear about what point you were making earlier. Your point was, I think, that you cannot buy food in Alice Springs without going to a place which also sells liquor. Is that right?

**Mr Pearce**—That is correct—unless it is a takeaway.

**CHAIR**—And in terms of purchasing those places, your proposition was about limiting the sale of alcohol rather than increasing it.

**Mr Pearce**—That is correct.

**Mr TURNOUR**—On that issue, you started off talking philosophically about the economy and the amount of involvement of Aboriginal people in that. And then we moved along and effectively part of your solution was the purchase of stores and the ownership of stores. This issue of ownership and control comes up across health and a whole range of different areas in terms of building the Aboriginal economy. I just want to challenge you a bit on that in terms of a large percentage of the economy you talked about was actually the government, and obviously people do not own the government. People get elected to it, and other people have a career in it and all of that. How do we go about getting more people into those jobs that may exist in government, or in the Woolies, the Coles and the other places, if we do not have a model where Aboriginal people can own a lot of those enterprises? Clearly that is one of the models that I hear regularly about ownership: ‘Then we will have more control, more input and more involvement in it. But if we do not own it, you get difficulty in those areas.’ Could you just put on the record some of the principles you think are important in terms of tackling those issues?

**Mr Pearce**—Definitely in terms of ownership, a contribution to our own economy is one of the key things that we need to look at. We have had an interest in Yeperenye Shopping Centre since the demise of ATSIC in 2005. We would argue that Yeperenye Shopping Centre, which has a number of speciality stores, including Woolworths, has actually failed dramatically in relation to Aboriginal employment and training. It is the pre-eminent shopping centre in town. There has been not enough pressure, from my perspective, put on people in terms of employing and training Aboriginal people who are tenants of that shopping centre. You could do that by giving people a discount on their rent in arrears, as a contribution, rather than the idea of just a government subsidy.

There are a number of models that are available to us, the key one being ownership and having a commitment to Aboriginal employment. But we suspect that at this point in time we could not argue that we have been successful enough in doing that. Peter Kittle Motor Company has been running since around 1988 or 1989. We would have expected that we should have been in a situation of possibly one to two Aboriginal apprentices a year five or six years after they started. It has been running 20-odd years and that has not happened. We have not got those sorts of numbers coming through.

So, in reality, even though I am a complete and utter supporter of it, I am not sure that enough people give enough energy and effort to actually making it happen on the ground. It seemed to get tired and go, ‘The bottom line isn’t about Aboriginal employment and training in the sense of we are not getting the outcomes we want, so let’s try to bolster it up by getting an economic outcome and show that we did not employ Aboriginal people or train Aboriginal people but that’s okay because we made a million dollars in profit.’ I suspect that it is a human condition and that we see people change their attitudes and their minds over time and they just fall into it.

In the wider Alice Springs community, there is a debate about the size of this community, but we suspect that some of the demographics or population extrapolations appear to point to around 2030 or 2040. We will have some 50,000 people in Alice, of which 70 per cent may be Aboriginal. That means in real terms that, even with the existing jobs at the moment, we would not create a lot more jobs; we would actually replace non-Aboriginal people with Aboriginal workers. The mining industry has found, much to their surprise, that when you get people who have to train up their replacement, you get a bit of resistance to that.

The reality is that if we were to replace, as an example, 20 per cent of the government workforce in Alice Springs who are non-Aboriginal and replace them with Aboriginal people, we would not be creating 20 per cent more jobs. It changes not just the demographic but the whole sociocultural nature of what Alice Springs is going to look like. To show you how things have changed—and we believe that this is the first sign of something which is exciting and dramatic—about 15 years ago Rio Tinto did a study across Northern Australia and they indicated that outside of Cairns and Darwin 50 per cent of the people would be of Aboriginal descent.

When we did our native title deal on the Mount John subdivision, which is against the ranges, there is not one non-Aboriginal person in the official government photo. There is an Aboriginal minister, there are the Aboriginal native title holders and there are the Aboriginal developers. That really is the nature of where we are going and how Alice Springs will develop over the next 20 to 30 years. In one sense there is a growing demand for the job opportunities but there are also people who are economically tied to those jobs and who cannot give them up. That is roundabout way of saying that there is a new turmoil coming. It is here and has actually been here for a long time but it is now becoming a pressure point because Aboriginal people will replace non-Aboriginal people in jobs, which mean that people leave town.

**Mr TURNOUR**—That is a fantastic outcome. When you started talking you were saying there were real challenges with getting people to employ enough apprentices. They get frustrated and then focus on the economic outcome rather than on the training and some of the social issues involved in getting people into those jobs. You were talking about those demographic shifts. Are there conversations going on about that in your Aboriginal community at the moment?

**Mr Pearce**—With our community being specifically in the Larapinta we have talked about when we do a deal and get a native title compensation package. I will just give you some background on myself. The Institute for Aboriginal Development here in Alice Springs is an adult education facility and I used to run that. One of my past sins was as executive officer of the old national Aboriginal employment and education and training committee when John Dawkins was the minister for education. So my thinking on this stuff has gone through a number of changes over the years. What we have now realised and what we are talking about amongst ourselves is the idea that with a package of benefits, that is a compensation package, people

notionally always talk about the dollar component. What we now talk about are the other components of the social wellbeing, the employment and training and all the rest of that. When we add all of that up, that is the real package and the benefit that we receive. At the moment we are concerned that we are not maximising our return out of our deals if we want our compensation packages.

**Mr TURNOUR**—People get focused on the dollars rather than the whole social aspect. That brings me to where I am leading which is the conversation with the community. What I see—and I have this in my electorate as well—is that you have all of the cultural ties and all of those sorts of things that operate within the community and society and then you have the imposition of a democratic framework, which does not necessarily match completely either, and then you have the imposition of an economic framework, which is about a different model as well. Even when we are doing an inquiry into community stores it goes down to all of those different enterprises. I suppose this is a philosophical question: do we need to have some different conversations about how an economy might look with 70 per cent Indigenous people and whether that works or not, given that you are talking about a number of people in a town like this and running a traditional mainstream economy and all of the cultural issues that flow with it?

**Mr Pearce**—Absolutely; that is our ultimate dream. We have one person who is doing it. We have a young nephew living in Hong Kong who flies jumbo jets for Cathay Pacific. We basically argue that an Arrernte person should be able to live in New York, London or Rome, be stockbrokers, lawyers, drive Porches and Ferraris and wear Boss and Armani suits as long as they remember and know where they come from, speak the language and be taught the culture. The whole idea is of being able to come back. Even if you are born in London as an Arrernte person, to come back and spend time with your families and be taught our law and culture basically provides the moral framework, I suppose, that we would expect of an Arrernte person.

So the reality is that we know that we are changing. We know that we are shifting. People can talk about the basis of it—‘You’re not so Aboriginal anymore because you’re kind of a bit lighter,’ like my colour—when the reality is that we expect Arrernte people to be the multiple colours of the world but be Arrernte because they have their knowledge. What we are talking about now is how for that model to come true we have to have a real understanding of the economy and how we play a role in that process. We no longer talk about the idea of getting a job, becoming a tax unit and contributing to the Australian tax base or otherwise not being valued. What we are talking about now is what you need to do to contribute to our Arrernte economy by participating in this variety of ways to be part of this whole process. A lot of this thinking has come out of what they call the Harvard Project on American Indian Economic Development, which is about government with Native Americans and how they contribute. A lot of the things we are talking about now are really about how we contribute to the broader economy which Arrernte people are a significant component of in Alice Springs at the moment and how, into the future, whatever we look like and wherever we are, we continue to contribute to that economy.

**Mr TURNOUR**—There is the issue that it can be easier to be an Arrernte person living in Singapore without necessarily the burdens of family. We have had evidence to this inquiry that said a mother can go buy something at a shop and go home to feed her family but there are another six or seven people in the house as well, so she also ends up having to feed all of those people. That provides pressure. I think there are clearly issues of conflict between cultural

experiences, cultural expectations and how the current economy functions. You have touched on them. I think that is something we need to explore to make progress on the overall issues and problems.

**Mr Pearce**—This will stir people up. Basically, there is a new model of Aboriginal people who have started this thing—it is only realistically about 20 or 30 years old—about the pressure that we apply to families and other people to get something off them. This whole idea is that ‘I’m your family and you have to pay for me; you have to buy this and you have to give me that. Give me your car and give me your clothes.’ That is new. That is not traditional in any shape or form. Traditionally, when you went to a person’s country you sat down. If a kangaroo were killed people did not just jump up and grab whatever they wanted out of the kangaroo on the fire; it was broken up and distributed amongst each of the family groups, who then distributed it amongst themselves. The reality is the new model we are seeing is a response model to need. It does not have a cultural base to it. It is justified in relation to culture, but the reality is it is not culture. We are seeing a lot of this where young people come and say, ‘We all grew up together’ or ‘We might have participated in an Aboriginal activity, so therefore we are all young men together and, yes, you are there with your wife and child, but you have to look after us.’ That is about 20 years old. That is brand new. The whole process has been bastardised, and we as a community now need to think that through and start talking about what that actually means.

People have said to us, as the traditional owners: ‘You’ve got people camping in the creek. Poor buggers; they’ve got nowhere to go. They’re all homeless.’ We say: ‘Homeless? What do you mean they’re homeless? They’ve got their bush community.’ They are itinerant. Unpack the words. We get people saying to us, ‘We Aboriginal people get humbugged on the street.’ No, no; that is Aboriginal people begging. I have a grade 10 education. I left school when I was 15. My father died when I was 13. He was from non-Aboriginal society. He came from the shire. One of the things the old man said—he never had a trade—was, ‘Get a trade and do something for yourselves to have as a fallback.’ A lot of people in my generation did very similar things. I was in a class where half the class ended up in jail for some pretty bad crimes. I was just lucky enough to fall out the other end of it. The key point I am making here is that we as a community need to pull up some of the behaviours that we are seeing being enacted and say that they are not Aboriginal behaviours, they are unacceptable behaviours and we no longer will put up with them in the community.

From our perspective, that is why we do alcohol ads where we say to communities we do not want them camping. We are very blunt and clear about the behaviours that people are exhibiting in town. If in your own community you will not go and urinate on the store, why do you feel it is okay to come to Alice Springs, urinate in the middle of the street and carry on in a manner which you can only equate to Schoolies? Schoolies amazes me; you see people behaving the way they do and you go, ‘These kids have been brought up in the right way and have all of the learning, skills and whatever, yet mothers and fathers must be horrified when they see their kid being dragged off by the cops or their daughter so drunk she has her skirt up over her head and is walking down the boulevard on the Gold Coast.’ That sort of behaviour, we say, is not antisocial behaviour in terms of Aboriginal people; it is actually anticultural. They are acting in a manner inconsistent with being Aboriginal and a manner which is both derogatory and embarrassing to the traditional owners of the country—us. So we are now saying enough is enough; we do not accept that behaviour and we want people to change.

**CHAIR**—Thank you very much.

**Mr Pearce**—I have given my details. If any members of the committee wish to contact us or to have a look at our website, they can find some of the stuff that we are talking about developing. You can see the ads that we are talking about on TV if you are here or if you are wandering around anywhere where 7 Central is at the moment.

[9.41 am]

**TREGENZA, Mr John, Coordinator, Mai Wiru Stores Policy Unit, Nganampa Health Council**

**CHAIR**—I call witnesses from Nganampa Health Council. Would you like to make an opening statement? We will then ask you some questions.

**Mr Tregenza**—Yes. I am aware that you have our written submission. Among a couple of things in that that I would like to concentrate on is, firstly, that the Mai Wiru stores policy is the first of its kind in Australia. It is a regional policy for remote Aboriginal community stores that has a health focus and a legislative basis for enforcement. We have a view that the stores need to be resourced and operated as essential services. Our experience is that they cannot operate as a free enterprise model and that, in fact, they should be viewed by government and all others as an essential service. As such, they should attract public funding and subsidies of some form. Further, it is important that we reiterate that, as essential services, we think it is imperative that subsidies be applied to reduce the costs of food and other essential health items.

We have been working on this subsidy for some time. We have had it on the table with government for eight years now, with no response. We developed a model with NATSEM in 2005 that would monitor and apply subsidies for the stores in remote areas. This has not been funded by any federal or state department. We believe that the people on the lands are, like pensioners in Australia, economically vulnerable and, therefore, they should be supported in the operations of their stores with some form of subsidy. We have also been asking both the federal and the state governments for some economic analysis of the economies in remote areas, in particular on the APY lands—the Anangu Pitjantjatjara Yankunytjatjara. We perceive government making decisions about enterprises and so-called viability of communities on the lands in a vacuum of information. They have no handle on what the economies are that they are talking about.

We put up a proposal over two years ago for an economic study on the Pitjantjatjara Yankunytjatjara lands, which again was not supported by any federal department. In fact, the response from DEWR and FaCSIA was to fund a study on the culture of work of Aboriginal people, which is in our view a racist approach, instead of having a look at the internal economies and leakages off the lands in the Pitjantjatjara region. It is important that people understand that on the Anangu Pitjantjatjara Yankunytjatjara lands in the north-west of South Australia we have a unique situation. It is freehold land owned by the Pitjantjatjara Yankunytjatjara people. The stores on all of those lands are owned by each individual community and are incorporated under ORIC and in some cases under OCBA in South Australia. It is a culturally homogenous group of people. We are not looking at different Aboriginal nations. The Yankunytjatjara and Pitjantjatjara are very closely related.

The development of the Mai Wiru stores policy, which began in the late nineties, was in fact a community response, an Aboriginal response, to a health and welfare problem. The people on the lands developed this in response to some work that we did in the late nineties. When we did a cost of living study, we found that in fact Aboriginal people on those lands were unable to access

affordable healthy food given their income levels and the cost structures in the stores. So the Mai Wiru stores policy actually came out of that need perceived and identified by Aboriginal people. It was then developed by them in a community development model, which now seems to be highly unpopular with government. We are now looking at intervention and institutionalisation rather than Aboriginal community development and empowerment of Aboriginal people to solve their own problems.

There is a big difference between the Mai Wiru stores policy and other models that have in fact been supported by the government—for example, the Outback Stores model that is touted by government as the solution to issues in remote stores. The total emphasis of the Mai Wiru stores policy is that affordable healthy food is available on a daily basis for Aboriginal people on the lands. It is a health issue, not a fiscal or an economic issue, in the sense of those stores. In terms of closing the gap, it is our view that the only model that will work is one that is essentially a health model and not a business model. To close the gap in health, that is the approach that is required. In these remote areas, in fact, a stand-alone store which has to operate under purely commercial operations will never be able to deliver affordable healthy food, just because of the logistics and locations of those stores.

We have had applications and submissions before the government for over eight years for a subsidy model. We have actually identified areas for the subsidy. We developed a model with NATSEM back in 2005 which could operate a subsidy model at the retail point of sale system. We have also recommended that the government should perhaps be subsidising freight. We pointed out that in the isolated and remote area of Kangaroo Island in South Australia the government subsidises the freight and the SeaLink, whereas up in this remote area of Aboriginal Australia there is no such subsidy. We have asked for subsidies on capital items in the stores, which are of course one of the big imposts. There is a total contradiction between being able to develop a profit and having affordable healthy food—the two do not match. One of the big areas of expense for these community stores is the fact their capital replacement and renovations costs in those areas are very expensive. Of course, if you just have a stand-alone enterprise model you have to generate those funds out of higher prices.

We have also suggested to the government that they could subsidise wages. The biggest single expense in the operation of a community store in our region is the wages for the non-Aboriginal people. That is not a reflection on the skills of the Aboriginal people; in fact it is an indictment of the failure of the education system over 50 years to provide the Aboriginal people with the skills to run their own stores. We have asked for help with training and we have occasionally got help for training from the tertiary sector. But by and large there has been no appropriate response in our view from the federal or state governments to assist these stores to deliver affordable healthy food.

Some of the issues that we have had to deal with include governance of stores in communities. The Mai Wiru Stores Policy Unit is not a day-to-day manager of the stores. We in fact oversee regional policy, which is the policy of the land councils on the lands—the APY Council, the Nganampa Health Council, the NPY Women's Council. All the regional organisations were signed off in 2001. The Mai Wiru stores policy is in fact on freehold lands. Under the regulations of the APY act in South Australia, it is an official policy about the management of stores on the lands—how they should operate. That document is available on the Nganampa website. It has a series of regulations. As a unit, we are there to monitor, work with the local Aboriginal

governing bodies who still own their own stores and work with the store managers to deliver affordable healthy foods. To that end, an MOU was signed with all of the stores and communities and the Mai Wiru Stores unit to carry out those functions that the stores cannot carry out individually—for example, negotiation of preferred suppliers, training and education, recruitment of staff, nutritional programs, product substitution and those sorts of things that the individual stores do not have the skills, time or resources to perform. To carry that out, we have been funded by DoHA to monitor the policy, but we do not actually manage the stores; they are managed by the individual store governing bodies in each community.

We are currently at a stage where the funding for the Mai Wiru Stores Policy Unit, funded by DoHA, runs out in July this year. We are in negotiations with OATSI and DoHA to continue for another year on the basis that the unit will work with the communities on the APY lands to develop a future model for the governance and management of the eight stores on the lands and ensure that the Mai Wiru policy is enforced and followed in the future. We already have agreement from the APY Council to insert a by-law in the APY act—the legislation granting the land rights in South Australia—enshrining the Mai Wiru stores policy as a by-law under the act, so whoever runs the stores in the future will be governed by that policy and APY would not accredit or licence operations of stores on the land. The big question is really about whether, in the future, the Aboriginal community stores on APY lands wish to run their own stores with an Aboriginal regional governing body—perhaps like ALPA—or whether the stores will be managed and run by an outside organisation, be it Woolies, Coles, Outback Stores or whomever. The way that the Anangu put it is that future decision has to be made as to whether the stores will be operated, governed and managed from inside the fence, internally by Anangu, or outside the fence, externally by a third party. We are in negotiations with DoHA for another year's funding to resolve that matter, in a round of community consultations. That is the point at which we are now.

**CHAIR**—I have a few questions in relation to that. Thank you for that submission and for the written submission you have produced. Firstly, how much funding do you get from DoHA for the policy?

**Mr Tregenza**—It is around \$380,000 to \$400,000 a year, which is used to employ two part-time and one full-time Aboriginal project officers, a nutritionist, a retail support manager and me.

**CHAIR**—The Nganampa Health Council is owned and controlled by whom?

**Mr Tregenza**—It is a community controlled Aboriginal health service, like Congress here in Alice Springs. It is a member of NACHO.

**CHAIR**—I was going to ask you that.

**Mr Tregenza**—It has an Aboriginal board of management. That was established in 1982. It runs all the primary health care on APY lands. There are no government health services on APY lands.

**CHAIR**—I guess the questions I have are around Mai Wiru.

**Mr Tragenza**—Yes, Mai Wiru—‘good food’.

**CHAIR**—As you stated, you are not managing the stores; this is a policy that is applied to the stores. How many stores are we talking about?

**Mr Tragenza**—Eight.

**CHAIR**—I understand from what you have said that you end up doing the purchasing for those stores?

**Mr Tragenza**—No. In the memorandum of understanding that the Mai Wiru unit has with each of the individual stores in the communities we have formed basically a buying group and Mai Wiru, on behalf of those eight stores, negotiates the deals with the preferred suppliers. So we put out for tender, say, the supply of \$3 million worth of meat for the eight stores over a year and, depending on the tenders and the negotiations with that supplier, choose a preferred meat supplier. We do the same with groceries, bread and other things.

**CHAIR**—Does that mean that you are actually doing the negotiations with those preferred suppliers?

**Mr Tragenza**—Yes. We then go back to the steering committee that governs our operation, which is made up of representatives of each of the stores, and put it to them: ‘Here are the offers from A, B and C meat provider, bread provider et cetera. We recommend this one, but it is up to you.’

**CHAIR**—That is the next question. Can you describe the steering committee?

**Mr Tragenza**—Yes, it is made up of all the chairs of each of the community governing bodies of each of the community stores.

**CHAIR**—That in a sense becomes your board of reference as it were for the Mai Wiru policy unit?

**Mr Tragenza**—That is correct. The Mai Wiru policy, as I said earlier, is the policy that applies to all the stores on the lands through the land council, as the owner of the lands. Through that process all the communities and the traditional owners are represented. They have all signed off on this as the policy for the lands. It is actually part of the policy.

**CHAIR**—Through that group purchasing have you been able to bring the prices down?

**Mr Tragenza**—Yes. Well, in the current economic climate, it is whether we have brought them down or maintained them. We, through our nutrition work and nutritionist, carry out regular market basket surveys on all the stores. I have here the results of the January 2008, October 2008, and March 2009 market basket surveys. This is modelled on the NT basket for six people for two weeks. We measure it against Coles and Foodland here in Alice Springs. That basket of food for a family of six for two weeks in Foodland here in Alice Springs costs \$600. At the Amata store, for example, it is \$770. Given that Amata is 500 kilometres from here and has additional costs that they do not have in Alice Springs, in terms of staff in particular, that is a

reasonable price differential. It goes up to about \$750. So the difference from here is about \$70-\$150 across the stores. The most expensive is a community called Watarru, which is 900 kilometres from here.

**CHAIR**—Is there any chance that you could provide that information to the committee? We would be really interested in those statistics that you have just quoted.

**Mr Tragenza**—Yes, I would think that that would be okay. I would have to check with the organisation, but I cannot see a problem with it. Just to answer your question, the price for that basket of food at Amata, for example, over the last 15 months has risen by about \$30, which is reasonably good, given that costs have been going up across Australia.

**CHAIR**—Do you also negotiate the freight arrangements?

**Mr Tragenza**—Again, it is a preferred supplier arrangement. That was put out to tender and a local Alice Springs company won. The food used to come to the stores from Adelaide. Now the stores on the lands use local wholesalers here in Alice Springs. Some of that food, of course, has come from somewhere else to Alice Springs and then goes out again. One of the advantages of having the freight out of Alice Springs is that we now have weekly deliveries and not fortnightly, as it used to be from Adelaide. We have certainly heard some complaints from non-Aboriginal people on the lands about the changing of that freight arrangement. It upset them because, being in South Australia, they no longer had direct freight from Adelaide. The education department are now using the same transport system as this stuff coming up to Alice Springs and then being sent out on the lands. But the negotiations that Mai Wiru had with the trucking companies and transport companies was an open tender and the best arrangement for Anangu people and for the stores and for the supply of affordable, healthy food was ex-Alice.

**CHAIR**—Do have a sense of what the cost of the freight is as a percentage of the cost of the products at point of sale?

**Mr Tragenza**—No, I do not, offhand. Freight is the second-biggest component of cost—wages being the biggest.

**CHAIR**—Are you able to quantify those two components?

**Mr Tragenza**—I would think so. We could get that to you.

**CHAIR**—If we could get that, that would be good. We are very keen to get down to level of nuts and bolts.

**Mr Tragenza**—One of the things we did for transport in the negotiations was to standardise the freight costs across all of the stores. The nearest store to Alice Springs is right on the highway at Indulkana, which is 400 kilometres from here. The furthest is at Watarru, which is 900 kilometres. The cost of food under the normal circumstances of the way freight used to come up before was that, of course, Indulkana's freight was relatively cheap and Watarru's freight was relatively dear. Hence the food in Watarru was extremely expensive. Part of the

community consultations that we carried out through Mai Wiru was that Anangu wanted all of their relations, no matter where they lived, even the most isolated people, to have the same cost structures when they went shopping. So in our negotiations with the transport company we averaged out the freight cost, so the freight now for the most remote community is the same as for the nearest community, which means that the freight cost for the nearest community went up slightly but for the furthest ones away it went down a lot.

**CHAIR**—And that nearest community were happy to wear that?

**Mr Tragenza**—Yes, the people all the bigger communities. We often get non-Aboriginal people coming forward and saying, ‘Oh, you can get cheaper freight than that.’ We say, ‘Yes, we can, but the Aboriginal people here, the Anangu, have decided that they would rather have their relations and in fact all their families’—as I said, it is one group of people—‘being able to access the same price of their food no matter where they lived.’

**CHAIR**—Are they all community owned stores?

**Mr Tragenza**—All the community stores are community owned stores—that is almost a tautology—but we do have problems with Mintabie, which is physically located on the APY lands, where there are four non-Aboriginal traders who have caused a lot of welfare and social problems. There is also another non-Aboriginal store at a place called Watinuma. These are the places that supply credit by holding key cards and pin numbers and sell products, some of which are illegal, and others which are mainly very unhealthy.

**CHAIR**—Just talk a little bit more about that. It is on my list of questions to ask you about your concerns about the offering of credit in that particular place.

**Mr Tragenza**—The problem with that form of credit is that people are encouraged to enter into credit arrangements that they conceivably will never be able to repay. The trader then holds the person’s bank card and the PIN number and then deducts immediately that the person’s social security of whatever kind is paid—unemployment or pension. They deduct the whole amount and those people and their communities, which can be hundreds of kilometres from the trader, are left in a situation where they have no access to any money. So they then start demanding of people in the community to support them so they can live. They demand credit and book-up from the community stores, which they do not get—because that is against the policy; it is a policy which is supported. It causes a lot of grief and hardship. A whole family may wish to buy motor car, for example, so mother, father, sons and daughters will leave all of their cards with the trader to buy the car and all go home without any access to any funds.

**Mr TURNOUR**—I understand from your submission that ASIC has had a look at this and you have had some meetings with the four big banks. The federal government is taking over responsibility for regulation of credit—there has been agreement by all of the states through COAG. According to your submission, you have had a little assistance from the South Australian government. Do you have any recommendations for changes to the legislation that we need to consider in this area? Have you done any work on that or is it just discussions—

**Mr Tregenza**—There are several things that we have been doing about it. Firstly, we put up an application and we understand we could be getting funding from FaHCSIA, I think, to

implement Grocery Manager, a centralised grocery system with a smart card which is similar to the card used in the territory except it is voluntary so that people can put a part of their pension or their wages income onto a smart card and use it as a shopping card to offset this card. The negotiations for Mintabie are actually an excision on the APY lands which expired six years ago. It has been annually renewed by the state government. There are currently negotiations between the APY council and the state government about the status of that excision, and part of those negotiations involve the operation of stores and of credit.

As you mentioned, we went with the chairperson of the land council, the head of OCBA and a representative from the ACCC at the time who is now the general manager of ORIC and met with the big four banks. We told them what was going on. They told us that they were aware of this because they could see that at one minute past midnight the traders in Mintabie in particular were downloading everybody's money out of their key cards or bank cards so that, when they woke up on a Wednesday or Thursday morning and went to the store, there was nothing there because the Mintabie traders had beaten them to it. We pointed out that this was causing a lot of problems in the communities.

The first response from the banks was, 'We'll cancel the customers' cards because they've broken our contract.' We pointed out that in our view that was punishing the victims—that, for people who are desperate and can see that for no actual outlay they can theoretically buy a motorcar, a boot full of tucker, second-hand clothes, some grog or some dope just by leaving a piece of plastic behind, that could be fairly attractive.

**Mr TURNOUR**—In the end, though—and I suppose this comes down to some of the philosophical discussions—when you are given a credit card, isn't how you manage that your personal responsibility? I understand the unconscionable conduct of the store owners, but weren't the banks providing an opportunity to try to break that cycle?

**Mr Tregenza**—Firstly, part of the credit regulations is that the customer has explained to them and understands the implications of that card. I question whether Umuwa people, certainly in our area, actually understand the obligations of carrying a card, whether it has been explained to them and whether, by law, they should be entitled to have it. That is a separate question. The banks said that, because they could see that it was unconscionable behaviour by these traders and causing a social welfare problem—I do not think they wanted it to blow up in the press that the banks were contributing to Aboriginal poverty—if we put a safety net in place on the lands, which we then did by having Centrepay made available in all of the communities so that people could get those Centrepay advances on their social security, they would advise that they would not tolerate this behaviour by those traders and would withdraw their electronic banking facilities. The banks wanted confirmation that that move would be supported by the state and federal governments, particularly the state government. We had a long series of negotiations with the Office of Consumer and Business Affairs in South Australia and the minister—there is now a new minister in South Australia. For 18 months the banks have been waiting to get a letter from the state minister to say that the government would support the banks taking that kind of action.

**Mr TURNOUR**—And this conduct that I think everybody would agree is unconscionable conduct continues today?

**Mr Tregenza**—Yes.

**Mr TURNOUR**—Chair, I think this is something that we as a committee need to discuss, send some correspondence off on, shake some trees on and try to get some action on. Clearly, this is unconscionable conduct and it should be against the law. We need to follow that up. I have a couple of other questions, and I think, Mr Tregenza, we can go around and around on this and obviously you have gone around and around on it. I want to go back to the beginning of your evidence. You were saying that to run a store in the APY Lands is not economically viable and it needs to be subsidised—which is effectively your argument?

**Mr Tregenza**—Yes.

**Mr TURNOUR**—Following on from that, you were saying that effectively people should be considered as pensioners—I think you used the word ‘pensioners’—to maintain their culture. Effectively, government needs to subsidise and support people to live in the APY Lands as that is the only way people are going to get healthy food and operate in that part of the world. Is that what you were arguing?

**Mr Tregenza**—I am not sure about the second part, but, yes, certainly the first part. The stores can certainly be economically or financially viable but they will not be able to deliver affordable, healthy food. Firstly, healthy food is more expensive than unhealthy food. That is one of the issues that we have with the outback stores model. Stores that want to generate quick profit sell a lot of sugar. Yes, stores can still be economically viable but people will not be able to access affordable, healthy food. So we are saying that, for people to be able to access affordable, healthy food and for the stores to be economically sustainable, they need to be subsidised at some point.

**Mr TURNOUR**—Therefore you are effectively asking the Australian taxpayer to subsidise those stores. A lot of your other discussion was around having community control with the community making the decisions. If you are asking an external group of people to provide that subsidy in terms of maintaining healthy outcomes, is the quid pro quo the responsibility on the community to note the influence that those outside should have on that?

**Mr Tregenza**—I do not think so. The Australian government subsidises mining companies. It subsidises farmers. It subsidises pastoralists. It subsidises all kinds of people in Australia. It subsidises health programs. It subsidises medication. These people live in a remote area of Australia, and it is their health that we are talking about. The other side of that would be: ‘Okay, we’ll run it on a purely economic model, therefore the people here will be starved off their lands.’ I suppose it is a philosophical question for the Australian public as to whether Aboriginal people should be forced off the land that they now own, under white law as well as under their own law, because they cannot afford to live there because of the cost of food.

**Mr TURNOUR**—I suppose that was what I was trying to get at in trying to clarify where you were at philosophically, because I think one of the problems that we have is a policy and we do not go anywhere whereas these philosophical issues are not actually made transparent and therefore people continue to operate in a way so that neither side—although it should not be described as a side, and it is government that is trying to provide outcomes and the community is trying to improve outcomes and neither of them actually gets the result that they want. I note in your submission that everybody over 35 is affected by a chronic disease and you talk about insulin resistance syndrome. Obviously, diabetes is a major issue in your community. You are in

a situation where if you have got those sorts of statistics people are not living healthy lives at the moment, aren't they?

**Mr Tregenza**—Given the changes in that sort of health profile, the changes to the store made now will affect things. Those people who are ill now are ill from what has occurred to them over the last 35 years. As for the change in the health profile with affordable, healthy food, you will see the impact of that in the health statistics in 20 to 30 years. You will not see it tomorrow. I think that is one of the problems that the government has with quick-fix solutions. It is about healthy options and affordable food and unless that is made available this whole cycle will continue. It is not until we stop it and have affordable, healthy food available in every remote community that you will see that change, and that change will not be noticed until the next generation. We cannot now change the health profile of anyone from five on.

**Mr TURNOUR**—How important is food availability and stores in training people's health?

**Mr Tregenza**—It is absolutely critical because it is the only place people get their sustenance at the moment. Each community has one store. Bush tucker is no longer available. When I first went to the lands, in 1974, I would say that 90 per cent of people's diet was from the bush and 10 per cent was from the store. But you would be lucky to get five per cent out of the bush now.

**CHAIR**—Why?

**Mr Tregenza**—It is for a whole lot of reasons. The population has grown and there are now bigger centres. You have to go a very long way to get bush tucker. The rabbit population has decreased, and rabbits were a big source of protein back in the seventies and eighties. Kangaroos have been depleted and emus have been depleted. There has been a huge camel infestation across the country. A lot of the traditional waterholes for Australian native animals has disappeared because of destruction by camels and also because of neglect by people living in large centres. So there are a whole range of issues and problems. But the bottom line is that there is very little bush tucker available.

**Mr TURNOUR**—You said you had been operating a community controlled health service since 1982.

**Mr Tregenza**—Nganampa has, yes.

**Mr TURNOUR**—How much government funding have you received over that time?

**Mr Tregenza**—I do not know. Sorry, but I do not work on the medical side of it. It is about one-half of what the education department has got.

**Mr TURNOUR**—So it is a significant figure—in the millions of dollars?

**Mr Tregenza**—Yes. But they run nine clinics, employ 103 staff and carry out all the primary healthcare on the lands.

**Mr TURNOUR**—The point I am getting at is that we spend millions and millions of dollars on primary healthcare and preventive healthcare but the critical issue is providing quality food and we are not doing anything in relation to that.

**Mr Tregenza**—No—and the primary healthcare sector looks after people who have not been able to access affordable healthy food.

**Mrs VALE**—Thank you very much, John, for your very interesting evidence. I have a couple of questions. How did Nganampa Health Council begin and how long have you been operating as a health council?

**Mr Tregenza**—The health council officially began in 1982. It came about because of the failure of the state government to deliver primary healthcare on the lands in the seventies and eighties. I was involved with a doctor who has just passed away who worked at the congress in Alice Springs to develop a community controlled model for the delivery of healthcare on the lands. It was in the early-eighties when the government was supporting Aboriginal community controlled healthcare services across Australia to deliver primary healthcare. It was one of those services and it started in 1982. It is a very good model of an Aboriginal community controlled healthcare service.

**Mrs VALE**—How long have you been with the council?

**Mr Tregenza**—I am working to the council. I am not employed directly at the moment. I am working as a consultant of the council on the stores policy only. I have been working on that for eight years for two weeks per month.

**Mrs VALE**—I notice that it was the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council that came to your council to ask for the Mai Wiru good food policy.

**Mr Tregenza**—Yes, the development of the Mai Wiru stores policy was a joint operation between the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council, the Nganampa Health Council and the then AP Council as a result of some work we did in 1998, which I referred to before, which showed that people's incomes were insufficient to allow them to access affordable, healthy food.

**Mrs VALE**—Is the women's council still involved in the good food policy?

**Mr Tregenza**—Yes. The nutritionist from the women's council works with our nutritionist, and we have a lot of interaction with the women's council about it. Their main group, of course, is women and children, and they are most interested in the dietary needs of those people. I think the important point that we want to make is that this is a health problem. That is our problem with the approach of IBA, Outback Stores and FaHCSIA to the solution. It is one-brand-fits-all business model. But that will not close the gap. That model will only maintain the gap.

**Mrs VALE**—This is one of the main objectives of the committee, to look to the concerns of the women and children, their nutrition and their access to good nutrition and good health. Some of the things that you have said here today are very valuable for that. One of the things that does

concern me is—do you have access to federal or state consultative fora where there is a formal mechanism where you can put your concerns, your experience and your knowledge?

**Mr Tregenza**—Yes, indeed. In fact, the Mai Wiru policy was adopted by COAG in 2002 as one of only two trials in South Australia. We were one of two COAG initiatives—that is what they called it. Basically, the ICC and the federal government took Mai Wiru, which already existed as a policy, and adopted it as a COAG initiative and then failed to support it for six years. So, through that forum of COAG, we put up, as I said, numerous submissions for support. We also put up submissions through a process currently going on in the lands, Wiru Palyantjaku, which is an aboriginal forum who met yesterday and today. They then generate an agenda that goes into what is called TKP, which is state, federal and Aboriginal groups who are meeting tomorrow and Thursday, which is where ‘going forward hand-in-hand in partnership and the whole-of-government approach’ is supposed to take place, in TKP. We have, at every meeting of TKP and every meeting of COAG, put up to the federal and state agencies those submissions for funding for various kinds of subsidies, for assistance for the stores over the last six years, and have failed to get a response, although we were one of the only COAG initiatives in the state.

**Mrs VALE**—Do you have any reason why you may not be getting a response?

**Mr Tregenza**—As far as we can see, the federal government has, in its decision-making processes, decided that Outback Stores is where they will put all their money for stores. As a consequence, when the eight stores from our area puts up a submission for money, we are essentially told: ‘Sorry, our money for stores has gone to Outback Stores. We gave them \$54 million. If you want support for stores here from the government, you go see them.’

**Mrs VALE**—And this is despite the fact that you were identified, back in 2002, as one of two viable models for the provision of healthy food.

**Mr Tregenza**—Yes, despite that. And it is despite the fact that we were used as a model by the consultants who came out and wrote the IBA recommendations to set up Outback Stores—they actually spent two and a half weeks looking at what we were doing. It is despite the fact that Mai Wiru stores policy won the National Heart Foundation award in 2007 for community health initiatives—white and black Australia, a national award. It is despite the fact that we have had submissions up for assistance and despite the fact that we talked about closing the gap long before ‘closing the gap’ became a phrase in Canberra. Despite all of those things, we have failed. Except for the ongoing small amount of funding from DoHA for the unit to assist the councils, we have had no other resource response from the federal or state government.

**Mrs VALE**—Finally, is there anything you want us to inform the government about? If you had a special message—I know you have given a very significant and substantial submission—what would your final message be?

**Mr Tregenza**—Yes. The strongest message we would like to send is that the Mai Wiru stores on the Anangu Pitjantjatjara Yankunytjatjara lands are good models of governance and management and they should be supported by the federal government in the same way that Outback Stores have been supported. In fact, on a pro rata basis, we should be getting significant amounts of money to help the operations of the stores. The model of store operations, the government and management on the lands, that we are developing is a community development

model which aims to make sustainable changes in people's health profiles through education and through Aboriginal people working on their own solutions, not having them imposed from outside. The model of community development is one which actually educates while it introduces change, because changing diet and eating habits over a couple of generations of bad habits is a very difficult exercise. People will only change if they realise and understand fundamentally that it is a good thing to do, that it is in their best interests and that it is not imposed from outside. So we believe that the community development model of Mai Wiru is in fact a better investment than an imposed enterprise model from outside.

**CHAIR**—Is there a written policy about how much fruit and veg there should be versus how much Coke and all that kind of stuff?

**Mr Tregenza**—Yes. The policy document is available on the Nganampa Health Council website. It is quite a substantial document. It is based on World Health Organisation, United Nations, equity and human rights arguments—all sorts of conventions in Australia—down to the details of opening hours, employment and all sorts of stuff.

**CHAIR**—Can we organise for that policy to be put into evidence? In terms of the model, I am interested in what local control the store managers have in relation to what lines they stock in the stores. If there is a particular community that wants a particular product on the shelves, can that be done separately from the others?

**Mr Tregenza**—Locally, the management model is that there is a government committee that employs a store manager—usually a team, husband and wife—and, theoretically, that committee can tell the store manager what to stock in his store. In practice, given that the education system has failed to deliver appropriate skills to Anangu populations, the store manager is in a fairly strong position to do what he likes. We work with the committees, particularly through the nutritionist, to influence the committees' decisions about what they stock, and there have been significant changes in that. For example, across the lands now, through the steering committee and all the organisations, there is only one kind of white bread that is delivered. It is high-fibre bread that is baked locally at the Stuart Bakery and was specially designed for remote communities because people have a preference for white bread, which is not so good for you. But this is good white bread. We have done some research on substitution of things like pies. There is a huge turnover of takeaway foods and pies. We have done a lot of work with takeaways and pies. The nutritionist works with the committees and the store managers to deliver those kinds of foods. We keep a list of the top 10 best sellers. We can measure that through point of sale systems. There has been a change over the time of Mai Wiru from Coke and Winfield Red being the winners in every store for having the most money spent on them. Now meat and fruit and veg are coming up. That is the way it is happening. Certainly store managers have had some influence, but that is where we work: on those store managers.

**CHAIR**—What I am really trying to say is that you have kind of set up a central buying group amongst the eight stores, which makes sense in terms of being able to get the best price and trying to implement a policy in the way you have described. But, if there is a peak group in the community that wants a particular thing supplied, can an individual store break out of that overall purchase in relation to that one product? Do they have the ability to stock an individual item in one store that is not stocked in the other seven?

**Mr Tregenza**—Yes, they can.

**CHAIR**—Does that happen?

**Mr Tregenza**—Yes, it does happen. If it is something bad—like Chupa Chups or lollies and bubblegum suddenly appearing at the point of sale—women usually come and tell us what is happening.

**CHAIR**—It does not have to be a bad thing. I am just wondering whether there is something else.

**Mr Tregenza**—Yes, anything.

**CHAIR**—It might be a really good thing that a particular community likes which the others do not like. Can they get that?

**Mr Tregenza**—Certainly, presuming the preferred supplier has it—and they can go outside the preferred supplier to access it. One of the things I mentioned earlier, now we are in the next one-year period, given that funding may come, is looking at centralising that management. One of the weaknesses of a community development model is that we need to work through eight government councils with eight store managers. We do not have any centralised control over what they do, technically. If the store manager is very manipulative, he can work on the community council and undermine the policy. That is one of the problems we deal with.

**CHAIR**—Does that mean you want less control at a store level?

**Mr Tregenza**—We have less control now. What the Anangu are now talking about is having a regional model like ALPA, so that they could have an Aboriginal board over all the stores, with representatives from those stores, and a centralised recruitment and pricing system on the land so that individual store managers cannot go off on tangents if they are able to manipulate their governing body.

**CHAIR**—That has probably answered the question. I do not mean to flog a dead horse, but what if the tangent is not about them manipulating a store committee but something that the committee actually wants?

**Mr Tregenza**—If the committee wants it, the committee gets it, basically, unless it is against the policy—if they say they want fewer hours. As long as it is inside the policy framework, the committee can direct their store manager to do whatever they wish.

**CHAIR**—I asked that question because a big theme is the tension around the local control that a store has. This is not about store manager versus store committee; this is just the store versus the advantages you get from a buying group. We have certainly seen some examples of there being no power in the local store at all, which has ended up with some really bad results.

**Mr Tregenza**—Individual stores can purchase whatever they like.

**CHAIR**—Are you providing training to store managers?

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**Mr Tregenza**—We negotiate training. It used to be through TAFE. We have had quite a number of Anangu beginning the national retail training certificate. Then things happened and it went to other training providers. There was a situation where we had about four different training providers running around the communities offering training. That disappeared off into a delta somewhere. We are certainly interested in supporting training and we are going back to negotiate that. TAFE in South Australia is the main provider of tertiary education.

**CHAIR**—So you facilitate it rather than provide it?

**Mr Tregenza**—We do not provide it because we do not have the funding to provide it.

**CHAIR**—You talked about a NATSEM study you did, or a proposal that was developed for a subsidy. I cannot see that in the submission. Is it possible to provide that to us as well?

**Mr Tregenza**—I would think so. We approached NATSEM, which provided the pharmaceuticals subsidy model for all Australians. We argued then, and we still argue now, that some form of subsidy is required to make healthy food affordable in these communities. We asked NATSEM and they developed a computerised model that we could put into the point-of-sales systems and into the management systems so that we could see the level of subsidy required to bring the price of a basket of food down to a level, which we pitched at Adelaide as the capital city in South Australia on an equity argument—that 85 per cent of the people are on social security incomes and they should be able to access a cost structure for their basic necessities like other citizens in the state. At that time we estimated that it was about \$1,000 per head across the lands. That was at the end of the 1990s. We asked them whether they could model how we could do it internally at the point of sale—that is, if we dropped the prices of fruit and veg, what percentage, given the turnover, do we need to pick that up?

**CHAIR**—But there is a document which describes this model?

**Mr Tregenza**—Yes.

**CHAIR**—Would you be able to provide that document to us?

**Mr Tregenza**—Again, I will check with the governing body, but I cannot see that there would be a problem.

**CHAIR**—That would be great. We would certainly be interested in that. John, thank you very much for your evidence this morning.

[10.34 am]

**KOP, Mr John, Chief Executive Officer, Outback Stores**

**CHAIR**—John, welcome. I think you have given evidence before this committee in relation to a previous inquiry. Would you like to make an opening statement and then we will ask you some questions?

**Mr Kop**—Chair and members of the committee, thank you for the opportunity to present to you today. We certainly fully support the work of the inquiry because we definitely and passionately believe that a well-run community store is a critical element in closing the gap for disadvantaged Indigenous Australians. We have provided a comprehensive outline on the Outback Stores model in our submission and I would like the chance to take questions on any aspect of that submission.

As we outlined in our report we believe there are three critical elements to our model. Firstly, implementing proper retail and logistic practices, which are based on efficiencies provided through aggregation or clusters of stores, which is illustrated on page 35 of the submission. Secondly, ensuring there is a reliable and affordable supply of healthy food. You will see some before and after photos in appendix B on page 69 of our report. It shows you how dire, at times, the situation is in some of the stores that we have been asked to actually manage. Thirdly, the role of our relationship managers in building links between Outback Stores and the community to ensure there is community input, capacity building and improved governance through the financial reports that we provide to store committees through our Money Story.

I know the committee has heard many stories of vulnerable communities, expensive and substandard food. However, I hope from your inquiries that you will agree that Outback Stores gives hope that it is possible to run a professional, well-stocked, cost-effective store that meets the need for basic healthy lifestyles and the needs of any remote community. I understand there has been some criticism of Outback Stores in a submission to this inquiry. We are always willing to listen and welcome the feedback but we believe that some of the comments are based on misinformation. We also believe that there are some very good providers that are providing in remote community stores but we say there is one fundamental difference to the Outback Stores model—we are a not-for-profit organisation. The only reason we all come to work is that the people in this company passionately believe that we want to improve the lives of Indigenous Australians. The only outcomes we seek are food security, lower prices, healthy communities, sustainable stores that will eventually be run by the communities themselves and healthy, well-fed children who get the most out of school. I think these are all things that other Australians probably take for granted. In providing this service Outback Stores also believes that it needs to be viable to ensure that we can continue to deliver our services to remote Indigenous community stores.

I certainly recall visiting the first store that Outback Stores was asked to manage at Amata in Central Australia, which was after the *Four Corners* television program did a story on Amata suggesting that the community was so dysfunctional that it may not have a future. People were leaving Amata and the store opening hours and food supplies were certainly erratic. Since that

time of just over two years Outback Stores has brought in proper retail systems including proper ordering, labelling, racking and compliance of regulations, and we used an engagement model to work with the store committee and gave the community financial reports through our Money Story so that they learned to understand the stores cost and financial position.

The store's current committee chair, Tanya Luckey, in a recent interview, said:

Slowly, the people have started coming back to the community and shopping in the store. We are getting all our fruit and veggies, a lot of them, coming into the store. A lot more variety. The kids are getting fresh fruit and veggies over at the school daily through the school nutrition program.

As the store is now better run, people have returned to the community, boosting the population which, in turn, ensures the store's profitability. Its debt has now gone and the store is getting close to breaking even.

The Imapa community is now working with the Central Land Council to get a brand-new store that is a testament to strong community pride and determination. We have come a long way from the first day that I arrived at Imanpa and was rebuffed by the store committee and other people. We were new, people did not know us and we had not built a relationship with them. We built that relationship by saying, 'We know that talk can be cheap, but we will work with you, we will put food in the store, we will get you out of debt.' And that is exactly what we have done. Our experience with Imanpa taught us a vital lesson: the importance of relationships, respect and partnerships. That is why we have put so much emphasis on the work that we do with our relationship managers.

Recently, a store came under our management at Jilkminggan in the Top End. When Outback Stores staff were asked to manage the store it was in a physical mess financially and women were travelling greater distances, with children, to go to Katherine or Mataranka to find their food supplies. The store was dark, dirty and in a hot tin shed. Most of the stock was unsaleable. The limited food items on the shelves were expensive. An environmental health inspection revealed multiple issues, including the need to seal walls, floors and ceilings from dirt and dust; conceal electrical pipes and wiring, provide hand basins, with hot and cold water; and provide correct shelving to display proper food. There was no air-conditioning and no control of vermin. Vermin were rampant in the store. The store manager lived in a small room as part of the store. The Dungalan Aboriginal Association asked Outback Stores and the Australian government to help them ensure that the community had food security. The community did have a very good government business manager and helped to negotiate \$160,000 from the Northern Territory Emergency Response Flexible Funding Pool. The money led to insulation of the roof, ceiling, walls; and installation of air-conditioning, a new floor, ventilation, lighting and a new office and storage area.

I went to the reopening of the store in December. It was just so heart-warming to see the community welcomed, summarised in a comment by the Dungalan Aboriginal Association Chairman, Robert Smiler, who said:

The old store was no good, no good tucker. But now there is a lot of good food, fruit and vegetables and meat. The new store managers listen to us and we like them. We are proud of our store now.

Outback Stores relationship managers are using the money storey to give the committee feedback on its finances, something the previous store manager never did. Sales in Jilkminggan have doubled; it sells about 1,000 product lines. Instead of employing just a handful of staff, it now employs five Indigenous staff and two managers. The store has fresh fruit and vegetables, some of which come through the community market garden which they provide. Those are just two stories that I think are a great example of how Outback Stores works with all stakeholders, including the community; store committees; federal, state and local government departments and agencies; suppliers and service providers to deliver outcomes of constant, affordable and nutritious food in sustainable communities. Thank you for listening to me. I welcome any questions and, more importantly, I welcome the opportunity to show you some of our stores when you visit the Top End.

**CHAIR**—Thank you. Is there a list of the stores in your submission? I think there is a list on page 14.

**Mr Kop**—They are listed, but we can send you an updated list. They are listed on a map. I can give you the page.

**CHAIR**—That is the one I am looking at. I count 24. There might be three additional ones.

**Mr Kop**—That is right.

**CHAIR**—It would be good if we could have a list of them. We are keen to get a sense of the financials of the 27 stores —we can take this evidence in confidence if that is needed—both in terms of what you know about their finances prior to taking them on and what change there has been. You mentioned the increasing range of products, and we would be interested in knowing about that, as we would the effect on price. You have some graphs in here which are really useful in terms of providing a costs comparison, because we are interested in costs. We would like to get a sense of what has happened to prices in the stores since you took them over. Could you provide that information?

**Mr Kop**—Sure. We would probably like to do that confidentially. There are confidential terms of suppliers who set the actual pricing, policies from thereon. But we would be happy to do that.

**CHAIR**—I am sure we can manage that. There is a specialness about you in the context of this inquiry, because you are actually a term of reference. I guess that is a function of the major way in which the government has tried to currently deal with this issue through IBA. We are keen to have a really good look at you to get a sense of how it is going. We have not asked that information of other stores, but we would be keen to get that from you because you are specifically a term of reference. We can maintain that confidentiality.

**Mr TURNOUR**—Chair, we have a pretty good idea. We have asked some of the other stores in my electorate, in IBIS, to provide some of that information in writing. We do need to look across the different models of stores. I would also like to ask some specific questions about that. Do you want to take that evidence in camera this morning? How do you want to deal with this?

**CHAIR**—There is certain evidence we should do openly. I think it is appropriate that we do it publicly. But in relation to the detailed financials we would be happy to take them as

confidential. We are going to have to think about this. It is important that we deliberate upon those. We might have a discussion with you about how we do that, Mr Kop. But, at the outset, can I ask you to provide us with that information in confidence and we will have a further discussion with you about it in term of how we deliberate upon it.

In relation to the public funding that you have received, there has been an initial amount of \$48 million—\$8 million is for start-up costs and \$40 million is for commercial loans.

**Mr Kop**—That is right.

**CHAIR**—How do those commercial loans operate? Are many people seeking loans from you from that fund?

**Mr Kop**—Certain communities have. Not all communities, because we conduct a very strict financial due diligence to see whether a community can actually afford a loan. We make that an absolute criterion before we issue a loan. Money has been drawn down from those forward loans.

**CHAIR**—Are there limitations on how much you will lend?

**Mr Kop**—Again, that would be done in the financial consultation in terms of the cash-flow projection, whether the stores can repay the loan or whether they have that capacity so that we end up giving a proper loan and not a grant.

**CHAIR**—Are those loans that you have currently written for those communities being paid back?

**Mr Kop**—Yes, they are. They are paying the principal and an interest component.

**CHAIR**—Do you have any in arrears at the moment?

**Mr Kop**—No, we do not have any loans in arrears.

**CHAIR**—Of the 27 stores, are they all profitable?

**Mr Kop**—No, not all stores are profitable.

**CHAIR**—Can you say more about that?

**Mr Kop**—Under the NT funding that Outback Stores were given, there was a component of funding given to manage unviable stores. We are currently managing a group of unviable stores where funding is given. The way that unviable stores work is that there are no subsidies or any form of hidden subsidies in terms of freight or food, so it is purely at the bottom of the profit and loss. That is then cash-flowed out, showing how much that store would lose over a given year. That funding is then underpinned for the store so the store can continue to operate.

**Mr TURNOUR**—I want to clarify a couple of issues. Would you make some general comments in relation to whether there is a population size at which you do not think store is

profitable, whether it concerns infrastructure and all of those sorts of issues. Have you put any analysis into that?

**Mr Kop**—Yes, we have. We have certainly done a lot of analysis around it and we have an understanding of the approximate population size that is required normally in a community. We feel it has to be somewhere around the 200 mark before a store starts to be able to totally provide for itself and become sustainable. Sometimes other factors will impact that, including distance, which is significant when people leave communities or have access to transport to travel elsewhere.

**Mr TURNOUR**—Would you provide some of that analysis to the committee? Obviously in the Torres Strait distances are much greater, but there must be some analysis around not only freight but also maintenance costs and those sorts of issues. Are they part of that analysis and have you considered the whole basket of what makes up the cost structure of the store?

**Mr Kop**—Certainly. We have what we call a normal profit and loss statement which we fill the figures out on for any particular community. We then anticipate what the average basket size will be, depending on numbers of children and adults in the community. Then we take the very static indications from previous analysis and put those into the profit and loss to determine whether the store will or will not return anything to the community.

**CHAIR**—Is the NTER money that you were describing the \$29 million? That is to subsidise what would otherwise be unviable stores—is that correct?

**Mr Kop**—Some of the funding from that was put towards unviable stores. The funding was given to accelerate the expansion into the Northern Territory. It was put towards training for Outback Stores, housing for store managers, infrastructure for stores where necessary and funding of unviable stores.

**CHAIR**—Regarding ongoing costs arising out of that \$29 million, is it fair to say that the subsidising of unviable stores would be an ongoing cost? Is the rest of it being spent on one-off costs?

**Mr Kop**—Some of it is being spent on the Outback Stores operational costs, which is an ongoing cost, but the Outback Stores model dictates that it must break even by year 4. So the funding that has been given combined with the initial funding is there to ensure that Outback Stores achieves that goal.

**CHAIR**—If you include all the money that you have currently received, the objective of Outback Stores as an entity is to be self-sufficient after four years?

**Mr Kop**—That is correct.

**CHAIR**—But that does not include the subsidising of the unviable stores?

**Mr Kop**—No, it does not.

**CHAIR**—Does that then effectively underwrite all the stores in the Northern Territory?

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**Mr Kop**—No, it does not.

**CHAIR**—Do you have a specific list that you have determined to be unviable?

**Mr Kop**—That is right, yes.

**CHAIR**—Is that list provided in your submission?

**Mr Kop**—No, it is not.

**CHAIR**—Are you able to provide the committee that list?

**Mr Kop**—Again, I can provide that confidentially.

**CHAIR**—That would be good. I think also the analysis that Jim was seeking would be really useful. That goes a long way towards answering the kinds of questions that we are trying to get into.

**Mr Kop**—Certainly.

**CHAIR**—There are lots of things we would like to ask you about. When the committee visits Darwin in July, we may ask you to appear again. Inevitably a number of questions will be raised in relation to Outback Stores, as they already have been, so being able to have another crack would be good.

**Mr Kop**—Certainly.

**CHAIR**—And we may do that again in Canberra at the end of the inquiry. I want to talk about this tension between the central buying power that you are creating and the central administration and quality control, if I could put it that way, versus local freedom of a store to stock items that a particular community wants to have some local control over, the purchasing for that store and the development of that store. I wonder if you would comment about where you think that balance best lies for community stores.

**Mr Kop**—Certainly, from our point of view, an aggregation or buying power such as exists anywhere else in Australia—it does not matter whether you are an independent banner group or a chain store—allows you to pass on price to a store outlet. Indigenous communities do not have that opportunity. Fundamentally, from our perspective, it is imperative to have some form of buying group or power. That allows you to get the best possible pricing into stores. By doing that, you are not forcing stores to purchase particular products. Range is always something a store committee can provide input on, and all store committees should have input on their range—we encourage that in communities. You are not trying to restrict range at all; you are simply trying to come up with what we call a core range. That is the minimum that you would want to see in a store—the minimum goods that people would purchase. That is what you are trying to get into a store. The community has absolute discretion over other things that they would like in their store. The only proviso is that some goods may be very difficult to source.

**CHAIR**—We had evidence in other parts of Australia where the community gave feedback to their store that they wanted or did not want a particular line of product—for example, they were not interested in kiwi fruit. The message came back that the store manager had no control to manage things at that level. Under your model, how would that situation be addressed?

**Mr Kop**—The store manager actually takes that on notice and passes it through to the centralised area. Then it is looked at to see whether it should be part of the range in that particular store. All of the ranges are controlled in a centralised environment. That is simply to have governance so we know what the right range and pricing structure is for each store. We have made amendments to a number of stores where there have been requests. Most of those requests do not seem to be for food items; they seem to be more for non-food items, and people are very specific. It might be a household need or another form of need.

**CHAIR**—You describe it as a ‘request’. Is the decision for a particular store to buy twice as much kiwi fruit their decision or your decision? Do they request that and you then make a decision or do they make that decision and tell you to do it?

**Mr Kop**—The store manager would make the decision in terms of quantity or level of ordering, based on historic sales or a community event coming up. The store manager is the crucial contact point for anything that the community requires. It does not matter whether it is, ‘We want to have a barbecue; can you give us sausages or something?’ ‘We want new lines in the store,’ or, ‘We don’t think there’s enough of this product here and we’re constantly running out.’ That information is filtered straight back and then the amendments are made where appropriate.

**CHAIR**—The quality of the store manager seems to have a big impact on the quality of the store. That is a pretty obvious observation, but that has come through clearly in the stores that we have visited. That then goes to the question of training. What do you do around that? Who do you look for to run a store? How do you recruit store managers—do you recruit them or is it the local store committee? What training is provided? I wonder if you can talk about that.

**Mr Kop**—We have a very specific recruitment and training program. Recruitment we do via SEEK and regional press. We tend to attract more people from regional backgrounds, usually from two categories: younger people or people whose children have left home and who are therefore more free to do what they want. We look for people who have had basic business experience, and not necessarily retail experience. They must at least be computer literate, have run some type of business and have cash-handling skills and some basic understanding of ordering procedures. They are our three key recruiting criteria.

We then take people on and we take them through an induction cycle in Darwin or Alice Springs—we can take them to specific regions. At the moment that is a 12-day induction course. That course covers a lot of areas, including such things as safety—food safety and personal safety—four-wheel drive training and cross-cultural training. It encompasses all of the Outback Stores programs and is very specific, including such things as the operation of our point-of-sale system and the basic requirements of managing a store and being in an environment where your safety is looked after, as well as being able to handle customers in that area.

The second component is under the Australian apprenticeship training program, where we do—particularly for store managers—certificate IV. We used to do certificate II, but we have increased that to certificate IV. That is done over a 12-month period in the actual stores. We have an accredited trainer who goes to the stores to see the progress of individual store managers. For the Indigenous employees we have certificates I, II and III to get people to that level. That is also done at the store. Our area managers and supervisors, as well as our trainer, is responsible for ensuring that people go through those particular programs. So we have store employee training as well as store manager training. Sitting above that, from the training perspective, is the fact that, if you are then promoted to an area manager, you must have at least commenced your diploma in retail and, therefore, you must also have a capacity to assess training. Therefore, you can use area manager supervision for store managers as well as accredited trainers in the field.

**Mrs VALE**—I have just a couple of short questions. The Outback Stores is a prevention health model. I note that you are focused on prevention by embracing a holistic approach to health and wellbeing and you use state-of-the-art tools to measure nutritional indicators, which demonstrate health outcomes. Can you tell us about those this morning or would you prefer to leave that?

**Mr Anderson**—That is quite okay to talk about those. We measure health quite specifically on a number of indicators. One is via the level of fruit and vegetable sales in a particular store and combined across the group—we call it participation rate to the total sales. What we are measuring is how much fruit and vegetables is consumed and how much it is increasing by. We have set ourselves some very specific targets. In most community stores that we enter, there is usually less than two per cent in fruit and vegetable sales. We then try to drive those numbers—our target is around seven and a half per cent for this calendar year. We want to see it eventually get to 10 per cent in community stores, which is very similar to anywhere else in Australia. Those are the aims. We have seen movement already. We are currently sitting at seven per cent for the group.

**Mrs VALE**—Do you have a nutritional policy as part of your program?

**Mr Anderson**—Yes, we do. We have a nutritional policy. One of the very important things, which is also part of the training that the store managers undergo, is that we have in our range—developed by the Menzies School of Health Research, specifically—the key indicator foods. We measure those key indicator foods—the most appropriate foods for human health—through the point-of-sale system. We provide that information not only for the school but also for ourselves, to see where we need to make any changes in strategies. We then define that back into policies through such things as not selling confectionery at the point-of-sale counters in the stores. We would only sell fruit and vegetables. We only have bowls of bananas or oranges or apples. Tobacco is not displayed. I think the Yuendumu store is a very interesting example. When we took that store on, we never displayed or informed people that we were selling tobacco. It is for sale but it is under the counter and it is well put away. That store has the lowest percentage of tobacco sales of any of our community stores. It is running currently at about four per cent; normally we are running as high as around 17 per cent of sales. We have set a target to reduce our tobacco sales to 10 per cent and have put a policy as such in place. We have seen a reduction.

**Mrs VALE**—Do you display tobacco in any of your stores?

**Mr Kop**—No, there tobacco is not displayed. It is under the counter.

**Mrs VALE**—Have you seen a point-of-sale figure that indicates that the sale of tobacco has reduced?

**Mr Kop**—Yes.

**Mrs VALE**—Do you have any role in education and the nutritional content of food? The chair noted that we heard from one group who did not like kiwi fruit; they had never been exposed to eating kiwi fruit. Yet, kiwi fruit is chockers with vitamin C. It is really good for children and it easy to eat if you know how. Do you have a policy to promote the nutritional content of certain food?

**Mr Kop**—We try to do that by working with partners such as NT Health to try to get those messages through. Outback Stores do not see itself as providing education but rather working with the appropriate departments to get that education out there. However, to assist that, in the example of kiwi fruit, we would organise, in conjunction with the supplier, taste testings. That is one of the good ways to get people to eat.

**Mrs VALE**—Greengrocers in mainstream Australia often have promotions by a particular fruit supplier on, say, how to eat kiwi fruit—using a spoon like eating an egg. It is a great way for children to access some very important sources of nutrition. You mentioned a community market garden. Is that in all your areas?

**Mr Kop**—No, it is in two areas where we operate stores. Those communities have market gardens. Again, that is our model of engaging with communities. If communities have a market garden, we ensure we support it. That is about creating that commercial hub for the community. We do that in two communities.

**Mrs VALE**—What communities?

**Mr Kop**—Jilkminggan and Ali Curung.

**Mrs VALE**—Are these market gardens run by Indigenous people?

**Mr Kop**—Yes, they are.

**Mrs VALE**—Have they been established for a long time or was it something consequent to your store opening?

**Mr Kop**—No, they were established before we arrived.

**Mrs VALE**—Would you see planting a market garden as a good model to sell produce to the local store?

**Mr Kop**—Certainly from Outback Stores point of view, we have a very strong belief in vertical integration. The first part of the model is to get a large number of stores so we get best pricing practice into the stores. Once that exists, we vertically integrate by trying to get

Indigenous businesses to grow—for example, it might be meat. We would try to encourage Indigenous businesses to start farming meat and do the slaughtering, and supply it to the store.

**Mrs VALE**—A local abattoir, for example?

**Mr Kop**—Absolutely, a local abattoir and doing those things. There is also Indigenous transport and looking at Indigenous farms that might be growing some of the key vegetable lines. I think it is a really important opportunity. Once you have a large number of stores, you vertically integrate for the Indigenous economy and continue to grow that. Market gardens are certainly part of that. Some might be quite sustainable and can supply either a region or a particular group.

**Mrs VALE**—We found in some areas the older people remember poultry farms and pig farms that existed 30 years ago. Do you see them as a viable option for supplying the stores and complementing the supply of fresh fruit and vegetables and perhaps meat, chicken and eggs from metropolitan areas?

**Mr Kop**—Absolutely. It all comes back to this capacity building. We generally find there is a very low level of capacity in communities. How do you start to build that? From our view, it starts with a central hub, which is the store operating effectively. If you do that and it becomes a viable option, you can start to bring other viable options around that.

**Mrs VALE**—Do Outback Stores have a policy of going out and trying to establish these things in the communities or is it an opportunity that you found? Was it that there was a community market garden at those two places and you decided to source some of your fresh fruit and vegetables from them?

**Mr Kop**—Certainly the latter. It was not our initial intent, because we were not aware that those facilities existed. Normally when we engage with a community only then do we become aware of the community background and what exists in the community.

**Mrs VALE**—Would that be something you might actively encourage?

**Mr Kop**—We would certainly actively encourage it going forward. Most of our suppliers are local, and when we say they are local they are either Alice Springs or Darwin based suppliers that supply the stores. Some of them have very strong history and heritage in those particular places, no differently as we would at the community level.

**Mrs VALE**—Thanks.

**Mr TURNOUR**—Your model of operation is to be a not-for-profit organisation and to move towards a situation where you basically cover the costs of running all your stores—is that correct?

**Mr Kop**—That is correct.

**Mr TURNOUR**—My understanding of your model is that you do not own the stores—is that correct? You basically lease the premises or operate out of the premises, but the infrastructure is owned by the community or some other entity.

**Mr Kop**—All the stores that we operate, bar one store, we do not own. That is quite a strong stance that Outback Stores takes. So it is community owned; the community has a separate entity and it is governed by a committee. Outback Stores enters on fee for service.

**Mr TURNOUR**—So do you factor the maintenance of the building and all of the other costs associated with the running of the infrastructure into your bottom line?

**Mr Kop**—That is right.

**Mr TURNOUR**—So even though you may be operating in a building that is owned by the community, when the roof needs fixing or the building needs painting—all those sorts of things—that is paid for out of the operations of the store and you have factored that in.

**Mr Kop**—That is right.

**Mr TURNOUR**—Do you pay a rent to the community?

**Mr Kop**—We do not, because it is fee for service. The building and the entity are owned by the community and they engage us purely on fee for service. We deliver quite a number of services for that fee, including such things as bookkeeping, investment plans, training and all of those sorts of things.

**Mr TURNOUR**—For example, if I own a building that you operate a store out of and something breaks down, you would ask me to fix it, but what you are saying is that you actually do all the maintenance and fixing of those things.

**Mr Kop**—We do.

**Mr TURNOUR**—So although the title is there it is a different model than in a mainstream community.

**Mr Kop**—It is, because there is no administration and there are no people; therefore you find very simple things, such as food or tobacco licences or anything like that, may just not exist. Proper insurance does not exist. Outback Stores picks up all of that and manages it on behalf of the community. So it is outside of the normal scope of a fee for service that you might enter into. It would not happen that way in mainstream Australia, but Outback Stores picks that up because it recognises that the capacity does not exist. We provide all of those services to ensure that the community can grow to get capacity so that it becomes sustainable.

**Mr TURNOUR**—How do you grow the capacity in the community in terms of the ownership of the store?

**Mr Kop**—Normally when we take a community on we work with the community and say that there needs to be a very strong governing body in terms of how the store is incorporated. We

encourage such things as being on the ORAC, which is the registrar of Aboriginal corporations, which has strong investigation powers and which also offers training to help communities to become much more capable of managing their affairs. Outback Stores provide training in things such as financial literacy through our Money Story. We ensure that that is held on a quarterly basis, and then we also start providing training internally in the store for Indigenous people. In the last course intake we trained three Indigenous store managers and one has actually just gone into their own store. What you then do is build that from within in terms of getting capability within that store in terms of store and financial operations as well as governance, through ensuring that there is a proper entity in place.

**Mr TURNOUR**—So you basically have an ownership structure around each individual store in a community.

**Mr Kop**—That is right.

**Mr TURNOUR**—What sort of ongoing evaluation have you got in place in terms of capacity building in relation to that? Have you got any external evaluation? I suppose I am asking because what you described earlier on I can understand in terms of community ownership but, effectively, it sounds very much like Outback Stores are running the show. In terms of capacity building, how are you evaluating that capacity building? We can say, ‘We have got people working in those stores now who are Indigenous,’ but, in terms of the community ownership model of governance, have you got or do you have any plans for any external evaluation of that, particularly in terms of the assessment you make, when you go into a community, of the governance structures at point dot? You have major expansion plans. Say five years down the track, what is your understanding of what changes will have gone on, not in your store but in the governance of the community and of that store? Are you doing any work in that area?

**Mr Kop**—No, we are certainly not doing that at this point. Outback Stores is just over two years old, and we are trying to build the basic building blocks at this point. I certainly think that is an opportunity for us going forward but, no, we have not done anything in that area.

**Mr TURNOUR**—I think that this is something you will be open to, just from having some experience in this area. We are coming up to some criticism, where people will say, effectively, ‘You are going into a community, and you are saying it is community owned but you are taking the building over, you are maintaining it, you are doing everything—effectively, you are just running a store in the community.’ You have got the committee there, but I can just see the risks associated with that. So that is something that you might want to do some work around—that would be my suggestion. I would be interested in that as well.

The other issue I am interested in is your business model. You have outlined in your submission—a very good submission—your expansion plans. We have touched on already, in some of your evidence today, the economic viability of some of the communities you mentioned, with populations of under 200. Does Outback Stores have a policy on that? What is it planning in relation to the longer-term sustainability of the organisation and its decision making on where it is looking to develop? Do we risk having all these small communities with stores that still are not functional and sustainable, and government not necessarily addressing those issues, and communities not being able to get access to good quality fruit and vegies?

**Mr Kop**—For Outback Stores, we have a hybrid program—we must balance having social responsibility with commercial reality. We do not have a large portfolio of unviable stores within the Outback Stores group, because fundamentally it would put Outback Stores at risk. So some of these things have not been addressed from our perspective. We have been talking to government about where there needs to be further investment, and we have outlined that very clearly to government in the meetings that we have had.

We believe that investment should be in unviable stores outside of the Northern Territory because there is no funding for that at the moment. It should also be in housing for store managers. To put people into communities like that can mean sometimes putting them into very diabolical situations, and therefore we cannot put people into those situations. The third aspect is around store infrastructure. If stores are to be there for a long time, infrastructures need to be upgraded, and these are fairly expensive exercises. We have said that Outback Stores has never been funded to take any of that on board. We can certainly give out commercial loans. We can certainly look after stores that are unviable in the Northern Territory, but not beyond that. Government is very much aware of that, but we have not yet had a response on that.

**Mr TUNOUR**—So it sounds, from your evidence, like you have done some analysis of stores across the length and breadth of Australia in terms of outback communities, and made some assessment of which ones you think might be viable and which ones are not viable and what sort of infrastructure is needed.

**Mr Kop**—Yes.

**Mr TUNOUR**—I can understand the commercial-in-confidence nature of that sort of work, but I think that work would be very valuable to this committee in terms of some of the recommendations that we would make. We would ask again if you could seek permission from your board if necessary to provide that information to this committee and maybe have an in-camera discussion around those issues.

**Mr Kop**—Certainly.

**CHAIR**—Is it fair to describe you as a not-for-profit franchise?

**Mr Kop**—I do not think we are a franchise, because if you are a franchisee you sign up to the franchise as such, and we do not brand the stores. The stores are individually owned, they have their own incorporation and they stand in their own name. It does not say, ‘Outback Stores’ on those stores. So we do not see it as a franchise.

**CHAIR**—So there is no investment in the brand?

**Mr Kop**—No, there is no investment in the brand whatsoever.

**CHAIR**—I understand that you do not come into a community and operate a store unless you are invited to do that?

**Mr Kop**—That is right.

**CHAIR**—Are you ‘evangelical’? Are you out there trying to encourage people to invite you in?

**Mr Kop**—That is an interesting question. From our perspective, we certainly approach communities and say, ‘We’re interested in having a discussion and we’d like to talk about what we can offer.’ The community has the right to say that they are willing to listen or not. There are three ways in which we would approach communities: firstly, it might be through a government agency or another connection—that is, we have been referred; secondly, we might make a cold call, and that is probably the lowest that we do; thirdly, normally the community will invite you in. Those are the three methods of approaching communities. We have a specific business development plan that says where we want to go. We try to cluster the communities, not spread communities over a vast region. Naturally, if we have them in a cluster, that is where you will get the greatest efficiencies in terms of freight and supply. You will normally find that communities are very mobile and they talk. Therefore, you normally find that, if something happens, a referral will come through. Most of our work has come through a level of referral.

**CHAIR**—Obviously, if a new community wants a store, that is fine and that is a good thing. I will ask the question in another way: if you look five years into the future, do you hope that you will be running more than 27 stores or do you not care how many stores you run?

**Mr Kop**—Absolutely. For the Outback Stores model to be viable, we need to run more stores. We would not be able to do that. There are two ingredients for success: the stores must be viable, but our back stores must be viable at the same time.

**CHAIR**—Freight is clearly a big issue in the management of stores. How do you address that issue? Do you have one freight supplier? Could you talk about that a bit.

**Mr Kop**—We have various freight suppliers. It depends on the region we are in. Once we have a cluster of stores, we negotiate. We are currently busy renegotiating a number of freight contracts. Freight is an expensive part of doing business, but Outback Stores sees that exactly as we state: it is part of business. It is up to us to ensure that we get the best possible freight deal. It is about constant negotiation. We have very different freight providers in different regions across the country. Freight varies. It could be as low in a store as two per cent of sales and it goes as high as 16 per cent of sales. You have both ends of the scale. The norm seems to be somewhere around the four per cent to six per cent of sales.

**CHAIR**—Are there any rules of thumb, such as wanting to make sure there is a freight delivery every week? Can you say stuff like that across all stores that you operate? Do you ever use airfreight? Do you have any rules of thumb like that?

**Mr Kop**—We have some rules around freight. First of all, the freight provider you utilise must absolutely meet food standard practices. We are talking about keeping cold chain in place and those sorts of things. That is non-negotiable. The second part is specifically around what type of freight providers there are and whether we believe they can actually leverage accordingly. It is then about negotiating the best deal. We look at minimum deliveries to stores. Most of our stores have weekly deliveries. We aggregate those deliveries of course so we get the maximum freight benefit. There are only about four stores at the moment that would have a

fortnightly delivery. It is simply driven by the perishable aspect—what is the absolute life that you can get out of the dairy and produce lines?

**CHAIR**—Do you use any airfreight?

**Mr Kop**—We sometimes use airfreight, but we only use it in an emergency. We have used it when stores are stuck in the wet, flooded out and running out of key perishable lines. We usually stock up in those stores with more frozen vegetables and lines of that nature before the season starts. There is milk and other things that we will fly in during those seasons, but that is a rarity; it is not a common occurrence.

**CHAIR**—We have had some evidence that the maintenance costs in remote communities are very different to what they would be in Darwin, Melbourne and Sydney—that is, because of access to tradespeople and, in cases where communities are near the sea, because of rust and that kind of thing. Aggregating what you do, do you get advantages in that area as well in getting better equipment, better deals for maintenance and that kind of thing?

**Mr Kop**—Certainly on assets we do, because we have a very strong board. It is a totally voluntary board but it has extremely good connections in being able to leverage larger organisations throughout Australia. Specifically on racking, refrigeration and things of that nature, yes, we are able to leverage very well, including some of the computer point-of-sale equipment. Companies really come on board and want to assist with that. So, yes, we leverage on that.

When it comes to maintenance, it is a lot harder because it is regionally provided. Again, it is about getting clusters of stores and then trying to put maintenance contracts in place for those particular stores. There are also opportunities where people already exist in a community and it is a question—coming back to the point about market gardens—of how we tap into those. We certainly are not advanced enough compared to where I would like us to be.

**CHAIR**—Correct me if I am wrong, but part of the rationale with the establishment of Outback Stores was to try to get the best and brightest brains in the country around retailing and have them apply their brains to the particular issue of retailing in remote communities. Do the two things translate? Is the task of retailing in Melbourne translatable to the task of retailing in an outback part of the Northern Territory, or is it really a different problem or task that you are dealing with?

**Mr Kop**—Retail principles all over the world do not change. You can be in remote Australia or you can be in any other part of the world, in some very large Third World countries, where retailing also exists and the principles have to be right up front and be put in place. Again, it comes back to the view of why we do not believe in subsidisation in the first instance, because you do not clearly understand what the true costs are and whether you are really working those costs to get to the lowest possible price. Certainly, on retail principles you must have some form of buying capacity and power, and it is how you can make that happen to get the best possible price. You need to do the same in freight and you need to have basic, proper retail principles in place at the store. The only way you will do that is by having people who are properly trained and supervised in stores. If you have people in very remote parts of the country who have not been properly trained and who are not supervised, you have cash in the stores, lots of goods and

lots of other governance issues that can very easily slip away. It is no different to anywhere else in Australia. Store managers are trained and they are supervised. It is about bringing the same practice and model into remote communities.

**CHAIR**—Thank you. As I said, we will probably get you back again when we head up to Darwin but we really appreciate your evidence today.

[11.29 am]

**FERGUSON, Ms Jan, Managing Director, Desert Knowledge CRC**

**ROLA-RUBZEN, Dr Fay, Core Project Leader, Desert Biz, Desert Knowledge CRC and Associate Professor, Curtin University of Technology**

**CHAIR**—Welcome. Would either of you like to make opening statements and then we will ask you some questions?

**Ms Ferguson**—For the benefit of people here I will explain what we do. We are a cooperative research centre funded under the Australian government Cooperative Research Centres Program. We have funding from the Commonwealth, from other governments and from universities. That brings together a collaboration which looks at desert research. We look at a series of issues in the desert. We do some things that are topical but we mainly do longer term research so that we can understand what is happening in that 70 per cent of Australia that is regarded as the desert. I just suggest that you go to our website, rather than me taking your time here today, because our work is very broad.

One of those aspects is research that Fay has led where we have looked in-depth at desert businesses. We have looked at all sorts of desert businesses—why they exist, why they are successful, why they fail, how many of them are there and what do they contribute to Australia. We have come up with a series of interesting pieces of information. We have four times as many small businesses in the desert than we have in any other part of Australia. We contribute \$90.5 billion to our gross revenues. Small business is a significant thing of which community stores are very much a part. Fay's work has been done on two bases: looking at global information and national information, and actually condensing it into about what small business means to the desert. There is also some case study work and one of the elements of the case study work which Fay led was actually looking at the Outback Stores model, which is why we responded to your inquiry.

**Dr Rola-Rubzen**—As Jan mentioned the submission that we did for this inquiry is based on our research that we actually conducted looking at community stores, in particular Outback Stores. Essentially what we have done was to talk to John Kop, the CEO of Outback Stores. We also spoke with four store managers from three communities, with community members, with local employees, as well as a health officer in one of the communities.

**CHAIR**—Do they work?

**Dr Rola-Rubzen**—Yes. Basically our submission is based on that but also on our observations as researchers working in several desert areas. One of the observations that we have made is that there are several working models of community stores. Some of the community stores are running very well and some are not. One of the successful models is Outback Stores. Essentially, at least in the three communities that we spoke with, they were quite happy with the improvements in food availability and food access after Outback Stores had come into their communities. Examples would be positive effects on employment, positive effects in terms of

access to food, the availability of fresh fruits and vegetables, and also access to other basic commodities such as clothing, as well as household appliances, which most people take for granted in other areas. So there is increased access to that. In addition there is also increased understanding by the community of how the store works and how profits are distributed. So in those aspects it is actually quite positive. Some of the community members we interviewed said that the prices were still high but had actually gone down compared to the situation before Outback Stores.

**CHAIR**—Amongst the communities that you observed, is there a sense of a loss of ownership of the store with Outback Stores coming in? Or was that not an issue?

**Dr Rola-Rubzen**—In the three communities that we have included in the study, it is not an issue, because it was clear to them that the community store is owned by the community and that Outback Stores was there offering a fee-for-service arrangement. So it was not a big issue. I think the critical thing is how to communicate that to the community members so it is clear to them what the role of Outback Stores is. I heard John mention a while ago that one way they are letting communities know is, for example, by providing some information about community stores. But in some communities that we went to they were saying that members of neighbouring communities are inviting Outback Stores to their community after seeing the improvements in the community, which can be a positive for that neighbouring community but not necessarily for their own community where Outback Stores are present, because they are saying that they might lose these customers.

**Ms Ferguson**—That said, that was just in three communities. We are very widely distributed across Australia. It is fair to say that some of the commentary that we pick up in some of our other travels would support what you are saying, but we have not done it in a strict research methodology. Some communities feel that the store was something they were terribly proud of and that it ran quite well but that when the intervention came along they were not quite able to deal with the basic essentials card because they did not have all of the computer technology that needed to sit behind it for that to operate. Their store got a bit shaky. They now have the Outback Stores model, and they feel the loss of, probably, an identity thing as much as anything else; they are not complaining about the food stock or those sorts of things. That is why in our submission we said it is not the only model; there are other models which function and are effective.

**CHAIR**—But the tenor of what you are saying is supportive of this model.

**Ms Ferguson**—That is right.

**CHAIR**—You spoke to the local store managers, obviously, as part of your study.

**Ms Ferguson**—Yes.

**CHAIR**—Do you get a sense that there was a significant amount of control over the store which was retained locally? I do not know if you had the benefit of the previous questions, but something that we are interested in is the tension between needing to aggregate and therefore getting buying power, which is a laudable objective, and making sure that in doing that you do not lose the control over the particular running of a store so that it can respond to the needs of

the particular community. Did you get any sense of that in talking to the store managers with the Outback Stores?

**Dr Rola-Rubzen**—With the store managers, it is our interpretation that there are some lines that they have to carry: things like basic food commodities, including a certain number of fruits and vegetables, should be available in the store. But it seems to me that they are also open to other suggestions by community members, so they take orders that are not normally ordered by the store. So they are flexible in that manner.

**CHAIR**—And they can order different lines beyond what the core lines are?

**Dr Rola-Rubzen**—That is my understanding.

**CHAIR**—But there are certain lines that they must carry.

**Dr Rola-Rubzen**—Yes.

**Mrs VALE**—I would like to know about some of your experiences regarding the food chain of bush tomatoes. I thought that was particularly interesting. Is there anything that you would like us to know about that? What are the disadvantages and advantages of having community gardens within some of these local areas?

**Ms Ferguson**—There certainly are advantages. We have done a huge amount of work on the value chain of bush tomatoes, choosing that particular fruit because of its high nutritional components and also because it is the one in most demand by any of us because it has a very pungent sort of taste. That is why we have worked with that, but the model is equally applicable to other varieties. There certainly is the capacity, as the gentleman before spoke about, to work with sourcing local supply. We would see that capacity as being there in the future. In a different project from the one that Fay runs, we have been looking at an Aboriginal distributorship or co-op that works in the bush tucker industry, and we are in the process of assisting them with some legal advice about how they form themselves up. They are spread all over Australia, and they come from the notion of providing food both into the gourmet chain and for the basic needs of their communities. We have also done a lot of work with some of the communities that were mentioned by the earlier fellow. He was talking about understanding horticulture and particularly understanding value chains. One of the things in what you are doing that communities do not understand is the value chain from where something is picked to where it ends up on a shelf in a supermarket. So they become a purchaser at a store but they do not understand any of the lead process through that.

This information will probably be publicly available before you print, but we have just completed a video on a series of Aboriginal women walking the value chain. They went from the point where they picked their bush tomatoes to the point where the tomatoes were put on the shelf in Coles and sold. They saw what placing they got on the supermarket shelving and why they got that. One of the things you are working with is people who understand the bit that is in front of their face—for instance, they pick bush tomatoes, which are then vacuum packed and treated to get them safely to the next stage—but they do not understand the rest of it. We have found that you need to work with the whole value chain approach so that people understand the complete continuum, rather than just the bit that affects them. They can finish up extremely

vulnerable if they understand only the piece they are asked to work with, so we have been expanding their knowledge, particularly looking at entrepreneurship. One of the reasons we had a look at the community stores model was that we are concerned that, if you have only one model, there is only one model of entrepreneurship that develops and small businesses do not develop. We believe that one of the changes that need to occur to really make a difference in a lot of these communities is a growth in entrepreneurship. If you have only one model, you do not necessarily have a growth in the entrepreneurship of those particular communities. Certainly, with the bush foods industry, there is a huge capacity for growth in entrepreneurship. I would encourage you to have a look at our website, because there is a lot more material.

**Mrs VALE**—When you talk about bush tucker and bush tomatoes, are these tomatoes in normal mainstream society? Are they the little red tomatoes that are cultivated or are they ones that are picked opportunistically within a bush setting?

**Ms Ferguson**—By a quirk of fate, I have some in my car. I will bring them in and leave them at the table and you can look at them over lunch, but do not eat them in that form. They are little green tomatoes and are part of the same family as any tomato you may eat. They are picked and dried and then used in the making of chutneys, sauces and what have you. They are from the same family as you would know as a tomato but they do not look like a red tomato. There are poisonous varieties so there is quite significant knowledge in knowing where they grow and which ones are safe. We worked on the safe packing and treatment of these bush tomatoes so that the whole food handling side of it is dealt with and you do not get bugs and what have you in them. I will bring them in and show you later.

**Mrs VALE**—Thank you. So they are not actually cultivated. They are picked from the bush as they grow wild.

**Ms Ferguson**—At the moment they are. There is a group that have been working with us around some small plots, and there are some people in South Australia from another group, where they are in commercial supply. But it is at the experimental stage at this point in time. That is not to say that it will not change. We have been working with a plot here in Alice Springs and we have been picking the varieties that have the capacity to be commercially grown. We are in the process of going forward with the next CRC bid, which will look to plant breeders' rights for Aboriginal people so that they own the plant breeders' rights of the bush tomatoes. We have taken the native fruit, seen how it grows in the wild and discerned which ones produce the most fruit in a commercial situation, and we will take it on to commercial horticulture. In the meantime, we have worked with a number of communities around their own plots in their own locations.

**Mrs VALE**—Do you intend doing any research on other opportunities for Indigenous people to create local produce—perhaps chickens, eggs or beef; having their own abattoir or running pigs?

**Ms Ferguson**—We do. Earlier we mentioned the work on camels. We have done a lot in terms of that work. We have put in for money to bring some of that forward under Caring for Country, more from an environmental perspective than from the perspective of the industry. We are working with people around what that industry might look like. One of the things that come from having a cooperative research centre working across the 70 per cent of Australia which is

sparingly populated is that you get people with a lot of knowledge finishing up in these communities. There is a group at Wiluna—are any of you from Western Australia?

**CHAIR**—I know where Wiluna is.

**Ms Ferguson**—There is a group at Wiluna, and we have gone in there working with them on a bush products kind of line. They wanted to do chickens first and a whole series of other things, but that is not directly related to our research. However, we can either put them in touch with the expertise with which they need to do that or assist them ourselves. We do a lot of what you would call community development, not so much research. Somebody who is knowledgeable in your community gets asked for a lot of information, which we go out of our way to provide. There is a lot of interest in that whole chicken and eggs scenario, and we have been working with the communities that we work with to ensure they have the capacity to do that themselves. We do not use the words ‘capacity building’. We tend to work with people to assist them to find the information so they build their own capacity. It does not come from us.

**Mrs VALE**—You facilitate?

**Ms Ferguson**—That is right.

**Mrs VALE**—Thank you.

**Mr TURNOUR**—Thanks for your submission, Ms Ferguson and Ms Rola-Rubzen. It is good to have some independent third party looking and you do focus on the outback stores, which would be particularly of interest to us. Have you done any work on the issues around what is a viable population base or what is the basis of a viable store? You have touched on subsidies and a whole range of other things in your submission. But in terms of advising policy makers, how do you actually deal with that issue of—

**Ms Ferguson**—what is viable and what is not?

**Mr TURNOUR**—Yes.

**Ms Ferguson**—We do not use the word ‘viable’. We make a very significant use of the word ‘sustainable’, not the word ‘viable’ because it implies that you will exist or you will not by some arbitrary measure that somebody somewhere removed from you has decided. So we work with communities to actually talk about sustainability and we are currently planning the next wave of research which will look at that in significant depth. Obviously, there are scale elements that come into the delivery of any service in these very sparsely populated areas. One of the things that we have found is just because somebody makes a decision that a community of X is viable that does not mean people will shift. People will be culturally associated with their land. We have done a piece of work at Ti Tree in looking at Canteen Creek and why people have not moved. All of this is on our website. None of it is publicly available. We have done a piece of work looking at why people stay there. It was a situation where for every logical reason you would think they would move closer to the facilities of Ti Tree, but they have not. I would really encourage people to understand why people want to live where they live, rather than come up with an arbitrary number that makes things work or not work. We did do a piece of work on the typology of settlements.

**CHAIR**—Sorry, that was?

**Ms Ferguson**—Typology, as to what are the types of them. You have ones and lots of little ones. Are there 150? Are there 250? All that is on the website as well. That was a way of saying, ‘Let’s take all of the emotion out of this and let’s just look at what it is about.’ They fall into four or five groups. There seem to be elements where you get to a certain population level and schools become more sustainable in the sense of what they can offer, staffing them and with people wanting to live there and those sorts of things. As I said, I would encourage you to look at that work if you are interested, but it was very simple: we needed to have some breakdown and understanding of what these settlements were like. We have not done the work on viability because our other research would suggest that people will determine where they want to live and they will not necessarily be moved by elements of public policy that determine that they should shift.

**Mr TURNOUR**—I understand what you are saying, and I will use the term ‘sustainability’. We have had arguments put to this committee that we should subsidise, that people cannot access good-quality fruit and vegetables and eat a healthy diet without the government subsidising it, and that the outback store model cannot work because you cannot actually run stores in outback communities and have people access good-quality fruit and vegetables without some sort of subsidy. What are your thoughts in relation to that?

**Ms Ferguson**—We do not come from that position, although I will get Fay to comment as she is the economist, not me. People find other means of surviving. I personally come from a very small community in the northern Flinders Ranges and no-one has ever told us we are viable or not, and we all go there and we all still have houses there and we all still live there. I think people will still continue to live in some of these places. They will find other ways of servicing their communities and buying things, so they will come to Alice Springs and they will purchase monthly rather than weekly or whatever you and I might choose to do because of the convenience we have of Woolworths or Coles down the corner.

I am not sure that that actually pans out. We have a fairly modern means of transport these days and I think people will live with a level of inconvenience and probably less freshness in their diet in order to live in some of these remote places. From our perspective, I am not sure that that argument is necessarily sustainable. But there are areas where you are working with market failure, and the gentleman mentioned that before. It is not a market which is open to the likes of Woolworths, Coles or any of those, but it is a market that is open to your small entrepreneur who wants to do something.

We did another piece of work on the relative poverty of a series of the Aboriginal communities in north and South Australia. It came out with an absolutely counterintuitive finding that the relative poverty was worse close to Port Augusta than it was in these remote communities. I know that country really well; it is where I come from. I was absolutely staggered at the findings that the relative poverty was worse close to Port Augusta, where you do have all the cheap things and you have access to food and all those things. People find ways around those sorts of things. I do not know that that argument is sustainable.

**Mr TURNOUR**—Fay, do you want to comment on that?

**Ms Rola-Rubzen**—In our research, we did not look at the specific number when we looked at the long-term sustainability of the stores. But for a store to operate economically in the long run, there would be a certain level of sales volume required, but, as I said, that was not covered by our research. However, we have noticed that there are several models and Outback Stores is just one of them. In areas where the population is really small, there are other models like the ‘bush and spokes’ model and bush deliveries, for example, that are working well. I think that is one area we need to look at.

I think Outback Stores has a comparative advantage and a reason to get into areas where market failure exists—for example, where normal businesses would not operate because it is not commercially viable or economically sustainable for them. Probably there is a need for some sorts of subsidies, whether it be freight or whatever. People living in those areas are hit by the dual forces of higher prices and low incomes. Without some sort of subsidisation, their wellbeing and health would be affected.

Also, you need to look at what models exist. The danger of supporting one particular model is that it might exclude other businesses and stifle entrepreneurship. We really need to be careful with those things. Also, if support is given to a particular model, you should look at other models as well because it seems like one size does not fit all. You really need to look at each situation. That is what we have found in the different communities that we are working with.

**Mr TURNOUR**—Thank you very much for your evidence. It has been very useful.

**CHAIR**—My question is around the procurement of local produce, the future of that and the extent to which communities are sustaining their diets outside of purchasing from the stores—I guess, through hunting or other traditional means of acquiring food. There has been evidence to suggest that subsidising food in the way you have said has changed behaviour in remote communities which has resulted in less activity to procure food from that area. Do you think that is right? Some communities have asked why they need to do that because people who live in Melbourne or Sydney do not have to go out and hunt their own food; they have stores. Is there a capacity for local produce or locally procured produce to be made available and to create a business out of that which the stores could distribute?

**Ms Ferguson**—Yes, there is, but it is useful to see that in the context of livelihood. It will never actually support somebody in the smallest of communities. A community garden will make a huge difference, but it will never actually provide somebody with a full-time job. It will be part of a livelihood that builds through a series of ways of earning a living; it will never be the full-time thing. We have worked with blended economies where you have a lot of little things to make something work. We would not see any reason why that cannot work. There are a whole series of issues that have to be faced such as water accessibility—the quality of water, the potability of water at times. There are a whole series of things that have to be looked at. It is certainly not going to work everywhere.

**Dr Rola-Rubzen**—In some of the communities that we actually spoke with, not necessarily just for the community stores study that we did, there is a lot of desire to develop enterprises. In one community that we interviewed specifically for the community stores research they are a bit concerned that Outback Stores might be procuring outside and not locally. They are saying that it would be good if Outback Stores procure, for example, from the local butcher or market gardens.

In fact there is actually a potential for strengthening that link so that it supports economic development in the area as well.

**CHAIR**—On the question of subsidies do you think there is a risk that in subsidising stores in remote communities that does have an affect on behaviour where less food is procured locally? Do you understand the question?

**Ms Ferguson**—Yes.

**CHAIR**—The point has been made that people have been living here for thousands of years clearly without government subsidies. There was a comment made earlier today that without the government subsidies people would be starved off the land. An interesting point was made in relation to that.

**Ms Ferguson**—I think there are a series of other reasons. We have come at all of our science from a systems perspective so the reason we are struggling with the question is we do not think it is as simple as that. There are a whole series of other social things that come into play with life on any community that create the outcome you are mentioning. It is not as simple as subsidising the food which gives you that outcome. It is a whole series of other things such as the procurement of a lot of services from outside when they would have been, in the past, done in the community or the lack of a maintenance culture in the community itself in some of these communities that are a little bit newer than others. There are whole series of things which means you do not have a livelihood kind of way of looking at the world and so you get that outcome that you are talking about.

**CHAIR**—The question then is: does a subsidy continue that situation or would removing a subsidy encourage a greater independence?

**Ms Ferguson**—I think it probably goes to the reasons for the subsidy. I am going to answer your question in a roundabout way. We certainly saw a significant impact when the price of diesel went through the roof a few months back. We did see significant impact on the price of basic commodities because the freight went up. It is potentially a freight-equalisation thing, but I do not think it is actually subsidisation of the food that is going to give you what you are looking for. If Outback Stores and the like can purchase at the same price as anybody else it will only be the freight that causes the differential.

**CHAIR**—Evidence was given this morning, which is broad and anecdotal, to go back 30 years and 90 per cent of the food intake was through bush tucker and 10 per cent was through the stores. Look at the same issue now and 95 per cent of the food intake is through the stores and five per cent is through bush tucker. Do you think that is right? If so, why do you think that has happened?

**Ms Ferguson**—It is potentially right in the sense that in some places it is potentially true, but I think it is more related to social issues affecting Aboriginal communities than it is anything that you do in stores with food subsidies. It is related to a growth in the Aboriginal population, which we are not factoring into budgets and the like. It is related potentially to movement in and out of town for the bright city lights attraction, which happens for any kids in the teenage years. It is

related to social issues, which I am sure you are aware of, such as alcohol and substance abuse and those things. I do not think it is related to the direct subsidy of food.

**CHAIR**—One of the issues that was raised in answer to that question by a previous witness was the affect of camels on the environment. Is that right? In other words, it was put that the infestation of camels actually had had an impact on the availability of local products like kangaroos and hunting and the opportunities were much scarcer than they were 30 years ago.

**Ms Ferguson**—That is absolutely true of very remote communities. Camels do not walk around Alice Springs, but they do walk around in areas remote from Alice Springs. They have almost completely denuded the quandong population. The quandong is very high in vitamin C and is a highly sought after commodity. It can also be dried and used at other times of the year when it is not available fresh. Quandongs are virtually unavailable in any of those bush communities as a result of the marauding behaviour of camels. They also have significant impact on waterholes and rock holes, so the water supply for the smaller flora and fauna is diminishing because camels not only drink the water but make a huge mess of the rock holes by their behaviour sitting around it. That is absolutely true: camels are a significant issue—and we have done all the research to prove that. The changing ecology of the bush as a result of camels is just one of those systemic factors that impact on the availability of bush tucker.

**CHAIR**—The thesis that was given by witnesses this morning—and I put this to you to see whether you agree; they certainly did not say this was the exclusive reason, but they did say it is a very big reason, as I think you just indicated—was that, because the camels had denuded the land and prevented it from being used for traditional hunting and food gathering purposes, that had created a greater reliance on the stores.

**Ms Ferguson**—I would suggest that is absolutely true. The other thing that we found in our research is that people are actually frightened of camels. Where once they might have gone out on country, slept out and either gathered or hunted bush tucker, we have some evidence, albeit only from a couple of communities, that they are frightened of the behaviour of camels and so are not travelling the distance they were for those cultural and food-gathering purposes.

**Mrs VALE**—Are they aggressive to human beings?

**Ms Ferguson**—They are just very big. I do not personally find them the most pleasant creature—I get myself into trouble saying that—but they are very big animals. If you are camped out in the bush asleep and they move through a patch where you are, they can be intimidating. They are very big animals.

**Mr TURNOUR**—Changing the topic from camels, you talk about the ability to encourage entrepreneurship in communities. Relating particularly to the terms of reference of this inquiry, have you done any work on welfare and the impact that has had on entrepreneurship in communities? You talk about small communities and non-Indigenous communities surviving and becoming sustainable because of the entrepreneurship or the capacities within the community, so I am interested in whether you have done any research in relation to that.

**Ms Ferguson**—No. Our research has been done more around how you support the growth in entrepreneurship. The research indicates that smaller, more well-directed government assistance

programs are most effective. People do not understand larger programs—there are too many and they are mainly web linked, so people cannot access them. Our research has been around what exists, what people are accessing and how they are finding what works. We have not looked at a direct relationship to welfare. Our experience of working in communities is that there is often significant enthusiasm for the growth in entrepreneurship and how to create a livelihood through what you do. A lot of the interest comes from the women and we actively seek to fete that.

**Mr TURNOUR**—Fay, do you have any comments on that?

**Dr Rola-Rubzen**—We are actually conducting research looking at what sorts of enterprises exist in the desert and what potential enterprises there are. We have not really looked into welfare as it is; however, one aspect of our studies is to look at the impact of small and medium enterprises in the desert—the multiplier effects on the individual, the wider community and the local economy as well. We are hoping that by the end of the year we will be able to present our findings.

**Mr TURNOUR**—I come from Queensland. Have you done any work on the Noel Pearson thesis about welfare dependency and how that has made communities less capable of solving problems, being entrepreneurial and taking up business opportunities?

**Ms Ferguson**—No, we have not. We have gone out looking for entrepreneurial opportunities and building the entrepreneurship of the people who are there, and we have not had any struggle with that. They work that Fay mentioned, which we have not published yet, is on our website in working papers. We have done some work on the multiplier effect to local communities. For example, culture and tourism have a higher multiplier effect in local communities than mining or pastoralism. So we have also done the work in terms of: if these people want to go into entrepreneurial ideas, what makes the biggest impact on their community? That is so we can understand where investment should occur. But we have not entered into the welfare debate. CRCs go forward with a pattern of research that you get funded. It is around commercial attributes and based on the guidelines of the previous government. So that would not have been within our frame.

**Mr TURNOUR**—You were challenging us before about us being narrow. So I suppose I am challenging you about whether you are out there developing businesses. There is a whole discussion going on in the community about the role of welfare and how it impacts the communities. You are effectively saying to us that you have not actually looked at that or you are not considering that. I am particularly interested in how this relates to this inquiry around stores. You commented about entrepreneurship and stores and all those sorts of issues. So I wonder how you can choose to research this area but then say it is not a systemic issue. I think that is effectively what you are saying.

**Ms Ferguson**—No, we are not saying that. What we are saying is that, when you get funded under the CRC program, you get funded around commercial research and developing businesses and economic impact indicators.

**Mr TURNOUR**—But you are arguing that you are taking a systemic approach. I have a degree in agriculture, and I have done a bit of work in the systemic area. The argument that we are now in a silo and the CRC does not fit with that argument—it is a different area but I am just

challenging you in relation to your response in terms of the welfare issue. It sounds to me like you do not want to move into that area because it might be difficult.

**Ms Ferguson**—No, do not get me wrong. We would take it on if it was something that we could attract funding for. But it is just not within what we sought funding for.

**Mr TUNOUR**—I suppose my argument is that you have effectively said that you are working around the entrepreneurship issues but you do not think welfare will impact on that. I do not see how they are separated.

**Ms Ferguson**—I am sorry I have given you the impression, but that is not what I am saying. I am just saying that is not an area of research that we have gone into. Others may have done so, but we have not.

**Mr TUNOUR**—Maybe I should take this up later, but I do find your responses quite surprising. You say that you have gone out to look for entrepreneurial opportunities and looked at how you can research and do all of that, but the argument is often that people are caught in a welfare dependency trap. That is the argument of Pearson and others who support that. You have not actually taken that up and considered that in terms of the research.

**Ms Rola-Rubzen**—In our case, the Desert Biz project, when we started we were focusing more on the business situation. We were looking at how to support entrepreneurship. We really need to understand that situation. I think there is a big difference. Because we are research, we are not community development. We are focusing more on the research aspect of it. In our research we worked with selected communities in a participatory action research framework. We were able to work with them in developing enterprises that the community has identified as important to them. We identify the issues that need to be addressed and the support that is needed. In an action research framework we work in collaboration with the communities in supporting them, in some cases it is not us providing the service we just facilitated it; we bring in other people. As researchers we then try to find out the critical success factors that will help them. But you are right that it is not just entrepreneurship, because it also has an impact in terms of their wellbeing. We are not just looking at the economic aspect of it. We are looking at the social, environmental and cultural impacts of it. As Jan mentioned, we are looking at it from a holistic level. We are looking at it from a systems point of view. When we look at the desert, it is not only the enterprise but also, for example, environmental resource management.

**Mr TUNOUR**—I hear what you are saying, but there is no time to discuss it here. But I imagine that the evidence we have received in terms of some of the drivers of the local economies and wealth is an important part of that, and I would have thought it would have been part of the system that you would look at.

**CHAIR**—Unfortunately we are going to have to wrap it up. It is a very interesting line of discussion and it would be good to keep it going. We might do that offline, but we are running out of time now. Thank you both for giving us your time. We really appreciate it. As I said, we may ask you further questions offline later.

[12.10 pm]

**KLOEDEN, Mr Selwyn, Store Manager, Finke River Mission**

**CHAIR**—Welcome. Selwyn, would you like to make an opening statement? Then we will ask you some questions.

**Mr Kloeden**—I will add a couple more things to my submission. Healthy food is tied directly to a healthy environment: school, housing et cetera. When you have dogs going through rubbish bins and a lot of cockroaches in housing, it is difficult for people to prepare healthy food. I have no problem in providing healthy and fresh food, but what happens to it after it leaves the store is the area of my concern. The people need to learn how to cook. I will give you a quick example. A nurse had several young teenage girls camping overnight and they asked to cook eggs and bacon the next morning. She gave them the eggs, bacon and a block of butter. The girls used the whole block of butter to deep fry their eggs and bacon. Within the next two or three years, those girls will probably have their own children and they will be teaching their families the same things. So, to me, the availability of good food is not the problem; it is about what happens afterwards.

I believe the people in our community deserve the same quality of service and store that we expect in our towns. I need to concentrate more on that area myself. Another concern is the cost of getting tradesmen out to do repairs et cetera on our refrigeration or electrical equipment. We are very close to Alice Springs and yet it still costs us \$800 before they even start work. When you have an electrician out up to 10 times a year, that is \$10,000 before any work gets done. That is a major cost to us. I do not know how that could be regulated or subsidised. I would find that a good option.

Another area is the Centrepay deduction guarantee. We can sell whitegoods to our customers and they are approved by Centrelink, but the payments are not guaranteed. Centrelink gives the approval, but we have no guarantee that we will get the money from the people. That needs tidying up. Particularly over the last several months—because we are getting so many kids to school now and there is a requirement that kids turn up at school with clean clothes—people want to buy washing machines. We have had a bit of a run on washing machines, with no guarantee that we will get our money back, even though it has been approved by Centrelink.

The other main area is employing Indigenous people. Because most of them have never had a job, there is little work ethic—that is, turning up on time and having the responsibility of turning up every day or as required. The cost of training these people with low literacy and numeracy skills is phenomenal. Experienced staff that I have to do other work—for example, computer work and inputting data—have to give up tasks to spend a lot of time, one-on-one, employing Indigenous people. I do not believe it is the store's role to have to teach basic education and basic health. Those are the main concerns. I invite you to ask questions.

**CHAIR**—Thank you for that evidence and thank you for taking the time to appear before us today. We really appreciate that. So that I am getting my facts right, the store is run in Hermannsburg, which is about 130 kilometres west of Alice Springs. Do I have that right?

**Mr Kloeden**—That is correct.

**CHAIR**—Is it a sealed road?

**Mr Kloeden**—Yes—double-lane bitumen all the way.

**CHAIR**—How long does it take?

**Mr Kloeden**—About an hour and a quarter—an hour and a half on the truck run.

**CHAIR**—The store is run by the community. Could you describe in a little bit more detail the governance arrangements of the store.

**Mr Kloeden**—We were invited. The Finke River Mission is part of the Lutheran Church of Australia. We owned all of the Hermannsburg area until 1980. The people invited us and wanted us to continue running a store there. So we are there by invitation of the people. We have a governance committee in Adelaide, based on people from both Victoria and South Australia. We pay rent for the store. There are also two stores in Hermannsburg. The other one is promoted as a community store. Generally, as manager, I have free rein as to what I sell, how we promote it and what other things we can do from the shop.

**CHAIR**—I am glad you have answered that, because I was a bit confused about it. Just to be clear: the store in effect runs as a department of the Finke River Mission, an entity within the Finke River Mission?

**Mr Kloeden**—That is correct.

**CHAIR**—The Finke River Mission works to a board of management within the Lutheran Church?

**Mr Kloeden**—That is correct.

**CHAIR**—You have been in the store for seven years?

**Mr Kloeden**—That is correct.

**CHAIR**—Did you have background running community stores elsewhere prior to that?

**Mr Kloeden**—No, I did not.

**CHAIR**—Did you have background in retailing prior to this?

**Mr Kloeden**—I have done some retailing over the years but not in any great capacity.

**CHAIR**—You raised the issue of staff in what you have just described—and I am looking at your submission as well. I think you are saying that since the intervention the situation in terms of holding on to staff has improved. Is that correct?

**Mr Kloeden**—Greatly. Yes.

**CHAIR**—Can you describe why that is?

**Mr Kloeden**—It is largely because Centrelink was enforcing the rules more. If they had a job and gave it up, they would lose perhaps up to eight weeks unemployment before they could get back onto unemployment. That has been a fairly large lever to encourage my workers to stay on site.

**CHAIR**—They are not being paid CDEP?

**Mr Kloeden**—No. All costs associated with our store come from the sale of products.

**CHAIR**—You have made some comments about training, that it is not the store's role, but I think you are also making the point that in practice you are having to do on-the-job training. Is that correct?

**Mr Kloeden**—It all has to be on-the-job training, because I have not seen any other training provided in Hermannsburg which has good outcomes. It is hard to get the locals to come into Alice Springs for a number of days to do a course, so it is probably the best option for them to do it out there.

**CHAIR**—Can you comment on whether the store is profitable, in the sense of covering its costs?

**Mr Kloeden**—Yes, it is.

**CHAIR**—When there is a profit, where does that go?

**Mr Kloeden**—It is the agreement with the traditional owners that store profits go to subsidise the spiritual formation of pastors within Central Australia. So we have staff out at Papunya, one who does the Pit lands and there are a couple in Alice Springs in the town camps. So profits support that ministry work.

**CHAIR**—Have you noticed a change in the purchasing habits of your customers since the introduction of the BasicsCard and income management?

**Mr Kloeden**—When income management first came out, the customer had to sign the docket. So we made a rule that, if they have two legs and one arm, that person needs to come in and sign it. Now, with the BasicsCard, we are finding that generally the women will have several cards—from maybe their father or son or partner—so, in particular, we do not see too much of the middle-aged men.

**CHAIR**—What does that mean in terms of what is being bought? I notice in your submission you say that fruit, vegetable and meats sales have gone up significantly—is that right?

**Mr Kloeden**—They have gone up significantly. For example, in rough figures, in a community of 800 and two stores, so about 400 people each, we still have trouble selling four

kilos of carrots a week. Some products, like meat and potatoes, certainly have gone up. We talked about kiwifruit earlier on, and we have tried strawberries and all sorts of products. Over time you learn what sells and what does not. How you teach those people to use these other products is a very difficult thing.

**CHAIR**—Do you do anything to try and encourage the sale of fresh fruit, vegetables and meat? Do you have a lower mark-up on those products?

**Mr Kloeden**—Yes, we have lower mark-up on those, subsidised mainly from our clothes sales. We generally have them in a more prominent position near the counters. We intersperse the soft drinks with waters and juices so they can have a choice. Because a lot of them cannot read, it is difficult to put up signage which will promote a certain product. We work closely with the nutritionist, who is making up small ‘good food’ signs which we stick on certain products.

**CHAIR**—Who is the nutritionist?

**Mr Kloeden**—The nutritionist supplied by the Northern Territory health department.

**CHAIR**—How often do you see the nutritionist?

**Mr Kloeden**—Monthly. She works with one of my Indigenous staff to take photos to make up signage so that people have a visual.

**CHAIR**—Do you have a sense of what proportion of your sales are in the fresh food area?

**Mr Kloeden**—I do not have that here, but we would be able to get that from our computer by Thursday.

**CHAIR**—It would be great if you could, because that is a useful tool and we could measure that against the standards in Melbourne, Sydney and Brisbane areas. Similarly, it would be good to know what percentage of sales there would be of a product like coke, which I assume sells a lot.

**Mr Kloeden**—It sells a lot but there has certainly been an increase in water over the last 12 months.

**CHAIR**—How have you done that?

**Mr Kloeden**—Just by greater display of it and working in conjunction with the nutritionist, who works with the clinic, which works with congress. When they have a function we often supply them with the meals for the day, so we will supply the diet soft drinks and the healthy food.

**CHAIR**—How do you procure your produce? Is there a central wholesaler that you deal with in Alice?

**Mr Kloeden**—There are several wholesalers in Alice and we also get a couple of palettes of products from Adelaide that you cannot buy from the wholesalers here. The fresh fruit and meat

all come from local suppliers. I firmly believe that we should support local businesses as much as we want local people to support us.

**CHAIR**—Local suppliers to Hermannsburg or local suppliers to Alice?

**Mr Kloeden**—Local suppliers to Alice.

**CHAIR**—Finally, I notice you operate your own truck—have I got that right?

**Mr Kloeden**—That is correct.

**CHAIR**—So you do the freight in that way and you are doing a weekly trip.

**Mr Kloeden**—Yes, we do a weekly trip.

**CHAIR**—And that is a refrigerated trailer.

**Mr Kloeden**—Yes, we have a trailer with a freezer and refrigeration. Running our own vehicle gives us the opportunity to visit more sites, and we can get the product quicker from the wholesaler into our fridges and onto the shelves.

**CHAIR**—Have you compared that to using a transport company?

**Mr Kloeden**—I have not done any figures on it. I know the other store uses the transport company, but then I also know that they are restricted in the variety of products—it is more into the furniture and bigger items.

**Mr TURNOUR**—Moving to the BasicsCard, you say in your submission that your turnover has reduced from about \$20,000 per week to less than \$7,000.

**Mr Kloeden**—Correct.

**Mr TURNOUR**—Can you explain that?

**Mr Kloeden**—They have gone from income management onto BasicsCard. It is still roughly the same amount of money but just in a different form.

**Mr TURNOUR**—I am not sure it is in your submission, but you mentioned the issues in relation to people having other people's BasicsCard and checking things up. What are the legalities of that?

**Mr Kloeden**—As managers, we have to do whatever we can to ensure that that does not happen.

**Mr TURNOUR**—But effectively you have said in your submission that, when people have to come sign, there was not a problem, but now we have moved to the BasicsCard it is a problem. I

have lived in small communities. I think there is 500 in town and 800 with the outstations. You must know everybody in town—or your staff would, I would imagine?

**Mr Kloeden**—There are many, many people that we do not recognise. We have about five or six staff and any of those could be on the counter. The Indigenous staff do mainly the counter work. If I go out to the counter, there are many, many people I do not recognise and could not put a name to.

**Mr TURNOUR**—But your Indigenous staff must know most people?

**Mr Kloeden**—Yes, they would know most.

**Mr TURNOUR**—So on the issue of people using other people's BasicsCard, your staff would pretty much know who is who in the zoo, wouldn't they?

**Mr Kloeden**—Generally that is the case. How you enforce that is difficult. We do have certain forms that people sign that allow other people to use their BasicsCard—maybe people who have had to go to Adelaide for hospital treatment and leave cards so that another family member can buy food for the children. There are also some older people in the community who cannot get to the store. We have exemption forms where somebody else can use them.

**Mr TURNOUR**—Is Centrelink monitoring any of that?

**Mr Kloeden**—Yes, they have just been out recently and they do a regular check.

**Mr TURNOUR**—From your overall analysis do you think there is basically abuse going on now with the BasicsCard?

**Mr Kloeden**—Certainly other people using other people's cards, yes.

**Mr TURNOUR**—Without necessarily the other person's 'humblebugging' is the word you have utilised in your submission in terms of people being coerced or what not into having other people utilise their card inappropriately.

**Mr Kloeden**—How they get their card and how they get the other person's PIN number to use that card—I do not know how that happens. Whether that is done voluntarily or whether there is pressure put on them at home, I do not know.

**Mr TURNOUR**—So you could not comment further on that?

**Mr Kloeden**—No.

**Mr TURNOUR**—In your submission you have made some pretty strong comments in relation to Indigenous staff—basically not being economical. You said that it is less viable to employ local people. Do you just want to explain that to us and put it on the record?

**Mr Kloeden**—Due to low literacy and numeracy skills and poor work ethics, they take a lot longer to operate a computer, if they can operate a computer at all. I would say we are probably

getting 50 per cent productivity out of the staff that I have compared to an experienced white person. However, we are committed to trying to educate them and make them feel a valued member of the work society on the community and be an example to other people. As I said, it also takes one of the experienced staff to spend much time to try and build up their skills. It is very costly.

**Mr TURNOUR**—It sounds like the culture of the store you are talking about has not moved on over time—it is pretty much an us-and-them mentality. The expectation is that if an Indigenous person comes into your store they are not going to be as productive. My challenge to you is that if you have that expectation of people that is often what they achieve.

**Mr Kloeden**—You give them goals and steps in learning.

**Mr TURNOUR**—But you do not really expect them to achieve that, do you?

**Mr Kloeden**—Not in the short term, but I would say it is—

**Mr TURNOUR**—From your submission it sounded like you do not expect Indigenous people to achieve those goals that you set them. It sounds like they are your goals, not necessarily theirs.

**Mr Kloeden**—It is part of the whole culture of a community where so many people have relied on welfare for so long that they do not necessarily see that work is an important part of their life. In many cases they have a lot of peer group pressure not to work; they may as well stay home and still get welfare payments.

**Mr TURNOUR**—I understand that. We have had evidence from other store managers that talk about how when you value people and involve them and they feel ownership of the store they do not necessarily work for the money but for the pride associated with feeling that they are part of that store. My challenge to you from reading your submission is whether that is actually the feeling that you are encouraging with your Indigenous staff or whether you think that is important.

**Mr Kloeden**—I think it is important that they get involved in as many aspects as possible. It is a long-term goal for them that they even get to the point of managing the store or managing a department within the store.

**Mr TURNOUR**—So does the Lutheran Church have a plan to devolve the store to the community in the longer term?

**Mr Kloeden**—It is an ideal. I do not know that there is any specific time line.

**Mr TURNOUR**—Do you have a committee from the community that interacts with your store and discusses management issues, products in the store and pricing?

**Mr Kloeden**—No, we do not have a committee as such, but we have a very good relationship with the members of the community; as I have said, we are there by invite. Many of them will constantly tell us what they would like and what they do not like and we respond accordingly. If

they ask for certain products we try to get them in for them. It is pretty obvious within a certain amount of time whether they buy it or do not buy it.

**Mr TURNOUR**—Thank you very much. I appreciate your frankness and your honesty in your submission. I think it is useful to gauge a wide cross-section of the views out there in the store community, and you clearly have one that you value. I appreciate the fact that you also have your heart in the right place with what you are trying to do. I am sure that is the case.

**Mrs VALE**—Thank you for coming in. Regarding your story about the person who gave the girls the bacon, eggs and butter to fry, what was that situation? You told us the story about it; how did it come about? Who were the girls? Was it a teacher who gave—

**Mr Kloeden**—No, it was one of the clinic staff—one of the nurses. There were several young teenagers.

**Mrs VALE**—From the community?

**Mr Kloeden**—Yes, Indigenous girls from the community.

**Mrs VALE**—And they were just given these products to feed themselves?

**Mr Kloeden**—That is correct. The nurse went to have a shower and get dressed or whatever it was and when she came back out that was what she saw.

**Mrs VALE**—Do you remember how old the girls were?

**Mr Kloeden**—Young teenagers.

**Mrs VALE**—Does the Lutheran Church or anyone else within the community have cooking lessons? Is there any possibility of training families, especially mothers, about how you prepare and use food?

**Mr Kloeden**—There are no formal sorts of courses or activities to do that. There are several women who cook the product for the school nutrition program.

**Mrs VALE**—So there is a school nutrition program. I am just trying to find out exactly how mothers and young children access good nutritional habits, how they can know how to prepare the food. A lot of this food is Western culture food and they do not have a tradition of preparing it. I think the example you have given us clearly articulates that there are healthy ways to prepare bacon and eggs—it is a good, high-protein meal—but you do not deep fry it. I am interested in ascertaining if there are any programs or learning opportunities or if the church organisation takes any responsibility for teaching preparation of food and appropriate nutrition.

**Mr Kloeden**—It is an area that I started to develop within the store by setting up a dedicated food preparation area. The staff within the store at the moment, when they are making sandwiches, are taught a bit of health, hygiene and food preparation. From time to time we also do some cooking of meals in there which we sell through the shop. I might have mentioned that

in the report. We do a lasagne, sausages and rice or some other products—just teaching our own staff some basic cooking skills. But that needs to get out into the families in each home.

**Mrs VALE**—Are there any government agencies within your community that teach nutrition and food preparation?

**Mr Kloeden**—No, there are not.

**Mrs VALE**—Are the people who are preparing sandwiches Indigenous?

**Mr Kloeden**—Generally I get Indigenous people involved in that, yes.

**Mrs VALE**—Is that their job or do they do that in a voluntary capacity?

**Mr Kloeden**—It is all paid work.

**Mrs VALE**—And you give them some basic lessons and training?

**Mr Kloeden**—Yes, we give them basic lessons. Then, after a suitable time, we will say, ‘Can you go and do that on your own?’

**Mrs VALE**—Some of the stores that we went to had a system where they had a colour code with different stars on it to indicate different nutritional value in some of the foods. Do you have anything like that at all?

**Mr Kloeden**—As I mentioned, we work closely with the department of health nutritionist, who at the moment is working on writing small signage to go on the good items. That might be the healthy heart tick or a small sign in language which people would recognise as ‘good food’.

**Mrs VALE**—Do you think there would be receptiveness within your community to the opportunity to learn about appropriate food preparation and good nutrition?

**Mr Kloeden**—One would like to think it would be well received. Sometimes, I have found over the years, you just have to do it—encourage people to come and attend these things. Voluntary learning, for a lot of them, is not the first option.

**Mrs VALE**—Do the women within the community feel they can come and articulate any concerns they might have about what is available within the store?

**Mr Kloeden**—Certainly. They regularly come in. We regularly ask different people from different family groups what it is that they would like us to sell. When we ourselves visit Alice Springs we walk up the aisles of Coles and Woolies to try to find what they actually have in their baskets. Several times a year we will go to the supermarket and buy a range of products which we will put on our shelves to give them an option out there to test and trial what they might buy.

**Mrs VALE**—What is the traditional method or way in which mothers wean their children and put them onto solid foods? Do you have any knowledge of the kinds of foods that they put the

children onto? Are they guided in this regard by a nurse, a baby health care specialist or a nutritionist?

**Mr Kloeden**—There is an Indigenous health worker at Hermannsburg whose main role is to deal with the babies, so that is where that information would be available from.

**Mrs Vale**—Does the store provide any food for mothers with babies that are beginning to have solid food?

**Mr Kloeden**—We provide a range of newborn baby food through to—

**Mrs Vale**—Like formula?

**Mr Kloeden**—Yes, there is formula there. We get information and guidance from this health worker as to what we should have.

**Mrs Vale**—Thank you.

**Chair**—Thank you very much for the time you have given us today. We really appreciate your evidence.

**Mr Kloeden**—Thank you very much.

[12.41 pm]

**KROKER, Mrs Jennifer, Executive Officer, Centre for Appropriate Technology**

**WALKER, Dr Bruce, Chief Executive, Centre for Appropriate Technology**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mrs Kroker**—I am also a board member of CAT.

**CHAIR**—Would like to make an opening statement?

**Mrs Kroker**—I will talk really quickly about what we do and then I will hand over to Bruce to speak to the submission. First of all, thank you for inviting CAT, visiting CAT and providing us the opportunity to present our perspective on remote community stores. We were established in 1980 and incorporated under the NT Associations Act in 1989. We are governed by an Indigenous board with a predominantly Indigenous membership base. CAT Inc. also wholly owns a company, Ekistica Pty Ltd, which trades as CAT Projects and CAT International Projects. Basically we work to secure sustainable livelihoods for communities of Indigenous people through use and adoption of appropriate technologies. We have four main areas of expertise: regional and remote community infrastructure services; project management; technology evaluation and research; and capacity-building, training and employment pathways. Our staff is of 105, with officers in the NT, Western Australia and Queensland, and 35 per cent of CAT's employees are Indigenous. Our purpose in this brief submission is to encourage the standing committee to consider the role and function of community stores in building healthy, sustainable communities across remote Australia; to consider some of the infrastructure issues that are essential to achieving these goals; and also to position remote community stores as part of a greater regional development agenda. Community stores have a unique potential to provide access to a wide range of goods and services that might significantly advance the livelihoods and wellbeing objectives in communities.

**Dr Walker**—I will just briefly step you through our submission rather than repeat what is in it. There are a couple of supplementary bits of information that might make more sense of that, and I will briefly take you through three things. The first of these is a bit of an update on work we did in the Torres Strait in 1993, and I can table an abridged paper—I know you have the original published report, but some of the detail is not there. I would be interested, given that you have recently been to the Torres Strait, to hear how much change you found, because this work was done 15 years ago. The reason I am tabling it is that, if you found that a lot of the technological issues that were looked at 15 years ago still exist, we have got a very resilient problem that will take more than the efforts that are being currently made to put in place the refrigeration, the transport logistics and the work practices necessary to deliver fresh fruit and produce to stores in outer islands and remote communities. In those days we were looking at transport times of about seven days from south to Cairns and between another 14 and 16 days before produce got to the outer islands. Through all of that time goods were being shipped, transhipped and moved into refrigerated containers that did not chill. They maintained

temperature but every time the door was opened the temperature got out. Post-harvest deterioration was a real issue, and we had someone on a barge tracking all of that and you can get the detail from those reports.

The second is a more recent piece of work that one of staff members did around store reviews in the COAG trial site in 2005. I raise that purely because the report says that the store was the centre of social activity for the community, that it provided essential services in the monopoly market and that it was required to perform multiple functions. This group of people felt that the performance of the store was an indicator of the stability of the respective communities, it was a key mechanism for delivering better services and infrastructure and it was a gauge of the morale and stability of the community. But the group also asserted that the store would never make a profit if it was required to fulfil the social and health functions that are broadly put on these communities. Stores can make a tactical response but cannot alone create the demand for higher consumption of the attritional foods. In most cases inappropriate food preparation facilities, usually in the home, reduced the store's capacity to provide a healthy diet. They identified that the main cost drivers were wages, transport and power. I note that two of those three things are technological and have nothing to do with fresh food but they actually contribute to it, and if we do not emphasise that and look at that then I suspect we are going to fall short at the end of the day. The reduction in operating costs for stores are largely around infrastructure upgrades and certainly conducting power and refrigeration audits as well as staffing. There are a series of planning issues that go into this and with the turnover of staff and the focus just on surviving a business in a remote community people do not often have either the expertise or access to the expertise to actually do the necessary technological planning for that work.

I will step outside the store door for minute. Houses provide access to personal hygiene and health facilities for individuals. Stores should in fact in our view provide access to services that actually enable people to sustain a livelihood in their place of living. It is not clear to me that all stores are charged with the responsibility of doing that. There is a big investment going on at the moment in Indigenous housing. Those houses are generally supplied without whitegoods and furniture and all the things that make a house work. It is like providing a car with no petrol. If you do not have access to not only purchase and then sustain and maintain those things, then it is difficult to make that house work for you, and the store quite clearly has an incredible and essential part to play in that ongoing household maintenance and in people being able to actually sustain their livelihood in their community.

You have heard this morning from Outback Stores. I am not an expert on Outback Stores; we do not run the stores, we just do technology. It is not clear to me how the new model of providing a store actually addresses some of the broader community cross-government capacity building and governance reforms that have been put in place. We note from some of our work, for example, that if you do not have a fridge in your home or you do not have enough money to pay for your power card then you will go and buy food daily at the store if it is open. If you are paying for that through an ATM or an EFTPOS machine, you are paying \$2 per transaction or 50c on the EFTPOS machine. So there is this escalating load that builds up on people.

We know from some of our work in Ali Curung north of Alice Springs that for all the best reasons and the best intentions stoves and ovens were replaced by a small hotplate and oven console that sat on top of a bench. That meant that young children certainly could not reach it and it also meant you could not see what was in it, and for all the very best reasons that article

meant that people then returned to cooking outside. The benefit that flowed from getting fresh fruit and produce was not backed up when it got to the home to be prepared because somebody had taken a really sensible decision to actually get a stove that kids could not touch. It reduced also their repair and maintenance costs and it was an item that could actually be sold through the store and you did not need an electrician to come and install it as a 3-phase installation. For a series of good reasons it was in there. And it is this cascading effect of how to get all these policy interventions. We are not trying to downplay the focus on nutrition and health but there is a range of these broader infrastructure and cross policy areas that I draw to your attention.

These infrastructure services are not optional extras. They are a complementary part of an effective stores network, if you want to get to the outcome. We are not aware, for example, despite the criticality of the cold chain, that any work is being done on improving the technology, if you like, and the affordability of transport refrigeration systems that move across these difficult terrains and take account of the unique circumstances in remote communities. Stores interface with that infrastructure, because stores are now the place where you buy your power card, and if you cannot buy your power card from the store you do not get your power. The Centre for Sustainable Arid Towns in Alice Springs did a study a couple of years ago, and they found that people in the seven communities they studied had the highest per capita energy use for around five to 10 per cent of income compared with 2.7 per cent nationally. That was largely due, initially, to poor housing design but, predominately as well, the use of cheap high-energy use appliances such as those little stoves I talked about that you could plug in at the wall. So, if no money is available to purchase a power card, the fridge does not work and if the fridge does not work you get food deterioration and so the cycle goes on.

In that same study they found that stores were accounting for 20 per cent of the energy use in the community. So there is a huge infrastructure on-cost that is passed on to the general community infrastructure that upgrading a store will do. Given that CAT has, for a number of years, been running a national renewable energy services project in 105 small communities around Australia, we would encourage the committee to give some thought to setting aside a separate investment fund that focuses on some of the energy related issues, because it is critical to achieving your outcomes in a health sense, and that that focuses on some of the demand side infrastructure and management issues that occur ancillary, if you like, to remote stores. The other thing we have drawn your attention to in the submission is that, given the links between information technology and broadband, it may make more sense for the store to be a hub of services in general and to invest in that in a much bigger way and consolidate that so that it is available to a community. I note in passing that, with the land tenure arrangements that government has expressed at the moment around increasing the number of leases and the movement of people through communities, clearly community stores are going to play a much more significant role into the future in supporting enterprise development and tourism, and that should be on your agenda now. I know you are focusing on the nutritional aspects now—and that is important—but there is a much bigger picture here.

My final point is: how do you think about stores so that they contribute to the national interest? These are stores in communities that are spread right across this country, right across the outback. I think the challenge to the committee is to meet the immediate requirements of food security but not to lose sight of the much broader role for stores in regional development and certainly in support of the serious infrastructure investments that are aimed at closing the gap and building a sense of national commitment to the outback. At the risk of generalising this

and making this too complex, too hard and not achievable within a term and all those things, I think we are arguing for a view that community stores are part of a much larger investment in people and economy across remote Australia. If we are serious about being able to contribute to sustainable livelihoods for Indigenous people across those parts then stores are a critical element of that. They are a key player in the changing and emerging pattern of settlement across the outback. Stores have a role in regional development and they should not be viewed in isolation of this broader purpose. To some extent, the preoccupation with health outcomes masks this broader contribution to sustaining livelihoods in remote Australia.

At present, there does not appear to be any pattern to outback settlement and little reason beyond providing services into small groups of Aboriginal people. The focus is on disadvantage rather than on investment in the national interest. I would encourage you to think about how stores might be positioned in a more positive investment debate about the future of the outback, because the future of the outback is in fact the future of Aboriginal people, that they are not disconnected. In that respect, I table a copy of a submission that this organisation made to the review of the Northern Territory emergency response.

We did not have a great deal of comment on the emergency response but we were arguing a case in our submission, entitled 'Investing in the Outback: a Framework of Indigenous Development within Australia', which sets out an argument for considering this larger regional context as well as the details of the things that you are looking at. It makes some claims that suggest that Indigenous futures and settlements are now inextricably bound to a much larger system of settlement across jurisdictions and that non-systemic solutions are unlikely to be sustainable. It suggests that the provision of services based only on filling gaps or catching up might be desirable and equitable but that without some sense of an investment as to where this is all heading and what is the endgame it is languishing and it is hard to focus your effort. It draws the point that in the last 30 years there has been this ambivalence about whether we have been involved in development or whether we have just been involved in delivering services to Aboriginal people. Are we trying to set in place the elements to enable us to develop the outback of this country and, significantly, to give Aboriginal people a part in that? How do we position this very important store that provides part of the goods and services to do that? So I would encourage you to look at that and to look for more systemic solutions rather than to just have responses to the immediate issues that keep cropping up—and you will get lots of them in all of these submissions—about how you tackle this, how you accommodate that and how you design against this. If we cannot fit it into that bigger picture then I think we are going to struggle and you will find that you are reviewing similar situations—as we did 15 years ago in the Torres Strait—and you will be looking at the same issues. That is the basis of our submission.

**CHAIR**—Thank you for the submission and thank you for those comments. They do ask us to look at this from a perspective that we have not been asked to look from by anybody else, so we really appreciate that. I want to get my head around what you were saying in those last comments, because I am not sure it is completely around what you were saying. I get the idea that the point you are making is that in a sense we are reacting to particular issues of disadvantage and particular problems with stores and seeing whether we can solve those. You are asking us to take a step back and have a broader look at the whole system of stores and the development of the outback. I am not quite sure what we will see when we do that. Where are you going with this?

**Dr Walker**—My understanding is that COAG have identified 26 communities across Australia in which we are going to put significant investment. If I put those 26 dots on the map of Australia, even if I draw a line between them, I still ask myself: what does that mean? If we are going to invest there and invest in stores and schools and other things, where does that link to? Where is the market that that links to? How are people going to get there? We do not have that understanding in Australia. We have followed people around and we have built communities where people have settled on significant land but, unless we are able to ultimately link those people with access to markets that are bigger than their small communities, then that investment in those facilities is not really going anywhere. It is stemming the tide. It is like building intensive care centres in each of these places without knowing, when you have recovered, where is the next ward that you go to and where is the ward that you live in. If you are going to invest in stores and have a system of stores, where do these 26 communities that are just dots on the map fit in Australia? Is there a link between Broome and Cairns and are these people dispersed along that link? Is there a link-up between Alice Springs and Broome so that the Tanami starts to make sense? Do we have an intention of one day either sealing that road or making it trafficable so that those communities that we have invested in have an opportunity to actually share in what moves along that road? I think they are the sorts of challenges that we are trying to raise.

**CHAIR**—Are you making an argument for having a strategic plan for the transport and communications infrastructure of the outback?

**Dr Walker**—The biggest killer as to the costs to stores and enterprise development within the outback is your cost to market and your cost for goods and services. I would be arguing for more broadband to be pumped into this area because you can immediately get to a market from remote places if you have got an electronic product. It is that sort of challenge that I am putting. I have not got the solution. I am just saying that unless we can get our heads around that for this organisation, for example, we will know less why we are actually out there day to day trying to deal with these grassroots issues. There has got to be a vision at the top as well as all this effort at the bottom.

**Mr TURNOUR**—Through the chair, can I clarify this. I think what you are really getting at—and we have had some evidence today in relation to this and it is a matter for discussion—is that you are raising the issue about the sustainability of communities in the longer term and what drives that and, obviously, a store and nutrition are part of that. But if you pick 26 communities—and we have a minister who sees us wanting to start and to make sure that we can actually make some progress; and I have spoken to her about this directly—obviously you make decisions to spend billions of dollars in the area in support of these communities rather than view stores as a silo and then something else as a silo. So it is then: how does this all fit together in terms of the long-term sustainability of the communities? Is that what you are talking about?

**Dr Walker**—I am. I am not suggesting that government should say, ‘That’s not sustainable so we won’t do anything.’ I am saying that government has a primary responsibility to say: ‘If we are going to invest there we are also going to outline a plan for this broader region that says this is why we are investing: so you will be able to go from here to there and you will be able to access this service from there and that from here.’ That is not laid out at the moment. That is haphazard.

**Mr TURNOUR**—Through the chair, I think that you are getting into the philosophical discussion which I think we often fail to have in this whole area. I suppose one of the issues—and we had some evidence earlier on from the CRC about entrepreneurship and the like—and what you are really getting at is the conflicting role of government to roll out a vision for a community, rather than for a community to develop its own vision and for government to be an enabler in relation to that. Then it is about how you actually go about enabling a community to develop and achieve an outcome and be sustainable in the longer term. For example, I might have a community of 50 people and somebody might have an inquiry and say we cannot have a store there. But I entrepreneurially say, ‘Well, I’m going to order my food in once a month and I am going to do this and that and I am going to survive,’ and that is how I choose to survive. It is a free country, therefore I should be able to do that. At the moment I seem to think that we make a whole lot of decisions about the types of services that are delivered and people tend to fit within that framework rather than necessarily have as much control over their life or feel that they have got the control over their life that they should have. Anyway, I am probably digressing as well.

I suppose I am speaking to try to get some greater clarity about the areas that you are talking about. I think we do take on board your comment that we need to look at this thing holistically. But at the same time in doing inquiries you need to also be able to actually drill down and do something that is worth while. I think that is part of the reason why the minister has given this reference to us, recognising the particular role that healthy living and healthy diet have as to sustainability of or future issues with communities.

**Dr Walker**—I have tried to hit this at three levels. There are certain things that you have got to do when a barge lands so that you can get fresh fruit to the shop. There are infrastructure issues that need investment in order to sustain that, both at the household level and at the community level. But, if I am trying to be entrepreneurial and I do not have a sense of what the nation as a whole thinks of the space that I am living in or of where are the resources that I can draw from, it is very difficult for me to project that. I think that is the thing from government that is lacking. There does not appear to be a sense of a broader vision of what the outback looks like and where Aboriginal people are in that. The only message that they have got at the moment is that if you want to do anything you have really got to move to the coast to do that. I am not sure that that is the message that we ultimately want. You have got to work at all of those levels. People in the field have got to have a sense of all of those things in order to make the system work.

**Mrs VALE**—I find what you are saying is great food for thought, thanks very much, Bruce. I think that perhaps the poster behind us encapsulates most of what you are saying, so it is not just about nutrition, it is about partnership, it is about forward planning and it is about using the opportunity, especially with these 26 communities, to really see how good they can be and how we can really bring them all into the 21st century so that it profits everyone.

I agree with Jim, actually: I do not think this is a philosophic discussion—I think we should have had this discussion years ago, to be honest. In the kind of world in which we live, people are looking for outcomes. Often we shortcut the processes to get those outcomes and along the way we sort of cheat everybody of the investment. I think it is food for thought and I am really grateful that you brought it up today. It has been very useful for the committee. To me it shows that we are looking at something almost in vacuo here—just food and nutrition. This is a real

screaming issue for people in remote communities. We have this 17-year gap in the life expectancy of Indigenous people and the mainstream, and it costs the government, state and federal, a huge amount of money to look at not only prevention but also assistance for people who have very serious illnesses. That is a big investment for the Australian taxpayer involving billions of dollars. What you are suggesting is that we go back to the beginning and look with fresh eyes at the problem and that, if we look at it holistically, we can deal with several issues at the one time. That is what I understand you to be saying.

Reading your posters has been very educative. I do not think that many people who, like me, live on the eastern seaboard fully appreciate that perhaps there are not appropriate cooking facilities in the homes of many of our Indigenous people. Certainly I did not fully appreciate—and I never thought of it, to be honest—that perhaps even refrigeration was lacking from so many Indigenous homes. How do they cope with providing good food for their families? That is a real issue, and technology is certainly wrapped up in the answer. Thanks very much.

**Mr TURNOUR**—I have some questions, after my philosophical discussion. We have had arguments put to us that basically we need to subsidise stores so they can provide healthy food to outback communities. What are your views? You recommend that the store become a bit of a hub for a whole range of different service delivery. You suggest an outback store model, whereas they are looking to develop not-for-profit organisations where the store needs to pay its way. The other argument is that government needs to provide an ongoing subsidy to make stores sustainable in the long term to provide that service to the community.

**Dr Walker**—I am not sure that I have much of a view either way except that, if you were to bulk up services and it were to be a hub, I would imagine that people would be able to find more opportunities to make sure that the thing does pay for itself. Regarding subsidies, I think subsidies are good things if you know where you want to go in the end. If you are going to start with a subsidy and that is the only way something can survive, then that leaves somebody very dependent. If our ultimate goal is to create the circumstances where people can independently pursue their own livelihood, then you would initiate a subsidy if you knew that it was leading somewhere, not just propping somebody up. That goes back to your philosophical discussion about where this is leading.

**Mr TURNOUR**—But your thesis is that we should be leaning towards people being sustainable in their own right and not necessarily receiving government subsidy, whether that is in welfare or in stores—

**Dr Walker**—Yes, but that does not necessarily mean urban drift. I always get caught with this because one of my questions is: if we going to invest over \$1 billion in housing in the Northern Territory, where would you best build those houses so that in 20 years time, if people did want to buy them, they would be able to sustain them? What part of the economy would they access to enable them to get the money they need to sustain the house? I do not know the answer and I am not sure that that means that everybody should live in Darwin and Alice Springs either. It could be that outstations are actually a better solution than large communities. You would need a whole range of different services and infrastructure around that, but it might work that way. But you need to actually contemplate it. You need to acknowledge that things are different and that monopolies are commonplace out here—it is either the government or someone has a monopoly. This is remote Australia and you have to work with that.

**Mr TURNOUR**—It is okay to ask the question and not necessarily have the answer to it, but I am going to challenge you to provide us with the methodology or process to come up with that answer. You could have the same argument about whether you invest in a store here, because the houses generally support the store and not the other way around. We are interested in the involvement of Aboriginal or Torres Strait Islander people in that decision-making process. Do you understand my question?

**Dr Walker**—It is as if you are tasking me!

**Mr TURNOUR**—Well, you put the challenge out there to government: ‘Why are you building these houses here?’ You are the Centre for Appropriate Technology. I am throwing it back to you. You might not have the answer, but what are the building blocks to the answer?

**Dr Walker**—I think there are some fundamental constraints that we put on ourselves or government puts on itself and that are encouraged by Aboriginal people. What I am saying is not universally supported by Aboriginal people either, but you could create a lot more jobs in small communities with some minor modifications to the Building Code of Australia and some progressive changes over time to the sorts of standards that you use so that people could engage. But that is a brave move, because you then challenge your principles of equity and you challenge your principles of rights that exist for citizens of Australia. And then you have to ask the question: at the end of the day, is it doing anybody’s rights any good if they are living in poverty in a small community where they are totally dependent on government, or rather if they are living in a place that they have built themselves that they struggle to keep going, but they do something meaningful every day with their life?

**Mr TURNOUR**—One more question, Chair.

**Dr Walker**—Sorry!

**Mr TURNOUR**—No, this is fantastic.

**Dr Walker**—You do not have any—

**Mr TURNOUR**—No, this is good evidence, because it is something that I struggle with. I know I am putting you on the spot, but effectively what you are saying is that we really have not dealt with some of the philosophical issues and had those discussions in terms of the framework that we are providing to tackle some of the challenges that we are facing in Indigenous Australia?

**Dr Walker**—I think that is true, if I can qualify that by saying that I do not think you should be dropping the things you are doing in the meantime, because you cannot just let this thing run while you have a philosophical discussion.

**Mr TURNOUR**—So you can do that, but you need to have those engagements and those discussions at the same time as doing the—

**Dr Walker**—The thinking about it.

**Mrs VALE**—Just by your conversation this morning and your contribution this morning, Bruce, we started looking at a community store as a community store almost in vacuo—not of the community, of course, but of the other things that it could be. You are looking at what could be an interactive community centre that not just provides food and household goods but perhaps could provide that IT centre and also the focus and could enhance the value that it has for the social life of the community. So, instead of having a store just by itself, we could create a centre that could provide so much more for the community.

**Dr Walker**—By redefining the store as the place at which people access the services and goods that enable them to pursue their livelihood in that place.

**Mrs VALE**—Yes, and that is quite expansive.

**Dr Walker**—It is.

**Mrs VALE**—A new paradigm, even.

**Mr TURNOUR**—Have you documented what you are saying anywhere?

**Dr Walker**—It is explained a little more—

**Mr TURNOUR**—I have read your submission.

**Dr Walker**—No, in the document I have just tabled. But that really is a first go at trying to express this, more out of the concern that you have if you are around long enough and you spend 15 years traipsing around the Torres Strait and you see things that have not changed over time. A huge number of things have changed—I would not get negative about that—but there are some fundamental things that come out in that work. There is work that the CRC have done—I do not know whether they talked about their Science of Desert Living project—explaining how the systems across desert Australia are just different and how they are replicated in business systems and in just the way that you go about your life, the way you form relationships. They are all built on systems and patterns that work in the desert that you do not need in urban areas. There is that work, and there is the work that Desert Knowledge Australia has been doing around remote focus and the differences in governance in remote Australia compared to where the dominant power is, where the decisions are made, and how that needs a rethink in order to support the sorts of systems and livelihoods that we are talking about.

We are coming at this from lots of different ways, but they all point in the one direction—that is, as a nation, we currently have not a lot of idea of how to deal with 80 percent of the landmass, and over the last 10 years particularly we have seen incredible change in the pattern of settlement across that part of Australia. There has been change in the agricultural stuff, change in tourism, change now in Aboriginal communities—a focus from 1,200 small Aboriginal communities down to 26 major communities—all of those things.

**CHAIR**—I am sorry; I just know that if we keep going we are going to lose control of the rest of the day. I just want to ask: do you have a document about the Bushlight project?

**Dr Walker**—Yes, lots of documents.

**CHAIR**—Do you have one that describes it?

**Dr Walker**—Yes.

**CHAIR**—Could you provide that?

**Dr Walker**—Table it?

**CHAIR**—Yes, that would be great. Thank you, Bruce, and thank you, Jennifer, for your evidence today. We really appreciate it. It certainly has given us a different perspective on all this and one that is very valuable.

**Proceedings suspended from 1.15 pm to 1.37 pm**

**COONEY, Mr Allan, General Manager, Centrefarm Aboriginal Horticulture Ltd**

**CHAIR**—Welcome. Would you like to make an opening statement?

**Mr Cooney**—Centrefarm is an Aboriginal owned not-for-profit organisation. We are governed by a board of directors and owned by a membership of Indigenous people. The main function of Centrefarm is as a front-end developer of horticulture type projects, but realistically we look at ourselves as developers of economies in Aboriginal communities. We develop those economies on behalf of the Aboriginal landowners, so we are basically their principal agents in developing projects. We have quite a small staff but we do quite substantial projects. The sorts of people we have on our staff are project managers and project developers, and we have an engineer, an economist and a CPA. Our main functions are to identify economic opportunities for Aboriginal people on their land and to take those projects through to the stage where they are actually developed. Through our efforts over the last five years Centrefarm has basically doubled the horticulture industry in Central Australia. If you go stand on the highway long enough today you will see two road trains of watermelons going through town that have come off Centrefarm development projects. They have been going at a rate of two road trains a day for the last month and that will continue for the next month. That is about 20 per cent of our current projects and over the next couple of years we will see that increase fivefold.

The reason I am here today is that we have been approached several times to do some community development type projects. I initially considered that they were outside the scope of what Centrefarm was actually set up to do, but because of the number of approaches we had on this we decided that we needed to look at it with a fresh set of eyes. Fifteen Aboriginal communities have come to us and said: we want to do community farms or community garden type developments. Given the number of people who are coming to us, we had to give it some consideration. The short story is that we developed a strategy which we call Growing-to-Grow. Growing-to-Grow is basically a project set up to develop community farms. Our role in that is to be the facilitator between the community development and commercial aspects of the project.

There is quite a bit of information on Growing-to-Grow in these notes, which I will submit to you at the end of my evidence, but the real heart of my submission to the committee is that a key part of the Growing-to-Grow project was an alliance that we were building with a group called Outback Stores. That alliance is an essential part of the Growing-to-Grow project in that we are looking at Aboriginal communities actually developing community farms and gardens in their communities based on the resources that are available to them. Centrefarm's role in that is to provide a series of interconnecting services around the areas that have caused these projects to fail in the past. There are some pretty well recorded reasons for those failures in the past. At the end of dealing with those issues there needs to be a distribution network, and we look at Outback Stores as being a key part of that distribution network.

**CHAIR**—What are the reasons these have failed in the past?

**Mr Cooney**—They failed mainly for three reasons. The first reason is succession. Usually what has happened in community farms in most communities you will visit in Central Australia and probably all over Australia—and certainly all the Aboriginal communities I have been in at

some stage have had a community garden or community farm—there is almost always an individual behind that community farm. That individual gets old, changes direction in life and, for whatever reason, leaves the community and there is no succession in place for that community to continue the farm on. So the skill set that set it up in the first place has gone.

The next reason is that there is no real community skill sets around farming. Anyone who has been involved in farming—and I am a career farmer—will tell you that it is a high order discipline. It requires high technical skills, and most communities are not exposed to those skills in any way, shape or form. It takes 15 to 20 years to make an effective farmer. It takes a couple of generations to make a really good one. Aboriginal communities are just not exposed to that sort of thing.

The third thing is issues around governance. There are basic things like reporting on the money, what happens to that money and all those sorts of things—the business structure. One of the things that Centrefarm has done is actually to set up a unique business structure to make these things work. We are looking at putting the skill sets required for a community farm to be able to function effectively into one business unit.

**CHAIR**—Do you mean a model set of rules or do you mean a model business plan?

**Mr Cooney**—It is not really a business plan; it is a business structure. The business is structured in such a way that there are firewalls that set aside the risk factors for whatever that business, particularly a farming business, is. There are several risk factors in farming that are not often clearly identified and that cause farming businesses to fail worldwide, not just in Aboriginal communities.

**CHAIR**—With regard to the three issues that you identified, which were succession, governance and training—

**Mr Cooney**—Technical skills.

**CHAIR**—Yes, technical skills. You mentioned a bit about the governance side of things, that you have the business structure in place. How do you address the skills and succession issues?

**Mr Cooney**—With regard to the skills issue, in this specific project we would have an agronomist who would manage the 15 farming set-ups. Their role would be to go out and specifically address the technical issues, whatever they may be for that particular farm. Those skills would be based in a central position, so it becomes a job, not a vocation, for a single person on a community. Those technical skills could be hired. Centrefarm would have an agronomist on staff. We have an agronomist on staff now, but we are highly likely to put a new one on staff for this project, and that person would provide the technical skills. As a part of this project, we have been in discussions with Desert Knowledge CRC about some of the technology they have available for remote sensing, remote monitoring—all those sorts of things. That person would manage that whole part of it. So, if there is a problem on one farm, it would immediately be identified and something would be done about it.

**CHAIR**—What about succession?

**Mr Cooney**—That is the succession. If you have a community with an individual in that community who is the brains behind the farming operation and that person leaves, there is nobody to take it over. If you have an organisation which delivers those services to that community, you have dealt with the key problem of the succession.

**CHAIR**—I want to understand more clearly about Centrefarm and your structure. You are a not-for-profit organisation?

**Mr Cooney**—Yes.

**CHAIR**—Are you owned by the CLC?

**Mr Cooney**—No, we are owned by an Aboriginal membership. It is complex for a very short explanation, but when we develop a project the individual Aboriginal groups that we develop the project for have the opportunity to become members and the membership owns the company. We were developed out of CLC. It was a CLC policy for economic development in action but we do not have formal ties to CLC.

**CHAIR**—How many staff do you have?

**Mr Cooney**—Six plus about three consultants that we regularly use.

**CHAIR**—It sounds like the six plus the three are all experts.

**Mr Cooney**—They are experts in various fields of endeavour, and we have an expanding strategy for various things that we need to cover. We have somebody who is a professional in community development, for instance.

**CHAIR**—You mentioned watermelons as a crop that you are growing. Are we talking about local foods? Are we talking about bush tomatoes, for example, or are we talking about traditional foods?

**Mr Cooney**—At the moment it is really large-scale horticulture, so it is projects worth several multiples of millions of dollars. But, because we have had constant approaches for small-scale, community based farms, we had to look at it. We looked at what could be made to work and this G2G model is the model we have come up.

**CHAIR**—Are there community farms up and running at the moment?

**Mr Cooney**—Yes, but on a really small scale and they struggle with those very issues. They struggle with the governance issues. They struggle with the succession. The one that I most familiar with, which is one of the 15 that is to be a part of the G2G project, has a champion, a key person, in there. If that person were run over by a bus, that whole thing would be gone in a few days.

**CHAIR**—But what sorts of things are they growing?

**Mr Cooney**—They are growing tomatoes.

**CHAIR**—Bush tomatoes?

**Mr Cooney**—No, just normal tomatoes.

**CHAIR**—Is that all they are growing?

**Mr Cooney**—That is all they are growing. There are other communities which have vegetable farms and all those sorts of things that we are not directly involved in. What we are growing at the moment on the projects—I should not say ‘we are growing’ because Centrefarm does the front-end development stuff. What we do is hand the project over to a professional farmer and they become a business operator on that project in much the same way as a shopping centre has businesses established within a precinct.

**CHAIR**—Then there is a relationship with Outback Stores which guarantees the purchasing of the crop.

**Mr Cooney**—That is the intended relationship. It is not a formal relationship at this stage, because this is a very new project for us. We only got confirmation last week that we have money to do the initial work.

**CHAIR**—Where was the money from?

**Mr Cooney**—We got money from the Aboriginal Benefits Reserve for it. Do you understand the Aboriginal Benefits Reserve?

**CHAIR**—No.

**Mr Cooney**—The Aboriginal Benefits Reserve is money that is earned from mining royalties on Aboriginal land in the Northern Territory. It is a Northern-Territory-specific body. What happens is that the mining royalties are paid to the Australian government. The Australian government in turn gives dollar for dollar to the Aboriginal Benefits Reserve. That money is used in three ways. One way it is used is for the maintenance of the land councils. There are four land councils in the Northern Territory. The Aboriginal Land Rights Act established those statutory bodies to perform the functions of that act. Forty per cent of the money goes into that. Thirty per cent of the money is paid directly to the people affected by mining, and they, in turn, choose what they want to do with that money. Quite a large amount of it in Central Australia is actually invested, but some people choose to take the money in cash and use it for their own living expenses. And the other 30 per cent is used for economic development.

Centrefarm get about 30 per cent of our operating money from the fund and we also get money for specific projects from the fund. I am not sure of the actual numbers, but it is quite a large fund of money that funds all sorts of economic projects on Aboriginal land all over the Northern Territory.

**Mrs VALE**—Thanks very much, Allan, for coming in and sharing this with us because it really is important for how we can encourage fresh fruit and produce locally. It seems to be an important aspect. You say you do large-scale farming—is that right?

**Mr Cooney**—Yes.

**Mrs VALE**—Where do you do your large-scale farming?

**Mr Cooney**—The large-scale farming is done at the moment at Ali Curung. We have got about six projects on which we are at the stage of doing the front-end development. But the only farming that is actually being carried on at the moment is at Ali Curung, and that is an enormous field of watermelons. If you stand in the middle of it and look outwards, the watermelons go over the horizon in every direction.

**Mrs VALE**—So you have watermelons under cultivation at that place?

**Mr Cooney**—Yes.

**Mrs VALE**—And you were talking about tomatoes. Where do the tomatoes grow?

**Mr Cooney**—That is at Ngurratjuta, which is down at Kings Canyon. These are not our projects. Again, we do the front-end stuff on the development. So we do the issues around the land title and the natural resource issues, the interface with government. We do all the funding applications if that is required. We bring the project operators in. We do not actually grow anything. The only crop that I grow is some weeds in my backyard!

**Mrs VALE**—You were saying that you have requests from smaller communities to go into the communities to help them establish a community garden—a market garden, if you like—and this is something that you are only just beginning. This is the new funding that you have only got last week?

**Mr Cooney**—Yes.

**Mrs VALE**—How many communities will you be going into to do this?

**Mr Cooney**—We have had approaches from 15 communities to do these projects. In the simplest terms, the way these projects will work is that the community will be the grower, Centrefarm will provide the resources, and there will be a market at the end of it. Our discussions with Outback Stores have been that they will ultimately be the bulk of our market. So the product that is grown in the communities will go from that community into the Outback Stores network. They will distribute that produce around the place. Farming is a high-skill business, as I have said before. We do not expect a community to grow all its food needs on one of these community farms.

**Mrs VALE**—No, of course not.

**Mr Cooney**—What we would expect the community to do is to choose maybe two or three crops, or something like that, and they would specialise in growing those. They would go into a network. They would get some sort of a credit arrangement within that network for selling a wholesale product and, in turn, they would get fresh produce that is produced by other Aboriginal communities and their own community coming back through the network—in the simplest terms.

**Mrs VALE**—So it is not so much like barter as, ‘We will grow a particular vegetable and you can grow a particular vegetable or fruit and perhaps we can’—

**Mr Cooney**—Unfortunately, in Australia, we cannot use a barter system.

**Mrs VALE**—No, I know.

**Mr Cooney**—We have tax laws that do not allow that.

**Mrs VALE**—I realise that.

**Mr Cooney**—It is pretty much that the community will sell somewhere in the system. We do not know yet. As I said, it is early days in the project. There will be a credit held by that community, and that community will get produce back from other areas.

**Mrs VALE**—And your organisation will provide the seeds and the seedlings and so on?

**Mr Cooney**—No, we will provide the technical expertise and the strategy that sits around that. Each community will be responsible for the actual farming operations. What we will provide is the technical expertise, the governance and the system that all those things sit in. We are just not geared up, nor is it our charter, to actually go out and grow things in communities.

The problem in all of these cases of economic development in remote communities is that there is a huge gap in what actually happens on the ground. So you have got community development happening over here and you have got a desire to do commercial, economic activities over here, but in the middle there is no transition from there to there. There is an expectation from the greater community that somehow that gap will spontaneously be jumped over by people that are stuck in this community development world. So what we are trying to do is actually sit in that gap and provide a bridge from community development to some sort of sustainable economic activity. I do not like using the word ‘sustainable’, for all the reasons that everybody else does not like using it here. What is sustainable? How big a footprint is required for sustainability? What we are saying is that some sort of economic activity can be got out of that community development stuff over there but the gap in all these things is the transition from one to the other. The skill sets required for community development and the skills sets required for business are two totally different things.

**Mrs VALE**—I understand that. I was just trying to work out how the logistics are really going to work. You were saying that, in a community, perhaps you will have a committee that is organising the farming and—

**Mr Cooney**—Yes. I can elaborate on that a bit. We probably will not use committees. We have what we call a business model, which is a structure that we use. It is the way we do business on the large-scale. We do the same sort of thing. There will basically be either a proprietary limited company or an Aboriginal corporation that functions under corporate law. The people who are directors of that will function as directors of that organisation, not as a committee.

**Mrs VALE**—So they will have the capacity to appoint managers and employ people?

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**Mr Cooney**—Yes.

**Mrs VALE**—And it is envisaged that people from the community will be employed to actually work on that committee?

**Mr Cooney**—Absolutely. Ultimately the idea of this is to provide people with whole skill sets that are then transferable elsewhere.

**Mrs VALE**—So they could perhaps get a certificate in basic horticulture or something like that?

**Mr Cooney**—Certificates are great, but it is the skills sets that come with it that we are really trying to achieve for a lot of people in these communities. I come out of agriculture and, as I say to people, my exposure to government before coming to Alice Springs was when I got booked for speeding occasionally—and that was about it. I worked in private enterprise and my involvement with government was minimal. So it always amazes me to see how much government involves itself in people's everyday lives.

**Mrs VALE**—I know that you are doing horticulture but do you see opportunities to develop a poultry farm, and have eggs and chickens, or a pig farm?

**Mr Cooney**—I get somebody come into my office at least twice a month proposing some sort of project. The theme of these projects in the last year has been carbon biosequestration, renewable energy fuels and all those sorts of things. It has got to the stage where it is higher likely that our next large-scale project will be something along those lines. We are in negotiations with three different organisations that want to do those sorts of things right at this moment. From a community farms perspective, yes. Anything you can do on a farm we would consider that you would be able to do on a community farm if the community has the will to do it. Our role in this is to provide the community with enough information to give them the idea that this is something they want to do or do not want to do. If they do not want to do it we fill in some of the skills gaps. These things fall down a lot of the time. We have a CPA on staff to make sure the governance is done right rather than relying on somebody who does not have the whole skills set around how to deal with ASIC in managing a proprietary limited company and the reporting requirements of that. We provide that as a part of the service that we provide to each one of these communities.

**Mrs VALE**—By establishing a company to do this activity at a community level, you are trying to establish a corps of expertise?

**Mr Cooney**—We will probably use in this case Aboriginal corporations rather than proprietary limited companies. In the larger scale ones, we do use proprietary limited companies. We have a structure we have developed around a series of contracts that hold that structure together, and that has been the work of several years.

**Mrs VALE**—The ultimate aim is to develop a corps of expertise that remains within the community, whichever vehicle you use.

**Mr Cooney**—Absolutely—yes.

**Mr TURNOUR**—You said you have a background in agriculture. What is your background?

**Mr Cooney**—I owned and managed a family agriculture business in Queensland. We had five pastoral properties in south-west Queensland. I did that from 1983 until 2000. I sold the family business and distributed the assets amongst all the partners and that sort of thing. I took my part of it and did share trading for a couple of years. I found it an extremely boring way to live my life, so I worked as a director of marketing for an agricultural company. We developed some pretty innovative products that we distributed all over Australia and South America. I got to the stage of being on a jet more than I was home, so I decided I wanted to do something that benefited my community a little bit more. I always chose to live in remote Australia. I also wanted something where I would be home most nights. This opportunity came along and it fit both those criteria.

**Mr TURNOUR**—We talk about the issue of sustainability, but, if you are looking at setting up a company structure and that sort of thing, you are looking at something that can support a fair bit of an overhang in terms of legalities associated with that. You talked about commercial-run ventures. Is that correct?

**Mr Cooney**—Again, there is the dichotomy between community development and economic development. Community development is only sustainable by having a much larger sustainable community, like a national community. We are trying to take that community development stuff and give it some sort of value in the economic world. I do not think the community development stuff, which is the stuff that is going to go on on the ground, with training and all those sorts of things, will be fully economically supported on the business side. I heard you say you have a degree in agriculture. You will know that the sort of agricultural enterprise required to support the food production for a community of 500 people is probably the size of Mildura. It is on that scale. That is just not going to happen.

**Mr TURNOUR**—I agree. The point I was getting at, though, is the philosophy behind what you are about. You are not necessarily about creating market gardens that can support people getting a bit more food; you are really looking at what communities can do in the longer term to develop something of more a commercial nature. Watermelons as far as you can see is not just about watermelons for that community but selling watermelons into a commercial market.

**Mr Cooney**—We are talking about two different things. Our real focus is on large-scale horticulture. What Centrefarm is trying to do is create a large enough economy to support quite a sizeable community. The project that is going on at Ali Curung at the moment, for instance, will, when it is finished, have potentially about 120 to 150 full-time job equivalents. Those are not full-time jobs; they are full-time job equivalents, which means that over some periods of the year there will be 300 people working on those farms and at other times there might be 30 or 40 or something like that. For a community the size of Ali Curung, that is a substantial opportunity that has not been there before.

On the community farm level, which is the narrow focus of why we are here today, the gap at Ali Curung, for instance, is the fact that nobody there has any sort of discernible skills around agriculture or horticulture. In these communities we are trying to develop some skill sets and some understanding of what goes on in agriculture and horticulture. That is the community development stuff that is going on over here. The difficulty is transferring that stuff into the

commercial world. People who have been involved in these community farms may say, ‘While the harvest is on, I’m going to go to the harvest and pick melons and make \$500 a day for the next six weeks, and then I can go back to this sort of lifestyle.’ What is missing at the moment is any sort of bridge from that stuff there to that stuff there. That bridge is made up of exposure and the sort of work culture that is required on a modern farm: training, education and exposure to agriculture practice in other parts of the world. A whole suite of things makes up that bridge from one to the other. The things we are trying to put in place to make up that bridge include technical skills, governance—a whole suite of things.

**CHAIR**—Thank you very much for giving us your time today. We really appreciate it.

[2.06 pm]

**GOSFORD, Robert Angus, Spokesperson, Yuendumu Social Club Store Inc**

**MARTIN, Ms Valerie, Spokesperson, Yuendumu Social Club**

**CHAIR**—I welcome representatives from the Yuendumu Social Club Store. I invite you—either both or collectively—to make an opening statement before we go to questions.

**Mr Gosford**—I have an opening statement that I have prepared and Valerie may have a few words after that. I am shown on the program for today as being a legal adviser for the Yuendumu Social Club Store. I am a lawyer, but I am not a legal adviser to the social club store. I want to correct that, because I do not want to get into trouble with the Law Society. I do not have a current practising certificate, though I have here and in New South Wales for many years. But I am otherwise engaged at the moment.

Yuendumu is part of the frontier economy. Margins are as thin as a rake; most residents are welfare dependent; supply lines are long, dusty and expensive; and it is always difficult to attract and retain good management and staff. Prior to July 2008 Yuendumu had a competitive market for community store services. Both the Yuendumu Mining Store, in operation for 34 years, and the Yuendumu Social Club Store Inc, also known as the Yuendumu store or the ‘Big Shop’, was in operation for 37 years. Both are proud, locally owned enterprises independent of government support.

In March 2008 the Yuendumu Social Club Store agreed to be assessed for a licence to accept income managed money. The Yuendumu store thought it would get the same fair go as any other store applying for a licence. As the material provided to the committee shows, Yuendumu store did not get a fair go. Since March 2008 it has been denied basic procedural fairness through the application process; and has to operate against a government owned and funded competitor—that is the Outback Store operated Nguru-Walaja store that received its licence without scrutiny or assessment on its merits and has the benefit of a monopoly on income managed funds. It was the beneficiary of an undisclosed grant of \$200,000 from FaHCSIA, the department responsible for assessing Yuendumu store’s licence application. Further, before and during the licensing process, FaHCSIA and NTER operation staff and contractors have engaged in a course of conduct that can only be described as threatening, bullying, biased, manipulative and anti-competitive, contrary to the general law and obligations cast upon public servants of probity, fairness and the need to avoid conflicts of interest. In addition, the conduct of public servants and contractors to the Commonwealth may amount to serious maladministration, corrupt conduct and/or a fraud upon the Commonwealth.

I also want to touch briefly on a matter that concerns the obligations that Outback Stores has towards privacy and the confidential or personal information that it collects on its customers. I have handed to the committee a copy of a covering letter, two statutory declarations and a copy of material found at the Yuendumu rubbish dump in the past few weeks. That material is self-explanatory and contains the names, account balances and Centrelink personal identification numbers for each of the 390 residents of Yuendumu subject to income management.

It also appears that the local winner that FaHCSIA picked to sponsor the Outback Store at Yuendumu, the Yuendumu Women's Centre, is now itself under threat. It is believed by many people that this may be so that the women's centre can be pushed out and the profits from the Nguru-Walaja store can be handed to the new Central Desert Shire. This is a further example of the slow stripping away by Commonwealth and NT departments and agencies of local control, independence and money.

In relation to the inquiry terms of reference we note that, in relation to food supply and quality, as NT government food basket surveys in the past have shown, there has never been a serious issue at Yuendumu such as to warrant the imposition of a third, government owned, store. As Mr Baarda will show in the next presentation, the Outback Store at Yuendumu is now by far the most expensive store at the township. As for competition, Outback Stores at Yuendumu has a monopoly on income quarantined funds and is protected by the extraordinary and unprecedented exclusion of part VII of the Trade Practices Act that allows FaHCSIA staff and agents to behave uncompetitively. Minister Macklin, FaHCSIA and the NTER Operations Centre have fundamentally corrupted the fragile frontier economy of Yuendumu and their ongoing conduct threatens the viability of longstanding community owned enterprises. The perverse, secretive and inflexible application of internal policies by both FaHCSIA and Centrelink compounds this threat.

Secondly, the Outback Store at Yuendumu is only viable because of its monopoly over quarantined income. If it had to compete on a level commercial playing field with the two established stores it would not be profitable or viable. The economic impacts of the Outback Store at Yuendumu include a reduction in sales of both pre-existing stores of between 30 and 40 per cent.

Finally, we urge the committee to examine the material provided to it and to recommend in its report that the government (1) conduct an independent inquiry into the management and conduct of staff of the FaHCSIA community stores licensing section and the NTER Operations Centre, particularly in relation to how it has dealt with independent or Aboriginal owned stores in remote communities (2) review part 7 of the Northern Territory National Emergency Response Act and section 122 of the NTNER Act with a view to bringing the store's licensing regime into line with accepted Australian commercial and administrative practice and (3) require that each Outback Stores facility be subject to the same financial and operational terms and conditions as equivalent community owned stores, that Outback Stores not be acquired by FaHCSIA, as is currently occurring, and that Outback Stores be made independent of government funding, support and favour.

**Ms Martin**—The choices for food: in that new shop the prices of food are so high. The basic card that we get every time does not go far because the prices of food are so high. It does not last us a fortnight; it probably lasts us three or four days. The prices in the shops are way too high and some of the things that we need we do not get. Not only I but other Yuendumu community members want income management at the big stores as well. There is also government interference with our community, breaking up families. Most of the people are working on the other side and some of us are on this side, so it is breaking up the family connection with the community. The other thing is security of private information. It should be confidential instead of being dumped at the tip for people to see. I could be one of them. It is lucky some people do

not know about it. Only a few of us know that our private information—Centrelink balances and all that—are out in the wide open, blowing away. It should have been confidential.

**CHAIR**—Thank you for that. That last point raises an issue about how we accept these documents. This is procedural. It is not addressed to us, but there is a letter dated 9—

**Mr Gosford**—Addressed to Centrelink?

**CHAIR**—Yes. Would you like us to take that?

**Mr Gosford**—No. I provided that material to Centrelink yesterday. I provided the original documents.

**CHAIR**—Let us deal with that secondly. The first letter was dated 9 April to Brian Aaron's chief of staff?

**Mr Gosford**—Yes.

**CHAIR**—This sets out a number of your concerns in relation to the refusal to grant a community store licence to the social club?

**Mr Gosford**—Yes.

**CHAIR**—You would like us to take—

**Mr Gosford**—Yes, if you could.

**CHAIR**—We will put that onto the record. The second is a document headed: 'Yuendumu Social Club Store Inc. Response to a proposal to refuse a licence application by—

**Mr Gosford**—The first letter is the covering letter for that response.

**CHAIR**—So that is attached to it. I think Valerie just referred to the next one. I am not sure what you want us to do with this. There is no issue in terms of receiving the point. My only anxiety is that if we accept this on the record it ends up on the internet, which I am not particularly keen to do.

**Mr Gosford**—It is really just for your information as much as anything. The original printouts have been provided to Centrelink, with the covering letter. It is substantially in the same form you have there. It is really for your information and to provide to you an example of how one Outback Store secures personal and private information. I do not know what Centrelink will do with that information that has been provided, but there is an intention to forward the same material to the Privacy Commissioner who, as you may be aware, can conduct an own motion inquiry into these circumstances.

**CHAIR**—The statutory declarations that are attached to this, at a quick glance, do not seem to have any personal details.

**Mr Gosford**—No.

**CHAIR**—Perhaps the way to do this would be to accept the letter and the statutory declarations, and we will accept in a confidential way the attachment to the stat decs, which means it will not be published.

**Mr Gosford**—That is fine.

**CHAIR**—We will do it that way. You referred to the ‘big store’. Which is the big store?

**Ms Martin**—The Yuendumu Social Club. There were two main ones.

**CHAIR**—Just to get my head around it, there are basically three stores in Yuendumu?

**Mr Gosford**—Yes.

**CHAIR**—There is what is now the Outback Store, based at the Women’s Centre; there is social club store, which is referred to as the ‘big store’; and there is the mining store. The mining store has not sought a licence; the social club store has and has been knocked back—

**Mr Gosford**—The process is still going on. There are still negotiations.

**CHAIR**—The Outback Store based at the Women’s Centre has got a licence?

**Mr Gosford**—Yes. Outback Stores has a corporate licence.

**CHAIR**—The process that you are going through in order to obtain a licence is not complete?

**Mr Gosford**—No.

**CHAIR**—But you obviously have a sense. It seems in the submissions that you are not going to get a licence. Do I have that wrong?

**Mr Gosford**—There is every indication that we will not be getting a licence from FaHCSIA.

**CHAIR**—Why? I guess that is the question.

**Mr Gosford**—FaHCSIA has expressed dissatisfaction with governance issues at the store and also with the financial status of the store.

**CHAIR**—Just so I am clear, the store we are thinking of is a community store?

**Mr Gosford**—Yes.

**CHAIR**—It stocks fresh produce, food, dry goods.

**Mr Gosford**—Yes, it is a supermarket, a small supermarket in a small town.

**CHAIR**—The feedback you are getting is that the two issues of concern are the governance and financials. As to governance, the social club store is owned by?

**Mr Gosford**—It is an incorporated body incorporated under the Northern Territory associations law. It is run by a committee. It is owned by the community.

**CHAIR**—So who are the members of it?

**Mr Gosford**—The members of the community. It is quite broad in that respect. Membership is as of right basically of reference. I stand to be corrected on that, but that is my understanding.

**CHAIR**—Any member of the community can become a member of the association, which runs the store, and it is not for profit. You are saying that it is in effect owned by the community in that sense.

**Mr Gosford**—Yes.

**Mr TURNOUR**—It is not for profit?

**Mr Gosford**—Profits are returned to the community, either reserved as cash, as I understand it, and I am not an accountant—

**Mr TURNOUR**—An incorporated association is by definition not for profit.

**Mr Gosford**—Yes. It is not for profit in the general sense. But any surpluses are generally returned to the community. So over the 37 years of its operation it would have returned millions of dollars to the community in support for ceremonial activities, religious and sporting; it has been the majors supporter for the annual Yuendumu sports et cetera.

**CHAIR**—I understand that. Do you have any feedback about what is perceived by FaHCSIA to be wrong with that governance structure?

**Mr Gosford**—They have outlined it in their responses. I can go to those in particular. This is a fairly complex set of factual circumstances about which there are agreements and there are disagreements. That really comes down to the root of the differences. My apologies, but I do not have the previous response from FaHCSIA with me today. I can provide it. But generally they are broad governance issues. There have been issues related to loans to committee members and so forth, and there is a dispute about the nature of those. FaHCSIA views them in one way and the committee views them in another. Some operational aspects of how the committee has run in the past. There is a disagreement between FaHCSIA's perception of how the store operates and what the committee views as the current circumstances. There was a change of management from 1 July 2008 and one of our submissions to FaHCSIA has been that they have failed to take into account the material circumstances in relation to that change of management and change of policies following that process. We say that they have not taken it into account in their subsequent deliberations.

**CHAIR**—In terms of the financials, what is the situation?

**Mr Gosford**—The store freely admits that certainly under previous management the financial operation of the store was not satisfactory. There was a substantial debt that required a loan from the other Yuendumu store to support the store. Certainly in the past several years the store has not been run as well as it should be.

That has certainly changed in terms of policies, approaches to mark-ups and so forth with the new management from 1 July 2008, but one of the issues that we say FaHCSIA has not taken into account is the fact that, from August of 2008, the store has operated in these perverse, corrupted financial and commercial circumstances in the community because there has been this monopoly operation that has basically had sole access to 50 per cent of people's income. FaHCSIA appears to fail to take that into account. We say that that is highly relevant to how well the store can trade and how well it can trade out of its financial difficulties, but FaHCSIA appears to be ignoring it.

**CHAIR**—Again, I am not trying to put words into your mouth—I am really just trying to understand the suggestion you are making—but in essence I think your point is that there is a conflict in FaHCSIA being responsible for the licensing of the stores whilst at the same time Outback Stores, through IBA and IBA's relationship to FaHCSIA, is a government body. Am I getting that right?

**Mr Gosford**—My understanding is this. In part this comes from John Kop, using public statements that John Kop made in December of last year. FaHCSIA is in the process of acquiring Outback Stores from IBA. Why I do not know. I have no idea why FaHCSIA wants to run a commercial stores arm, but that is by the by. I conducted a company search last week, and it appears that it is still 100 per cent owned by IBA. IBA is a statutory body. I received a note from the minister's office, perhaps two months ago, that advised me that the transfer process between IBA and FaHCSIA was still a matter of due diligence. According to ASIC records, Outback Stores still belongs to IBA.

**CHAIR**—But, in any event, are you not pointing out a conflict between FaHCSIA, on the one hand, licensing bodies—

**Mr Gosford**—Yes, I think there is a fundamental conflict of interest there. Notwithstanding the fact that IBA itself is under FaHCSIA's wing, in a sense, so that there is an existing conflict, I think that the transfer would compound that. Let us also not forget that Outback Stores received not only \$49 million to establish itself in 2006 but also a further \$28 million or \$29 million from FaHCSIA in regard to its activities in relation to the intervention.

**CHAIR**—I have only one other question. I understand the point you are making about the effective monopoly; I get what you are saying there. Since the arrangement has been in place whereby only the Outback Stores store has been licensed and therefore, as you say, able to have as customers those who are using the BasicsCard, has there been any change that you have noticed in the Outback Stores? I do not want to lead you, but I think you were talking about prices. Has there been any effect that you might normally associate with a monopoly? Have prices gone up? Is there a change in that store?

**Ms Martin**—You mean with the prices on the food?

**CHAIR**—Yes, in the Outback Stores.

**Ms Martin**—It changes all the time. When we go in there, sometimes the price has changed for food, especially meat and some vegetables.

**CHAIR**—Are you saying that the store has got more expensive?

**Ms Martin**—It has, as I said before. We have a limited amount of money with the BasicsCard. Our money is divided up, but we still go there. It does not last long. We just look at the prices on the food compared to the other shops. At the shops where we used to spend money, it lasted us for a couple of weeks or more. It is really hard to live on the food with prices like that in the community. We have another two shops where we cannot spend our managed income—only in the new shop. What I am saying is that we should be able to spend it in the big shop as well.

**Mr Gosford**—I think Yuendumu is unique in the Centre, and perhaps Maningrida might be the only other community in the Territory that has more than one established shop. I know Maningrida has two shops, both of which are licensed, that are community owned and operate in competition, and have done for a number of years. My knowledge is, and I may well be wrong, that Yuendumu would be the only community in the Centre that had competition already on the community. In that sense it is really an unusual circumstance. Perhaps also for FaHCSIA; maybe they did not know quite what to do here. But certainly for this committee's sake, it is an unusual circumstance. And it is something that the community of Yuendumu is proud of. It was always a good thing: if you got cranky with people at one shop—

**Ms Martin**—You go to another one, but if we do not get the things that we would like to buy, if there is nothing there—that has happened in the new shop—we just go next door and there you are, but you have to scrounge around and get money. That is what the new shop is—the things that we want are not there, like new-fashioned globes now coming out. I asked them for a globe, and they said, ‘They don't send those now.’ I said, ‘Would you able to order them?’ They said, ‘Where would we get them?’

**Mr TURNOUR**—I am just trying to work out which end to start at. We are talking about Outback Stores, so let us talk about your experience with the Outback Stores. The evidence that we have had is that Outback Stores establish a committee, and you just talked about a light bulb. Is there an Outback Store in Yuendumu? How is it functioning? Do they have a community committee that is involved with that store?

**Ms Martin**—Yes, but committee members are not there all of the time. We go to the shop to shop, to spend our money on our BasicsCard. Then we look around the shop like everybody else, but when we ask for a globe, which I did a few weeks ago, and nothing.

**Mr TURNOUR**—The women's centre are the committee. They form a committee around the women's centre that has involved—

**Ms Martin**—I have asked, but they are not there all of the time.

**Mr TURNOUR**—I will go back then to talk about your store, and we might follow this up with some other evidence later on about Outback Stores. You said there had been some changes in 2008 with the governments and the like. What has driven that change?

**Mr Gosford**—In the material that you have, it is revealed. There are two things largely: one was the realisation of the committee itself that things were not satisfactory and needed to be fixed and the other one was a wake-up call from the accountants, who basically read the riot act to the committee. They said: ‘Look, these things are unacceptable; they can’t go on. You’re unsustainable; you’ll have to change.’ The committee took action: they arranged for a new manager et cetera. Also, in March 2008 Deloittes, who conduct community store assessments for FaHCSIA, came out and did an assessment of the store for the purposes of licensing under section 94 of the NTNER Act. In April of that year, FaHCSIA provided the store with a three-page summary of that report. It certainly highlighted a number of issues, particularly in the areas of governance and so forth, but there are also a number of areas where the store got a tick—‘yes, satisfactory’. By most of the criteria established by FaHCSIA, the store was satisfactory, but there were some issues that had been identified that were unsatisfactory and the store, again, took those into account.

This goes back to one of the problems we have with FaHCSIA and the provision of information. Shortly after we received a three-page summary of a report, which only in March 2008 did we find was part of a 54-page report, the committee asked for a copy of the full Deloitte’s assessment report, firstly so that we could judge if the material in it was correct; secondly, to see if there were any other lessons to be learned; and, thirdly, as a matter of natural justice, to see what was being said about the store—what FaHCSIA knew about the store in this licensing process. But FaHCSIA denied the store that report. It was a report prepared in late March 2008 but it was not provided to the store until March 2009. We now know that there are some important factual errors in that report by Deloitte, which we otherwise could have addressed, but there are also some lessons we could have learnt in terms of taking some earlier steps to satisfy FaHCSIA. FaHCSIA only gave the store a three-page summary. We said: ‘Obviously, that’s not all of what’s in the report. Please provide us with the report.’ There were repeated requests and they were denied each time. Finally, someone in FaHCSIA saw sense and said, ‘Hang on; we’d better give them the report.’

**Mr TURNOUR**—So the licensing of the store did drive some of the reforms, but it turns out some of the improvements you have brought about in the store, which you have commented on—

**Mr Gosford**—In part, but I mean—

**Mr TURNOUR**—But the issue you have is the transparency of the process, the ability to get a copy of the report and what issues were raised in that?

**Mr Gosford**—Yes, in part. The provision of information, its transparency and so forth, from FaHCSIA was one of the issues.

**Mr TURNOUR**—But licensing of stores in the intervention was one factor that drove some of the governance changes and some of the improvements that you said you have made since 2008?

**Mr Gosford**—Not licensing; the assessment for licensing.

**Mr TURNOUR**—The assessment for licensing, yes. Your real issues, then, are making sure that there is a level playing field in the operation of stores in communities; that there is transparency in the criteria of assessment and that the issues you need to resolve, if there are any, can be properly debated and discussed, rather than having a document effectively remain secret for 12 months; and that there is some natural justice, in that if there is competition between Outback Stores and a community store you can both get access to the BasicsCard so that you can compete for the community's patronage.

**Mr Gosford**—Unpacking what is a rather long comment as much as it is a question: yes, I think the bottom line is that the Yuendumu store would be confident of being viable if there were a level commercial playing field at Yuendumu—for example, if the Outback Stores store did not have a monopoly on income managed funds. And there are other aspects of what I think is not a level playing field in relation to how Outback Stores arrived and/or operates.

There are also conduct issues to do with FaHCSIA staff and so forth that are of real concern in many ways. That really goes to the top of the NTER operations centre. That is from Major General Chalmers down, basically. Line level FaHCSIA staff—junior officers and so forth—appear, certainly in correspondence, to be fine; it is from middle management up, basically, that there appear to be some real difficulties.

**CHAIR**—Thank you, Valerie and Bob, for the evidence you have given us today. We appreciate it.

[2.40 pm]

**BAARDA, Mr Frank, Manager, Yuendumu Mining Co.**

**JAPANANGKA WILLIAMS, Mr Warren, Director, Yuendumu Mining Co.**

**MARTIN, Ms Valerie, Yuendumu Social Club**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Baarda**—For over three decades I have been the manager of the Yuendumu Mining Co., an Aboriginal owned company with about 400 Aboriginal shareholders.

**CHAIR**—I invite you to make an opening statement.

**Mr Baarda**—One thing that was not mentioned previously is that the reason the social club was denied a licence derives from the resistance of both the mining company and the social club to the imposition of income management. The Yuendumu Mining Co. had a directors meeting and we decided that we wanted no part of it. The social club wrote at the time—and we were in on the meetings regarding this—that we were getting mixed messages about income management and we asked the NTER people if they would like to defer income management imposition on Yuendumu until after the up-and-coming review board. We all now know that one of the strongest recommendations of the review board was that compulsory income management should cease. I am talking about income management rather than stores because it was the imposition of income management that resulted in the third store being put in place in Yuendumu, therefore affecting the viability of our company.

The imposition of a government funded monopoly is not in the long-term interests of remote Aboriginal communities. The establishment of Outback Stores' managed Nguru-Walaja store has resulted in a 30 per cent reduction in our cash sales. Imposition of an externally controlled third store at Yuendumu would not have been commercially feasible without the concurrent introduction of compulsory income management. Compulsory income management is a highly inefficient and inherently unjust scheme. It is most unlikely to address the alleged social problems that were the basis of its introduction, and I table an example of how income management happens in practice—incidentally, I have blanked out all the names.

We run the lowest priced store in Yuendumu. A recently conducted market basket survey shows that the third store, which has a monopoly on income managed money, is 19 per cent more expensive than ours. The Yuendumu Social Club store is only five per cent dearer than us, and I table two graphs on that for you. The publicity for Outback Stores implies that places like Yuendumu are getting 'fresh food and vegetables at reasonable prices for the first time ever'. This is not true and we find it insulting in our case. Outback Stores have got access to working capital unavailable to their competitors. The Yuendumu Women's Centre would normally not have been able to obtain loan funds to set up a store.

Accumulated local experience, including mistakes, in running locally owned stores is being negated by the replacement with top-down external management and control. Commercial imperatives are taking precedence over social fabric considerations. Initiatives such as the Outback Stores/Red Cross ‘a piece of fruit for every Aboriginal child for breakfast’ are, whilst *prima facie* a wonderful scheme, actually patronising and anticompetitive. On that I will say a little bit more later on and explain why I consider that to be patronising. Locals are disempowered and marginalised by external control. The government initiatives to close the gap are not helped by such a punitive approach taken by the NTER Taskforce, Centrelink and FaHCSIA in relation to imposing income management on the Yuendumu community. The high turnover of Outback Stores managers—they have had four at Yuendumu plus a few stand-ins—prevents them from becoming community members. Their role is more in the nature of expatriates. The same can be said for the government business manager, who gets flown back and forth to Perth because that is where his family lives. These people are just like expatriates, as I said, rather than locals.

Before the intervention, the Yuendumu Social Club ran what in effect was income management. It was on a voluntary basis. Pensioners would lodge their cheques with the social club and people would draw on them as they needed the money. It was *de facto* income management but it was voluntary—people did not have to do it. It did not require an interview with the people at the store as to how they should spend this money because it was just basically a facility available in a place that did not have a bank.

In the previous submission Bob already mentioned that the Yuendumu Mining Co. made a loan to the Yuendumu Social Club. I can tell you it was for \$200,000 and was a properly documented commercial loan with interest and all. A significant amount of it has since been repaid. Do you wonder how that affects us? It denies us working capital. We made that money available because the social club was completely vulnerable to being taken over. One of the things that the NTER legislation says is that a shop has to be viable. We sort of made it ‘interimly’ viable by lending them money.

Government resources—human and financial—would be far better spent by empowering local people by offering practical assistance for them to rectify problems that their community store may be experiencing. For example, in Yuendumu assistance in appointing and paying for an auditor would have resulted in a far better outcome than the need for the social club to appoint lawyers to prevent a takeover of their store and the subsequent continuing fight for survival. Such a constructive bottom-up approach would be far less costly than the imposition of an external top-down monopoly. It would also be far more likely to contribute significantly to closing the gap and be far less destructive to the social fabric of Yuendumu.

**CHAIR**—Firstly, we will accept these two documents—the letter and graphs and the attached document titled *Market basket survey report*. They will go into evidence. I just want us to be clear about what has happened here. Did I get it right from what you were saying that traditionally there have only been two stores in Yuendumu and then Outback Stores established a third store? Is that right?

**Mr Baarda**—Yes.

**CHAIR**—There was not a third store which Outback Stores ended up running. You are saying it was established by Outback Stores.

**Mr Baarda**—There were actually rumours floating around that the intervention was going to take over the social club and there were some legal reasons as to something to do with a lease situation. The Yuendumu Social Club had been sitting on a special-purpose lease which predated land rights. Then some time in June, I think, there was a special thing done in the Senate that declared this special lease to fall within the prescribed areas. The only reason why that special declaration, or whatever it is called in the Senate, would have been made was the purpose of taking over the store, which they could not do whilst it was not within a prescribed area. All the pointers and all the correspondence and everything else go to that. In fact Major General Chalmers—or it might have been his deputy—in one the letters to the social club committee, actually said as much: that one of the options open to them was to take over the assets and liabilities of the social club. In relation to the Yuendumu Mining Company, it being a non-listed public company, they would have had to take another step. So they left us alone and pretended that we did not exist.

But with regard to the social club it was pretty obvious that they had every intention of taking it over. That is when the lawyers were appointed and we concentrated all our energies on stopping the takeover. Then the deal was made between FaHCSIA and the Yuendumu Women's Centre. The Yuendumu Women's Centre had applied for a lease over what had used to be the old clinic. They were going to change this into a community centre. It was going to have an internet cafe, a hairdresser and that sort of thing. At the last moment they then changed it so it was going to be an Outback Stores store, and the only purpose of doing that would appear to be to force the introduction of income management.

**CHAIR**—Prior to the existence of the Outback Stores, there were only two stores in Yuendumu?

**Mr Baarda**—There were only two stores, both locally owned.

**CHAIR**—The Yuendumu Mining Aboriginal Corporation is known—

**Mr Baarda**—That is wrong. It is the Yuendumu Mining Company NL.

**CHAIR**—So the Yuendumu Mining Company, sorry, is owned by—

**Mr Baarda**—It is owned by about 400 Aboriginal shareholders.

**CHAIR**—They are from the local region. What does it mine?

**Mr Baarda**—It has been involved indirectly in mining exploration. I am a geologist by trade, and I hope to learn to become a manager. Over the years probably millions and millions of exploration dollars have gone into ground in which we had interests. Unfortunately, nothing was found. We opened a store when government funding ceased, and this was at the end of the Whitlam era when suddenly they moved the goalposts. They said to us, ‘We can't give you any more funding because you have not made a profit.’ But the original brief was to create employment. So then we opened a shop to create a cash flow to survive, and we have done that.

**CHAIR**—So the shop is what the Yuendumu Mining Company does?

**Mr Baarda**—It is the main thing we do. We also do a bit of earthmoving and various little things.

**CHAIR**—How many people are employed in the store?

**Mr Baarda**—In the whole organisation it varies and we have got a lot of what we call permanent casuals, who are people who come and go—probably about 10.

**CHAIR**—I am trying to be clear on what you have said. You gave a statistic that your sales have decreased by 30 per cent since—

**Mr Baarda**—the imposition of income management at Yuendumu. Our cash sales have decreased by about 30 per cent.

**CHAIR**—Is the arrival of Outback Stores exactly at the same time as the introduction of income management?

**Mr Baarda**—The imposition of income management on Yuendumu was delayed by about three months by our opposition to it and it coincided with the opening. It was until they opened Outback Stores—

**CHAIR**—Okay, the penny has now dropped for me. So from that moment your sales have gone down by 30 per cent?

**Mr Baarda**—That is right—our cash sales because we have a considerable amount of, say, government vehicles and VMOs but I am not counting them because it is only the cash sales that are affected by this.

**CHAIR**—And your store has fresh food and produce and it is a community store?

**Mr Baarda**—Take the last time that the NT government nutritionist made a survey, which is a basket survey thing. I forgot to bring it but I have here a brief version of it. This is a colour thing that does not identify all the other stores but compares about 40 stores in the Northern Territory, including an Alice Springs supermarket and an Alice Springs corner store. That particular survey that I did not bring as I forgot it has pages in which it talks about varieties of fruit and it has all the stores in a sort of bar graph. We are in the top 10 out of 40. In 2006 we were actually cheaper for the basket survey than the corner store in Alice Springs. I think we came about third or fourth out of 30 or 40 communities. We came out very well. If your committee would like me to send you a copy of it I will gladly do so.

**CHAIR**—Yes, I think that would be good. You have not sought a licence? You have not applied for a licence? If so, why?

**Mr Baarda**—No. We had a philosophical meeting about the intervention as such. One of the first things that I did when the 500 pages of the intervention legislation came in was get some advice as to whether this was an opportunity or a threat. The conclusion was that it was actually

a threat to us. Then we had a directors meeting, a fairly informal one, at which I put to our directors—and Warren is one of them—that there was a billion and a half floating around so what do we do? Do we try to get hold of a bunch of that stuff or do we carry on doing what we have been doing, slowly building local infrastructure and the social fabric? My directors said that what we really should be pursuing was the reopening of the gravel quarry and that we should forget about trying to get hold of this vast amount of money. In hindsight I would say that was probably a good move because of all this billion and a half that is supposed to be floating around we do not get to see very much on the ground or not much for it.

When it comes to Outback Stores, the shire and the intervention—all of these things—I have lived in Yuendumu for over 30 years, I have got grandchildren and children living in Yuendumu and my wife is a retired schoolteacher and I have never seen the place this down and this depressed before. Basically, every sort of local structure of decision making or participation has been taken away and there are all these big initiatives, with millions of dollars, coming down and the local people are being sidelined all the way, whether it is our little store or anything else. Anyway, that would not seem to have a lot to do with the stores but it does because, as one person said earlier, stores are the main focus of these small communities.

**Mr TURNOUR**—Thank you very much for those interesting comments that you made at the end. I want to go back to where you started. You opened with a few sentences in which you said ‘alleged social problems’. Are you suggesting in your evidence that there are not social problems that have driven some of the other things that you are not happy about?

**Mr Baarda**—I can only speak for Yuendumu. The whole intervention also includes now the Outback Stores model and this thing, because it has all been merged. When Mal Brough first announced the intervention he talked about paedophile rings and rivers of grog and so on that came out of the report. Somewhere earlier in the piece, Mal Brough had said, in some statement that I found on Google, that the one-size-fits-all approach to Aboriginal communities was not going to work. That came from the very man who then imposed a one-size-fits-all solution to all the problems now. I have not seen the widespread depravity that they talk about—maybe I am blind, I do not know. But certainly in my experience Yuendumu is a vibrant community with its own language. It is a strong community with a whole bunch of strong people that will stick up for their rights and so on, and they have just been completely marginalised. There are no paedophile rings. Tell them about when one of the ladies asked you, ‘What is this pornography thing?’

**Ms Martin**—I told them what it is—in language, you know. They said, ‘We do not know that,’—in language. They do not know the word.

**Mr TURNOUR**—I take that evidence on board. What is the life expectancy of people in your community? Is there still a similar 17- or 20-year life expectancy gap between Indigenous and non-Indigenous Australians?

**Mr Baarda**—I have seen the health of Yuendumu people increase. We have still got a very high level of renal failure and so on, but most of the early deaths take place in Alice Springs town camps.

**Ms Martin**—That is right.

**Mr Baarda**—We have certainly got far more deaths than would be normal for a small town, but the problem seems to be to a large extent those people that drift to towns. All those things you hear about, those dreadful things that keep popping up in the newspapers, are certainly not common. I do not lock my house in Yuendumu and my kids and grandchildren roam around the school and everywhere else. They are all grown up now. As for closing the gap, I do not know what these statistics are for Yuendumu, per se, but I do remember when I first went there that there used to be incredible binges in drinking. We do not have those anymore—people just go off to Alice Springs to drink—and it is not because of the signs or the imposition of fines.

I have actually seen a gradual improvement in a lot of the things about Yuendumu. People dress better—there are more washing machines, if you like, per person. I do not doubt that if you look carefully you are going to find problems. There are a hell of a lot of middle-aged people who have got bad ears. But I think that it is this top-down thing—the imposition. People have no longer got control of their own lives.

That also brings you to another aspect that is very hard to convince anybody of, and Kim Beazley Snr said it a long time ago. In talking about Aboriginal people he said something along the lines of: ‘Policy towards Aboriginals has been a disaster. Until their right to be distinct is recognised, things will not become creative,’ and that is another aspect that is very hard to get across. Walpiri people have the right to be Walpiri and to talk about making things economically viable or this and that, well, hang on, we are talking about a society that is really vibrant and very interesting and interested, and has all of these good things happening. Then as you marginalise people you end up with discussions about whether we should shut the shop down or keep it open and all that, and you start going back to the economic imperative.

**Mr TURNOUR**—Thanks for that. I think we have had some of that philosophical discussion today around that issue.

**Mrs VALE**—Thank you for coming along with your evidence today. Frank, you are the CEO of the mining company?

**Mr Baarda**—I call myself the manager.

**Mrs VALE**—How many directors do you have?

**Mr Baarda**—Seven.

**Mrs VALE**—Are there any women who are directors?

**Mr Baarda**—No, they are all men in our case.

**Mrs VALE**—You talked about the concern about the mandatory income management program. Do the women in the community also not like the income management program?

**Ms Martin**—They do not like it.

**Mrs VALE**—That is just different to other evidence.

**Ms Martin**—They do not like it.

**Mrs Vale**—All right. Thank you very much.

**Chair**—Thank you all. We really appreciate the time you have given us today.

**Mr Baarda**—I will mention one thing. To be here half an hour has taken us seven hours of driving. We are remote.

**Chair**—We very much appreciate that effort.

[3.07 pm]

**CHISHOLM, Mrs Janet, Napperby Station**

**LEIGH, Mrs Lynne, Epenarra Station**

**PARTON, Mrs Joan, Murray Downs Station**

**SIEBERT, Ms Angela, Macdonald Downs Station**

**CHAIR**—Welcome. Janet, would you like to open?

**Mrs Chisholm**—I am not sure whether you received with my submission a letter that I would like to hand out. It was a letter issued by the Department of Aboriginal Affairs in 1993. It came in late and was not actually attached to my submission and I would like you to have a copy of that. Basically for all of us here station stores and station people and landowners and pastoralists are often bandied around, for a whole pile of reasons, as being goodies or baddies or whatever. Why station stores came about I think is a very important issue. You will see the 1973 letter there which was addressed to my father-in-law requesting that, having done many years of handing out food rations, we assisted the department in implementing social security payments and providing provisions. That was at no return to the station stores at that time. I think it is important that that is known, because all of the people here represent station stores and station people that have been around for many years. My particular family has been here for 60 years and Angela's family 40 years and 50 years. I have been here for 24 years. I have over 300 people living on our community, the biggest community living on a pastoral property. So there is a lot of the history and there is a lot of involvement, and there is involvement that was requested by the government, and obviously as time went on the stores developed and became businesses, which is what we run today.

Mine was the first store to get licensed. I was licensed last year. I applied, naturally, because I had been running the store for a long time, and we went through the hoops that we were requested to by FaHCSIA and Deloitte and the whole catastrophe that went on and on and on and endless visits by the department. I run a very good store. I have always had a very good store. We also have a community store. Outback Stores, although it has been talked about a lot today, was not really an issue for us; it was really an issue of whether we were viable and what we had to provide to prove that we were viable. Then we were eventually licensed. That took over a year. Really, there was no basis for that delay. We have always provided everything that was available. The community have always supported us. They have our respect; we have their respect.

In fact, I think the station stores should have been the first on the list. None of us, having been in business for all those years, really have to prove whether we are viable or not because obviously we are viable if we have been there for 30, 40 or 50 years and we are able to be supported by the communities. The fact that we were victimised and we were treated as a category that was dropped at the bottom of the pile while we dealt with all these other issues in the community store levels was something that I certainly strongly objected to. I think that, if

anything, we should have had the first support and we were the ones who could have provided advice in the early days of how things were working well.

From my point of view, yes, I have a licence. I was the first to be licensed. I have not even a remote understanding of why other station stores have not been treated with the same respect and why they have had to wait so long. Some of these other people here have only just received licences or have had their licences refused. My question to you, having listened to the others as well, is: who are FaHCSIA? Who are they to be judging me and my business and judging what we provide in an environment where everything should be equal? I hear Frank and I hear the other guys and I hear Yuendumu store. I do not think anyone has any right to deny people where they can shop and not shop. My people at Napperby are two hours from Alice Springs. I compete with Coles and Woolworths. They go to town more often than I do. So it is not about being as remote as they used to be. Everyone travels; everyone has cars. They are in town more than I am. It is not an issue of not being able to receive fresh fruit and produce. I think that there is a lot of misinformation out there and that people are naive in what they are expecting.

One other thing I have to say is that I also have a roadhouse which is on the way to Yuendumu. I have a petition, which I do not have here now. The roadhouse is called Tilmouth Well. We have been denied the BasicsCard there because we are a roadhouse. We provide a lot of groceries. We provide a lot of support to people travelling along the road. We are the only one on the road to Yuendumu. As I said, we have a petition from the Yuendumu people, from all the local Aboriginal people all the way around and from other travellers. Why we do not have a BasicsCard is beyond me. It is certainly costing us business because people do not have the cash. Why are we being singled out? There are certain restrictions within the BasicsCard which are very simple. You cannot sell pornography and you cannot sell cigarettes and you cannot sell alcohol—easy. If you agree to comply with that, why are you being denied it and being treated differently from Coles, Woolworths or anywhere in Alice Springs? That is my question, and I will now pass it on to everybody else.

**Mrs Leigh**—Hi. I am just a wife, mother and business owner; I am not a public speaker, so I will just go from here. My submission to the inquiry was centred on the FaHCSIA licensing process and also Outback Stores and how it has affected us and our business in a negative way. I would like to highlight that in the beginning of the NTR station stores were ignored. I have a paper in my bag regarding that.

We have been in business, as Janet said, for many, many years. FaHCSIA knew of our existence but chose to ignore us. In many cases they came into areas and set up Outback Stores or bush orders, often where one stall is viable but two stalls will struggle to compete. My family moved to Epenarra two years ago. I am originally from Murray Downs. We purchased Epenarra. We knew the area and we knew the industries we were getting ourselves into—pastoralism and running a station store. We also knew our customers and that we were going into a viable business. The past 18 months have been very hard and, I think, unfair both financially and on a personal and emotional level for me and my family. I get a bit emotional because it has been very hard for us. My daughter was born and bred in the bush. She is considered to be Alyawarre girl—that is her skin name. She has sisters, grandmothers and mothers who are Alyawarre people. We feel that we are being a bit disenfranchised by what is happening with this process.

**CHAIR**—Does your store have a licence?

**Mrs Leigh**—I do not think we would have anything if we did not doggedly try and compete.

**Mrs Chisholm**—And we had to employ a lawyer.

**Mrs Leigh**—Yes, I also had to have legal advice. We were very much being put through the ringer. But we are licensed now. Just last week we received a six-month licence with FaCSHIA. But it has been a long road. We have actually been trading under a temporary Centrelink licence for longer than they have given us a FaCSHIA licence. We are still trading indeterminately. I think we have proven over the past 12 months that we can handle the BasicsCard through our temporary Centrelink licence. We have handled it, I think, efficiently and appropriately.

**Mrs Parton**—I now run Lynne's Murray Downs, and my daughter is the same. Our Samantha is considered to be one of their girls in the same way that Lynne's daughter was. We have been totally accepted and we feel that we are the community store even though FaCSHIA has pointed out that we are a privately run store, not a community store. Where does the community come to socialise? To the store. Where do the boys bring their football trophies? To the store. Who do they ask for help with Centrelink? Who is their contact point? Who helps them learn to budget? It is us. We have already had a lot of credit and layby happening for ages. It is true that education is the way to go. We believe that, by helping them to help themselves, it is a two-way street. I teach some of them how to work off the credit board with their children for their things and they take my daughter hunting. We are all one big community but FaCSHIA completely ignores that fact because we do not travel under a banner, we just travel under our own steam. We try to work together with the people.

When all this licensing first came in we were knocked back point blank. At first we were allowed to do income management transactions but then we were not. It was: 'Station stores, bang, you are not allowed. You have to go to the nearest outback store,' which was 38 kilometres away from my people. They had no car or anything. How is a woman with two little toddlers in tow supposed to get there? We were told: 'It's not our problem. You'll just have to see that she gets there.' So you are on the phone day after day after day saying, 'She's hungry, she's hungry, she's hungry. What do we do?' Eventually they relented and said, 'Okay, you can do your one-off payments again.' Why should we have to go to those extremes and why should these people have to go to those extremes? Put simply, I just do not believe that FaCSHIA has the best interests of every community at heart. I think it is just a snowball effect. It is true that they tried bush orders with us too. But it did not work. They did not turn up. Where did the people come? They came knocking on my door. What could I do? I had to say: 'Sorry, I can't help you. You have been advised to allot your money for bush orders until it comes back to my store.' It is people dealing with people, not companies and governments. They have to remember that people are people. That is it. That is just an opinion.

**Ms Siebert**—We do not actually have a community right next to us at this stage. There used to be. The communities were moved to a more permanent water supply—a good water supply. My employers have continued to run these stores. They have always provided the service for these people. We run a good store, with good products, a good range of products. Our reputation has always been that we have had better products and services than other local community stores. In one of our stores we have six-month licensing. That came through in the last few weeks. We are still working on the other one. That is about it at this stage.

**CHAIR**—Thank you. Did you say you have a licence?

**Mrs Leigh**—Yes.

**Mrs Parton**—Yes, we received it last week.

**CHAIR**—You are the same—

**Mrs Leigh**—They are separate stores.

**Mrs Parton**—I manage Lynne's Murray Downs store.

**CHAIR**—I am with you. I have some questions. I will put them out there and you can answer them. In a sense, you are trying to represent the interests of station stores as a group. If there are individual issues, please raise them as well. Station stores are obviously owned by private operators—that is the nature of them. We are talking about stores which stock fresh fruit produce, dry goods—

**Mrs Chisholm**—Everything. You name it, you can get it.

**CHAIR**—In a sense, with what you are stocking, you look a lot like a community store.

**Mrs Chisholm**—Exactly, yes.

**CHAIR**—How many station stores are there?

**Mrs Chisholm**—Maybe 30 or more.

**Mrs Leigh**—In the Northern Territory—

**Mrs Parton**—I do not know how many there are at the Top End.

**Mrs Leigh**—I am not sure. I do not know exactly.

**Mrs Parton**—There is a lot.

**Mrs Chisholm**—We did not come up with the titles. FaHCSIA—

**Mrs Leigh**—You came up with the station store title. We have only ever been ‘station store’.

**CHAIR**—When you say ‘us’, FaHCSIA—

**Mrs Parton**—FaHCSIA.

**Mrs Chisholm**—It was segregated as a category and they said, ‘These don’t fit.’ ‘We cannot control them,’ I suppose, basically, ‘because they are private enterprise. Therefore we will shovel them to the bottom of the pack and treat them separately.’

**CHAIR**—So it is a privately-run store?

**Mrs Chisholm**—Yes. It could be anything else. My point to you before was that most of these places have been around for 30, 40, 50 years. Obviously they are commercially viable. We should not have to prove that we are commercially viable. The reason the community continues to support us is that we provide the things that are required. I find it just incredible, in the real sense of the word, that we would be constantly challenged and treated so badly as if we have to defend something. We do not have to defend anything. We do a good job. We are providing everything that fits in with the intervention model: fresh fruit and vegetables and all those sorts of things. To hold up licensing for that length of time, I worked it out: it costs nearly \$45,000 for me to have my licence—not me personally, me as a taxpayer. I had eight visits. Five of those people took photographs every time they came. They came in numbers of three and five. I said to them, ‘If I get one more visit through this door, I am going to shoot one of you. What are you looking at? It’s just ridiculous.’ They said, ‘We did not come last time.’ It was just ridiculous.

**CHAIR**—How did you organise yourselves to come here as a group? Is there a station stores group?

**Mrs Chisholm**—No, we all wrote letters.

**Mrs Leigh**—We all wrote submissions—

**CHAIR**—Independently. So you do not know each other? Some do.

**Mrs Leigh**—We do.

**CHAIR**—Janet, I take it that an Outback Store has opened in your vicinity?

**Mrs Chisholm**—No, that is Lynne.

**CHAIR**—Could you explain what has happened there.

**Mrs Leigh**—I cannot exactly speak for Outback Stores, but I can tell you what has happened there. Basically, Outback Stores came into the community. There is a lot of conjecture about whether it was FaHCSIA who introduced them or whether it was at the request of the community. Not many people in the community seem to know exactly how it got there.

I have a document. It is the first review into the rollout of income management et cetera. I got it off the net and it says there ‘Epenarra Store’. This is when we did not really know what was going on. It has two asterisks next to it and down below it says the two asterisks mean ‘station store but licensed store soon to open’. They knew of our existence. The Epenarra store has been the food cupboard for 300 people for over 40 years and yet nobody was going to start income management there until Outback Stores had fitted out their shop. I found that quite offensive.

**CHAIR**—They have only recently opened?

**Mrs Leigh**—Yes, last year.

**CHAIR**—What impact has that had?

**Mrs Chisholm**—It was put off and put off.

**Mrs Leigh**—It was put off until Outback Stores was in operation.

**CHAIR**—I see. So you did not get your licence until after that?

**Mrs Leigh**—No. I was dumbfounded. Here I had a shop that was offering everything and yet we were not even approached by FaHCSIA or Centrelink.

**CHAIR**—To become licensed?

**Mrs Leigh**—No. They knew we were there. To get to the nitty-gritty of it, from what I understand the minister could not legislate because we were not in a prescribed area. Therefore FaHCSIA could not tell us what to do, so they would not license us. But if people had been just a little bit more open and they had come to us and said, ‘Look, income management is going to start; we need shops for these people to purchase these products at,’ then we would have been more than willing to sit down at the table, discuss it and work with it, as we have through the licensing process. But nobody ever came to us. It was always a battle for us to seek out information to try to keep our businesses going against the machine that is FaHCSIA, Outback Stores and the NTER.

**CHAIR**—What impact has the opening of that store had on your business?

**Mrs Leigh**—We had a very sad situation in the community in about October last year where we had a death. There have always been two rival family groups in the community. That pretty much split the community in half. About 60 per cent of the community left. So, as far as the effect that it has had on my trade goes, a lot of it is hard to tell because there are a lot of factors involved. Our stores are always ready for that type of thing. It does happen in Aboriginal communities. When there is a death, people have to move away. There is sorry business that has to be respected. It has affected us, I suppose, but I still think that, probably through sheer determination, hard work and giving the customer choice and what they want, we are better off than Outback Stores.

But I must also say that FaHCSIA have put a licensed store, an Outback Store, into these areas where a store is viable. But in the long term I do not know whether two stores will be viable. Is it really fair that the government can come in, fund a store, keep it going against private enterprise and watch private enterprise flounder? That is one of my questions.

**Mrs Vale**—It seems to me as if station stores—for want of a better name—somehow do not seem to fit into the paradigm with which FaHCSIA is working, and they did not quite know what to do with you.

**Mrs Chisholm**—Exactly.

**Mrs Leigh**—Exactly. And we also have relationships with the community and the relationships are not considered.

**Mrs VALE**—No. This is a sexist statement, Chair, but I just think it is indicative of how women do business. You do business on a relationship basis and you are really quite shocked that the department has not done business on a relationship basis with you. They have not really established any kind of relationship with you at all.

**Mrs Chisholm**—It is not just us; it is other communities. What exists now? How do things operate? Let us see what is going on. Is there a need? To go back to my specific situation, I have a community store that is two kilometres away that has been there for 20-something years. It has been through ups and downs—it got broken into yesterday, as it happens. These things happen; that is life. I also have a roadhouse, which is 40 kilometres away, and another roadhouse which is 80 kilometres away. I have something in Alice Springs, which is 200 kilometres away. I have the Yuendumu store, which is 100 kilometres away. There is plenty of choice. It is not really an issue. It has been made an issue by people who do not understand.

**Mrs VALE**—In your station stores, have you ever had the opportunity to train Indigenous people to work in those stores?

**Mrs Chisholm**—Yes. I have had two girls working recently. We have been there a long time.

**Mrs VALE**—It sounds as if your relationships are quite entrenched and embedded within the communities.

**Mrs Chisholm**—Going back to that original letter about the assistance we have given, there are these girls and their families have been there for a long time. My mother-in-law was there for sick parade. It is long time; there is a lot of history. That is why we have over 300 people still living with us, because it is a good place to be. It is a good community.

**Mrs VALE**—You said that there was a particular sadness that split the community at one time. You said that many people left. Where did they go?

**Mrs Leigh**—Mainly Tennant Creek. It is an ongoing thing. It takes time. We are probably going a little bit of track now, but I know that FaHCSIA and the government business manager at Epenarra seem to want it make it better, because if the people do not come back then the funding will not be there. Sit back and let things heal. It is not white fella business; leave it alone.

**Mrs VALE**—Has there been any opportunity for you to have any meaningful dialogue with the representatives of FaHCSIA? You know have a licence, Janet, and Lynne and Joan both have their licences. Angela, do you have a licence for your—

**Ms Siebert**—One of the stores got its licence recently.

**Mrs VALE**—One of the stores. And even though you all have licences now there is still not opportunity for dialogue with FaHCSIA about—

**Mrs Parton**—The only dialogue is when the ring up to say that they are coming on an inspection or they are coming to set down the guidelines or to check our books or to check this or to do that, if that is at all possible and not inconvenient.

**Mrs VALE**—Tell me, is it the same person all the time.

**Mrs Parton**—No. We never meet the same person twice. It is the same with the Centrelink people that come out for remote services every three weeks. I have seen the same person three times in a year, so every week I have to sit down and write a list of all the issues of the people that they are going to deal with and fax it across to the office so that when they come out they can get something done.

**Mrs Leigh**—It is a whole lot of paperwork.

**Mrs Parton**—Otherwise, it takes me three weeks to clean up the mess that they have caused and get people reinstated and not suspended and all that. They sit there and say, ‘Is that right with you?’ and people think that it must be right, so they just tick it off. This is stuff that we do every single day, and yet you get nothing in return except more hassles from them. Who are the first people that they ring up when there something is wrong? ‘Do you know such-and-such in the community? Can you tell me if they’re around? Can you get a message to them? Tell them that they’ve got to ring Centrelink or something’s going to happen.’ But if you ring them up and ask something, they say, ‘Ring the call centre.’ If you ring the call centre, you wait for 45 minutes or something, and by that time the person has left and they say, ‘We can’t talk to you now.’ FaHCSIA is worse. Centrelink is better than FaHCSIA, if that is any indication.

**Ms Chisholm**—I do not know how much you know about income management—Frank said that you did not want to talk about. But it is an enormous amount of work. You have to keep every single piece of paper. I got picked up the other day in an audit because I was not clipping every single Visa card transaction to every thing out of the till sheet. I said, ‘I bet you Coles don’t do that.’ I have not found out, but I bet they do not.

**Ms Leigh**—Somebody must be making a million dollars out of staples.

**Ms Chisholm**—I said that I was not going to do it. I said, ‘I’m just going to stick it in a bag.’ She said, ‘If we come and check, you’re going to have to have it all together.’ I said, ‘I’ll get out there with my scissors, but I can tell you that I am not taking up a piece of paper, stopping the EFTPOS machine, clipping it together and putting it somewhere for every single transaction.’ For Heaven’s sake! And then you have to transfer all the data. Then you have all the income management. That is the BasicsCard.

**Mrs Parton**—Basics is easy compared to the normal income management, with the end of month reconciliations and so on for that.

**Mrs Chisholm**—It is just constant, and you do not get paid for any of that.

**Mrs VALE**—Is there anything else you want FaHCSIA to know? I will personally make sure they get a copy of this report. If we can all work together we are going to serve the Indigenous people better.

**Mrs Leigh**—Support is very important. There is material out there that says there is X amount of dollars are available to stores. There is money in the government kitty somewhere to help stores implement income management in their shops if they are licensed.

**Mrs Parton**—Where is it and how do we get at it?

**Mrs Leigh**—Come and show us exactly. If our point of sale systems are not what FaHCSIA think they should be, give us a hand and come and train us. We are willing to listen.

**Mrs Parton**—Communication is a big thing. We did not even know that the Outback Store at Epenarra was going up until we talked to the tradesmen. No-one knew anything about it until the tradesmen came in and told us what they were there to do. They seem to have taken what may well have been a fairly smooth process, if you followed logic and a straight path, and have unfortunately thrown bends in. Every time you ring someone up to try to continue dialogue from a previous correspondence, you hear, ‘No, they’re not with us anymore,’ and you have to start all over again with someone else until you are running around in circles, banging your head against a brick wall, until eventually you are stuffed and you just do not have the energy anymore. That is the big thing: we do not have the energy for ourselves or for our families. And who is it that the communities come to when they want something? We are the first port of call. If someone is sick or if there is a death—if there is anything—we are the first person they call. They ask us to ring the ambulance, ring the doctor and ring Centrelink. It is not a two-way street—it is between us and the communities, but it is not between us and the government. We really have not done anything wrong, but we feel victimised.

**Mr TURNOUR**—Do you run book-up systems?

**Mrs Chisholm**—Not anymore. They had to go.

**Mrs Parton**—They are in the past since we were told that, if we wanted to do this, they had to be gone—and they are gone.

**Mr TURNOUR**—So you ran book-up systems previously?

**Mrs Chisholm**—Yes, and since then I have not sold one washing machine or one refrigerator. So it is not actually working in their favour because now no-one can—

**Mrs Parton**—You cannot use BasicsCard towards lay-by or anything, so it is very hard for them to do it. I do a lot of those lay-by things. People where I live—

**Mr TURNOUR**—We have had evidence about abuse of the book-up system and people being taken advantage of. What is your response to those sorts of allegations?

**Mrs Parton**—I am sure there are people who do. The world is a terrible place.

**Mr TURNOUR**—If that goes on, what role is there for government in trying to stamp that out or prevent that from happening?

**Mrs Chisholm**—It cannot happen anymore because it has been stopped already.

**Mr TURNOUR**—But you are saying you do not like the system that is going to be put in place.

**Mrs Chisholm**—No, it does not work in their favour. My idea is that it should be like Radio Rentals. Some of our people rent things, and I have put that to FaHCSIA. If I choose to rent someone a washing machine and they pay it off over three weeks, why not? It is not illegal if Radio Rentals do it. It is not perceived as book-up. Then they could afford to buy a washing machine or a refrigerator. On literally the day it stopped, high-ticket items were gone, and of course they need those high-ticket items—it is part of a normal household. If we had a scheme that was acceptable along those lines, where they were able to pay off \$100 or \$200—

**Mrs Vale**—I think you are talking about the old-fashioned hire-purchase system.

**Mrs Chisholm**—Yes, exactly.

**Mrs Vale**—That is what they used to do in the old days.

**Mrs Chisholm**—That would work because they could pay it off and they understand it.

**Mrs Vale**—Before people used credit cards everybody used to do hire-purchase.

**Mr Turnour**—You are all running private enterprise stores and I am pretty sure you have a good handle of your bottom lines. What has been the impact on your bottom lines of the income management system? How has it reduced or increased your profitability?

**Mrs Chisholm**—It has increased my trade because the BasicsCard allows more people to shop at my shop.

**Mr Turnour**—So you are making more money?

**Mrs Chisholm**—I am making more money—but not at my roadhouse, because I do not have BasicsCard there.

**Mrs Leigh**—Like I said, we probably have not had a normal month since income management started—between competition coming in et cetera—but we have to be confident. Business picks up for us each month, which is great because people are coming back to what they know and where they know they get—

**Mr Turnour**—You have only recently been licensed, but what about the time span before you were licensed?

**Mrs Leigh**—We could accept the BasicsCard. Like I said, if I were not very dogged about it I do not think we ever would have.

**Mrs Parton**—They never approached us about applying for it.

**Mrs Leigh**—I got a temporary licence.

**Mr Turnour**—So there has not been any direct impact on the profitability of your business? You have a lot more bureaucracy and you are not happy about the relationship—

**Mrs Leigh**—We have more bureaucracy. The BasicsCard certainly gives us more business, because people have to spend it on actual food; they really cannot go to town and buy alcohol et cetera.

**Mrs Parton**—I like the BasicsCard; I will admit that. My case is also a little bit different in that probably two-thirds of the working community where I am now, as soon as they learnt about income management, went and joined CDEP not to be income managed and started working. Now, when they try to do a deduction, most of the time instead of coming to my store if they have tucker money they are still going to Outback Stores. I know that is not even their mistake; that is a Barkly Shire issue instead. The same thing happened at the beginning of Centrelink. When the other one first opened you would say, ‘I want to go to the Epenarra Store,’ and the funds would go to the wrong Epenarra Store or things like that even though we have a CRN. In the beginning, yes, they wanted to try it. It was something different. They went to Ali Curung or Tennant Creek more to do it. I did not suffer that much in that respect; most of my people went to work. I do not have that many on the books for the income management. I did suffer for a while, but that is natural as soon as they have the freedom to go and know they can do it. But they still come back and ask, ‘Can you get me this?’ and ‘Can you get me that?’

**Ms Siebert**—With us it did drop our trade initially. We were running book-up. When income management started we ceased book-up and customers were encouraged to go to their home community stores, so we lost a bit of trade that way. It was up to us to apply to FaHCSIA to try to get an application going to receive income management. We were not approached—obviously, I guess, because we were not next to a community. A lot of customers have come back to us because of the stock—a good variety of clothing and whatever we stock in the shop. It is still a good variety and we think it is better than most communities’.

**Mr TUNOUR**—So the overall thing we get from this is that there are real problems with the way FaHCSIA run the program and that sort of thing, but from what I am hearing people are spending more of their income on basic services, apart from the white goods that they cannot purchase anymore.

**Mrs Chisholm**—I know we have not got much time, but the thing I would really like to put across—which supports what has been said at Yuendumu—is that there is an awful lot of confusion out there, because no one really knows where the money is going to come from. I also work as a Centrelink agent in our community, and every day they will come in and ask you a thousand times, ‘Is it on the card yet?’—getting that extra money from the government. They basically like chance. They are gamblers at heart. One minute it is here and one minute it is there; it might just be here and it might just be there. It has made things very complicated, and people are still very disturbed. They were much happier just being able to know that they could get their cheque on a Friday, know how much the cheque was going to be and know what was going to happen. It was stability. Everything was—

**Mr TUNOUR**—Change is always difficult.

**Mrs Chisholm**—I know. I agree; change is always difficult.

**Mr TUNOUR**—We do not want to get into a philosophical discussion that we have not had and I take on board all the comments you have made, but the ideas were also that getting a

cheque on a Friday was not something that happened 100 or 200 years ago and that there have been some social outcomes from some of the welfare issues, as well. So there is change going on and that is going to be difficult.

**Mrs Leigh**—And we need to change. I would also add—this is one of my comments, not just FaHCSIA's—the fact that FaHCSIA and Outback Stores are working collaboratively. We know that. It is concerning to me that stores are being opened in communities such as Epenarra at the expense of very longstanding business that has always paid its taxes. We have always done what is needed as far as the laws and everything else go, and yet I am not really sure if there is room for two viable stores in a place like that—and I do not have \$29.1 million behind me. That does concern me.

**CHAIR**—We have gone quite a bit over time, but I think it was good to hear what you had to say, because it is important evidence from a group that we really have not heard from before. One thing we have not really asked you about—and we do not have time now, so I guess this is a plea for any of you to put pen to paper and give us your thoughts about it—is related to how a lot of what our inquiries are about is how stores in remote communities are running. What are the economics of them? What makes them good? What makes them bad? What is the secret of running a store in a remote community? It seems to me that there is probably quite a lot of collective wisdom about that question at this table, quite apart from the BasicsCard, Outback Stores and so forth. If any of you would like to put pen to paper about how you have addressed the issues of freight logistics—

**Mr TURNOUR**—Bulk buying, the capacity to buy in large numbers and clusters—some of the arguments that Outback Stores put forward—

**Mrs Parton**—That is part of how they criticise your prices, but we cannot get these great deals that they can get. I could go into Coles. I could take my ute in there, stock up and sell that for cheaper than what I can get it for half the time, and I am condemned for having to cut our margins. That is the bottom line.

**CHAIR**—The point is you guys have been in business for quite a long time, so there must be something that you have done successfully along that way. We would be really keen to try to pick your brains about that. So if you could do that we would really appreciate it. Thank you for taking the time to come see us today.

We are 20 minutes over, which is not as bad as it has been during the day, so we will have a break for about 10 minutes and reconvene at 4 pm.

[4.01 pm]

**BUGG, Mr Richard, Operations Manager, Ninti Corporate Services**

**ELLEM, Mr Matthew, Chief Executive Officer, Ninti Corporate Services**

**CHAIR**—I welcome our next witnesses, from Ninti Corporate Services. Would either or both of you like to make an opening statement? Then we might ask you some questions.

**Mr Ellem**—Did you want us to give you an overview of Ninti Corporate Services?

**CHAIR**—Sure.

**Mr Ellem**—Ninti Corporate Services is owned by Wana Ungkunytja—of which I am also the CEO—which is in turn owned by the Nyangatjatjara Aboriginal Corporation. The corporation's members are the residents of Mutitjulu, Imanpa and Kaltukatjara, which are the three communities along the bottom of the Northern Territory. The structure was set up for Nyangatjatjara Aboriginal Corporation to focus on providing education, and it operates the Nyangatjatjara College at Yulara and in the three communities. It also set up Wana Ungkunytja, whose mission is to provide employment and economic development for Anangu in the communities. We operate a range of businesses, including Anangu Tours at Uluru; Uluru Autos; Anangu Jobs, which has the Job Network contract in the three communities; an accountancy agency, Anangu Accountancy Agency or Triple A; and other businesses.

Ninti Corporate Services was set up to manage the assets of the communities. Essentially, it is a management company where we have contracts with the communities to manage their stores. Currently we are managing the stores at Kaltukatjara and Pukatja, as well as the Mt Ebenezer Roadhouse.

The difference between us and other models is that ultimately we are owned by the communities that we work in, that we are part of the community development strategies, except that our focus is on generating enterprise and employment opportunities. All of our surpluses are distributed back to the Nyangatjatjara corporation, to provide education, and directly to the three communities for beneficial purposes. We are a not-for-profit and a public benevolent institution.

**CHAIR**—Thank you.

**Mr TURNOUR**—I have had a bit of a look at your submission. Your basic argument is that, effectively, you are doing a pretty good job in running the stores and there is no need for Outback Stores to come in. Is that correct?

**Mr Bugg**—Basically, yes. We have a further submission here that gives more information about Ninti Corporate Services and the successes we have had in community stores. I will just say a little bit about what we do on a ground level, because that is more what I deal with. In the stores, we sell everything from ammunition to fridges, furniture, air tickets and car tyres. Something to bear in mind also is that, as mentioned earlier, the store is the community fridge

because a lot of households do not actually have fridges and these general household items. So the local people in the communities come to the store every day—sometimes several times in a day—because they do not have a fridge in their own home. We do sell fridges.

**Mr TURNOUR**—With the introduction of the intervention, have you seen any increase in the turnover in your stores?

**Mr Bugg**—I have not seen any difference in the increase in turnover. The business was already increasing before the intervention. Largely, what the intervention has done for us is to create a lot more paperwork for the managers to sort out. We are working on that—it is doable and we are going along with that—but, especially at times when we are short staffed, it becomes very hard to do. Staffing of these stores is very difficult, and it also takes a long time. If somebody quits today, it could be a couple of months before we can replace them.

**Mr Ellem**—I think the BasicsCard has improved the situation, but before the BasicsCard our managers were spending a couple of hours a day manually processing lists of people's credits and what had been spent and balancing it all up.

**Mr TURNOUR**—We have had evidence from others today that there have been issues with the bureaucracy and the way the whole system is managed, but I think there has been general agreement that the introduction of the BasicsCard and income management has assisted, seeing an upturn in the amount of money being spent on fruit and vegies and those sorts of basic needs of families in communities.

**Mr Bugg**—I do not think we have seen any increase in those lines. Money under BasicsCard and income management can be spent on anything apart from tobacco, pornography, alcohol et cetera. The only thing we sell that it cannot be spent on is tobacco. They never spent half their income on tobacco before, so all it has done is to create an extra way for them to spend money. It has not actually aided sales in food or anything like that.

**Mr TURNOUR**—That disagrees with other evidence we have heard today. It is about your proposition that the BasicsCard has not led to an increase in people buying fruit and vegies and other things that would provide a more healthy diet, and those are the things that you sell in your stores.

**Mr Ellem**—Yes. Because we are the only cash outlet at Kaltukatjara—we operate the ATM and cash people's Centrelink cheques—we have a fairly good idea of how much money there is in the community, which we track. The store has consistently realised about 92 per cent of the allowances paid in. That has not gone up or down since income management. Kaltukatjara is probably a bit different from other communities because of its remoteness. It is 250 kilometres to the nearest competitor, which is the Yulara supermarket at the resort, which has the highest prices in the whole Territory. Kaltukatjara residents would have to drive to Kalgoorlie or Alice Springs as an alternative shopping point.

**Mr TURNOUR**—Thank you. I have to go, but I will read the evidence when it is transcribed.

**CHAIR**—Has an Outback Store opened near you or one of your stores?

**Mr Bugg**—No, the nearest one would be at Imanpa, which from what I can remember is 500 kilometres away.

**CHAIR**—So, in that sense, it is not a competitor to you.

**Mr Bugg**—No.

**CHAIR**—What leads you to make the comments you have made about Outback Stores and how they get into communities?

**Mr Bugg**—Imanpa Store went through a hard time. They could find no-one to manage their store. Back in about June 2006, they approached us to come in and manage the store. There was nobody in the store at the time. We basically walked in there, got handed a till drawer and were told, ‘There’s the store; go for it.’ We then started putting our systems, policies and procedures into place and got set up managing the store. We saw increases straightaway, but the community had basically moved away because the store was closed and for other reasons. Then there was a time when we had to put our pricing policy up. It was compared to Outback Stores’ pricing policy. CLC had money tied up with other money to create a new store for Imanpa community.

This was based on the pricing policy that the CLC would only release the money for the new store to the community if the community got the management company which had the best pricing policy. It boiled down to Ninti and Outback Stores. Outback Stores won the contract because their mark-ups were less than ours. It did not take into account where they were sourcing their goods; it was just that basic number. Basically, on a lot of grocery items Outback Stores mark up their goods 55 per cent and we mark up our goods 70 per cent, so in theory their prices should be cheaper. But if they buy from a more expensive supplier in the first place their prices are actually more expensive, and that is exactly what happened. Six months after we had given away the store to Outback Stores I went back to Imanpa and did a price comparison. Outback Stores should have been a lot cheaper because their mark-ups were less but they were actually more expensive than the Docker River store, which is a further 500 kilometres out from Alice Springs.

**CHAIR**—Where is this in the document you have given us?

**Mr Bugg**—On page 30. It also says that 38 items were grouped together at Docker River with a total price of \$173, and the total price of the same items at the Imanpa store was \$184. Even though Outback Stores should have been cheaper with their lower mark-up, they were not in fact cheaper. If they were marking up their goods 55 per cent then they were buying from a supplier that was a lot more expensive than ours. Ninti encourages the stores that we run to shop around for the best possible prices. We are not stuck to preferred suppliers.

**CHAIR**—So it is because of the experience of having in effect tendered against Outback Stores that you have come to these conclusions.

**Mr Bugg**—Yes. I have nothing against Outback Stores. I do not mind what they are trying to do, although I hear a lot of stories about them bullying their way into communities and stuff like that. They have a lot of money behind them and I do not pretend that we can be competitive

against them. All I suggest is that some of their methods and ways of doing things do not seem to be quite right, as I have heard a lot today.

**CHAIR**—What methods are not quite right?

**Mr Ellem**—For the community to receive different types of assistance from the Australian government one of the conditions is that they have Outback Stores operate their store.

**CHAIR**—Do you operate three stores?

**Mr Bugg**—Three remote stores, yes.

**CHAIR**—Is there a store manager in each of those three?

**Mr Bugg**—Yes.

**CHAIR**—How do you do the purchasing? Do you purchase for the three as a group?

**Mr Bugg**—No, we let the managers manage the stores under the broad guidelines of our pricing policy and nutrition policies. Also, I go out to the stores and help when needed. Generally speaking it involves the managers shopping around for the best possible prices, good deals and things like that and then passing that saving on to the customers—and it works, basically.

**CHAIR**—So the three stores do not buy as a group.

**Mr Bugg**—We do go to suppliers and say: we have three stores and we want to be on the same deals for each store. I have done that with certain suppliers and that gets the prices down for each individual store. But the stores are not tied together in a big agreement with a supplier, so they all have to work together, as such. They can work independently, and they are owned by different people as well. But they are getting approximately the same prices, yes.

**CHAIR**—Do they make their own arrangements in terms of transport?

**Mr Bugg**—Yes. There are two different freight companies for each place, which suits the places that they are dealing with. The stores we manage in Pukatja use a transport company that goes down to Pukatja and does the lands around Pukatja as well—there are lots of stores close together in the APY lands. The Docker River store is at the end of a road and there is no other community near it in the Northern Territory; therefore it has its own designated truck. That is done by a different freight company—a cheaper one, by the way.

**CHAIR**—All out of Alice Springs?

**Mr Bugg**—Yes. Most of our supplies come from Alice Springs. We do order a lot of stock from Coles and Woolworths. We order that from our Alice Springs stores but they, in turn, order from Melbourne or somewhere like that, where they pallet them up and ship them all the way through to Docker River or Pukatja. It tends to work quite well: because the prices with Coles and Woolworths are the same country-wide, we are generally getting free freight in Alice

Springs, whereas if we buy from a supplier down in Alice Springs we then have to pay the freight on that to get it to Alice Springs before we then ship it out to the store. When you buy a can of baked beans in Melbourne you are paying pretty much the same price as you do in Alice Springs. So if we order our goods from Coles, whether they choose to put it together down in Melbourne is neither here nor there—we pay the Coles price, which is the same price you pay in Melbourne or Adelaide or Alice Springs or Timbuktu. We are essentially getting free freight all the way up to Alice Springs.

**CHAIR**—How many people are employed in each of the stores?

**Mr Bugg**—In Docker River, we have currently six full-time people, including the managers. In Pukatja we have four and in Pukatja Garage we currently have four as well.

**CHAIR**—None of them are on CDEP?

**Mr Bugg**—No, none on CDEP, although we do encourage that.

**CHAIR**—Each of the stores is profitable?

**Mr Bugg**—Yes.

**CHAIR**—I am interested in the level of management that you engage in. It sounds like you do give the managers a fair degree of freedom in terms of how they run the stores.

**Mr Bugg**—Yes.

**CHAIR**—What kind of oversight do you give to the stores?

**Mr Bugg**—We just had a change of management at Docker River store, so I went out there for about two months to train up the new manager and get them au fait with all the policies and procedures and with the sorts of products that we sell. We have quite a broad range of products, so to know them all is quite a big job. We offer that sort of training to start with, and then I will keep going out there to make sure that these things have been implemented, that everything is priced and everything is right generally.

**Mr Ellem**—We also manage the staff recruitment, all of the personnel practices, equipment maintenance, stock purchasing, transport, organising the banking and tax and managing licences, permits, insurances and the income quarantining requirements.

**CHAIR**—In that list you mentioned the stock purchasing. Do you manage the purchasing as a group? I got the impression from what you said previously that it is the store managers who basically determined the purchases.

**Mr Ellem**—Within our policies and procedures. Yes, they are the ones placing the order, but Richard would be training them in shopping around, getting the best price, organising the deliveries.

**CHAIR**—So you are training them in how to do that; you are not doing it yourself.

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**Mr Bugg**—That is right.

**Mr Ellem**—We are not placing the calls to Coles for the baked beans. Richard would be looking up later to see how much they paid for the baked beans, and if they are out of line with the other stores that would stand out.

**CHAIR**—Do you try to have policies to give cheaper prices for fresh fruit, fresh food?

**Mr Bugg**—Our basic pricing policy gives the benefit of a lower mark-up to fruit and veg and good food. Our nutrition policy is very basic. It insists that the store has a basket of fruit near the checkout, and that turns out to be our best seller. We sell that fruit for 50c a go. It is our biggest seller, and that shows in the graphs in this report. The policy is also to make sure that the healthier foods are at eye level and hand level, in easy reach. We also have a good variety of fruit and veg at all times.

The market basket survey treats us very favourably. The latest one I have is 2007. That report showed that we had 33 varieties of vegetables and 18 varieties of fruit. The cost of the basket was very similar to one from an Alice Springs corner store. Alice Springs corner store was \$541. Docker River, 700 kilometres away, was \$548. The most expensive basket was \$695.

**Mr Ellem**—Our pricing policies are detailed on page 6.

**CHAIR**—I think you might have said this: each of the three stores is licensed under—

**Mr Bugg**—The Docker River one is. The Pukatja ones are in South Australia so they are not, but they are applying for the licence to get the BasicsCard sorted out, so the travelling people can come in and spend money on their BasicsCard.

**CHAIR**—How does each store run and manage its relationships with the community in terms of handling complaints or requests for new or different items to be stocked? How does that level of engagement and consultation occur?

**Mr Bugg**—Generally we have got a very good relationship with the communities. The current manager in Pukatja has been there for three years and has got to know the community very well. There is good staff retention at Docker River too. Anything that these guys would like to buy we can provide, and we have done. I have sold church organs in the past when they wanted a church organ. The only things they say they do not want us to sell in the Docker River store are playing cards, so we do not sell those. Obviously we cannot sell pornography or alcohol but anything else is pretty well fine—saddles, horse gear, anything else you like.

**Mr Ellem**—We also have regular board meetings. Each store is owned by a company owned by the community and there are regular board meetings with the directors. We have the usual 10 board meetings a year that the store manager would be at, and there is an opportunity for the board and the directors to communicate how they think the store is going and what stock should be carried or whether there are any problems going on with the store or community.

**CHAIR**—Sorry, I think that I missed something in the governance structure. You do not own the stores; you are managing the stores—is that right? Each of the stores is owned by—

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**Mr Ellem**—Another community company.

**CHAIR**—Do each of the stores then operate under a steering committee or a local committee?

**Mr Ellem**—Under a board. The Pukatja store is owned by a company called Western Desert Highway, which is owned by the Kaltukatjara Community Corporation. It has its own board and the board is responsible for the activities of the store.

**CHAIR**—Who is the store manager employed by?

**Mr Ellem**—Ninti Corporate Services.

**CHAIR**—So all of the staff are employed by you?

**Mr Bugg**—No, only the manager.

**CHAIR**—So the other staff are employed by the local entity. Who owns the business, as it were? For example, who owns the stock? Who owns the property?

**Mr Ellem**—The community company. So at Docker River, Western Desert Highway owns the buildings and the stock.

**CHAIR**—So each of the stores owns its own property. Do you operate on a fee-for-service basis then? Do you charge each of the stores a fee?

**Mr Ellem**—Yes, to manage their assets.

**CHAIR**—I think that you would be aware that we have had a submission from a person from the Kaltukatjara Community Corporation, which I think owns that store.

**Mr Ellem**—That is right.

**CHAIR**—Presumably, you have seen that submission. It is argued there that: none of the community members are involved in any positions of trust within the store; there is no transparency in the management of the store; the directors are not fully apprised in a manner that they understand of how the store is run; there are no governance principles observed during directors' meetings such as the distribution of minutes and other statements beforehand. What do you say about that?

**Mr Ellem**—None of the directors of Western Desert Highway are literate in English so we do not distribute written copies of the minutes. They are discussed with the directors at each meeting and at the following meeting we recap the previous meeting. We also do not leave financial reports; we discuss them at the meetings. There have been problems in the past when financial data has got into the wrong hands. People have perceived that there are enormous reserves there and there has been agitation to spend those reserves.

Part of the submission that you are referring to is critical that the community decided to limit distributions to \$1,000 per household—\$46,000 a year—and have the rest accumulate so that

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something more substantial could be purchased. That was a community decision as a way of quarantining the store income. In effect they were doing that well before the Commonwealth when they decided that half the money would be distributed—\$1,000 per household—but the rest would accumulate, and they are saving up to buy a swimming pool.

**CHAIR**—So that was a decision of the community?

**Mr Ellem**—Yes.

**CHAIR**—You have described some logistical issues in terms of being able to communicate with the members of the board. How do you overcome that?

**Mr Ellem**—By running meetings orally—by discussing the issues, talking through the minutes and talking about the issues that were discussed.

**CHAIR**—How do the members of the board then get a sense of the finances of the store?

**Mr Ellem**—From the reports each month that we provide. So each month we will tell them where the store is up to—if it was a good month or if the store is making money. We will often report that the store has not made money over Christmas. December and January are very quiet times. So we discuss the previous month's trading and the year-to-date trading.

**CHAIR**—But you do not give them full financial reports?

**Mr Ellem**—They are at the meeting and they are discussed but we do not leave the month-to-month finances with the directors. They have never requested to have the month-to-month and as I say we prefer not to have that sort of commercial information lying around.

**CHAIR**—So is it that you do not let the information leave the room or is it that you do not present it in the first place?

**Mr Ellem**—It is more that it does not leave the room.

**CHAIR**—You talked about directors being paid sitting fees.

**Mr Ellem**—In that submission the Kaltukatjara Community Corporation is a benevolent institution. The idea was that they would receive the distributions and provide beneficial purposes but Western Desert Highway would be the commercial arm that would operate businesses. The directors of Western Desert Highway give personal guarantees to the store. Some of their equipment is under lease that they have signed and that they are responsible for. They have responsibilities to the tax office for the store paying its tax correctly. They are renumerated—they are provided with a sitting fee of \$300.

**CHAIR**—So you are saying that the prohibition against sitting fees which they describe only relates to the council itself not to Western Desert Highway.

**Mr Ellem**—That is right, and that is why it was set up: so that one entity would do commercial activities and the other would do beneficial activities.

**CHAIR**—I suppose the final point they are making, which is the one I opened with, is that community members are not put in positions of trust—for example, they are not allowed to work with the cash register. Is that right?

**Mr Ellem**—We have not had any who wanted to work with the cash register. Again, literacy and numeracy restrict what work Anangu can do. We have never denied Anangu work at the store. We would have a pool of half a dozen. They are mainly working in stock positions—assembling bikes and stocking shelves. We provide flexible work to them. They work when they want to and if they do not want to then they do not come to work. We leave those positions open. But we have not had any actually wanting to go on to the till or any who would have sufficient numeracy and be able to withstand the humbug from families to provide goods for free.

**CHAIR**—If there was somebody who was interested, what would be the approach of Ninti

**Mr Ellem**—We would encourage them and make it happen, and probably talk to our other company Anangu Jobs to try and arrange remedial numeracy and literacy.

**Mr Bugg**—Before our current point of sale system was in we did have Aboriginal people working the tills. That was when there were simple cash registers and it was a lot easier to handle. We had several people on the tills then. When we brought in the point of sale computer system, you had to find people's accounts, people's names and stuff like that and it just became all too difficult.

**CHAIR**—Finally, I want to ask about the freight side of it, which I was asking about before. Do the stores get delivered to weekly?

**Mr Bugg**—The Docker River store gets deliveries weekly. We get a main truck monthly and another truck comes through fortnightly at the moment as well so we have quite a few options at the moment. Fruit and veg comes in weekly on what is called the bush bus. At the Pukatja store we have a truck come weekly.

**CHAIR**—Do have a sense of what percentage of the cost of the products in the stores is for transport from Alice Springs?

**Mr Bugg**—It is about six per cent

**CHAIR**—Does that vary from store to store? The store which you describe which was at the end of the run, I think it was Docker River, does that have a higher freight cost, for example?

**Mr Bugg**—It is a 700 kilometre run and 180 kilometres of that is dirt road—it is a very rough road actually. So that puts the freight prices up quite a lot. We were forced to go to another freight company a couple of years ago but the prices were going up very quickly so we arranged to go back to this guy again and brought the prices done relatively speaking so that was good. It is mainly the dirt road that causes the hike in price.

**CHAIR**—Do you have a sense of what the percentage of freight would be in relation to the products at Docker River?

**Mr Bugg**—That was the six per cent. So six per cent of income is spent on freight.

**Mrs VALE**—I have just a couple of questions. Thank you for coming to give evidence today, gentlemen. I just wanted to know how many stores do you operate? I am sorry I was a little late. I just had something else I had to do.

**Mr Bugg**—Through my community stores it is three. I am also responsible for the operations of Mount Ebenezer Roadhouse, which is fairly remote as well, and two newsagencies in town here—in Alice Springs.

**Mrs VALE**—How do you get invited to run the store? I understand that you take over stores that are not profitable or rundown. Does the community approach you or do you make an offer to the community?

**Mr Bugg**—So far it has always been by word of mouth. We had a store in Western Australia as well for three years. We were contracted to do that for three years. That was all done by word of mouth as well.

**Mrs VALE**—So the community leaders ask you to come and run their store for them, do they?

**Mr Ellem**—At Docker River the community owns us as well so they have a preference for working with companies that they own.

**Mrs VALE**—I see. Are all the stores that you have licensed by FaCSIA?

**Mr Ellem**—Only the Northern Territory stores. The other stores are in South Australia. We are in the process of getting them licensed so that when people visit South Australia they can use their BasicsCard.

**Mrs VALE**—So your Ninti store is licensed?

**Mr Bugg**—The Ninti store is a different store all together. It is nothing to do with Ninti. They do have very similar names.

**Mrs VALE**—The stores that you operate in the Northern Territory, is it three or one?

**Mr Bugg**—One.

**Mrs VALE**—And that is licensed?

**Mr Bugg**—Yes.

**CHAIR**—Thank you very much for giving us your evidence today. We really appreciate it. We are a bit short on time so it may be that we do have other questions in which case we will send them through and if you are able to get back to us, that would be great.

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[4.33 pm]

**ANDERSON, Miss Julie, Womens Director, Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council**

**BALMER, Ms Liza, Child Nutrition Program Manager, Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council**

**GILLICK, Ms Vicki, Coordinator, Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council**

**SMITH, Mrs Margaret, Chairperson, Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council**

**CHAIR**—I welcome our final group of witnesses for today. Would you like to make an opening statement, each of you or collectively, and then we might ask you some questions.

**Ms Gillick**—I will be brief. We should also state at the outset that Mrs Smith, our chairperson, is also the chair of Ninti Corporate Services and of Wana Ungkunytja. There is not necessarily conflict, but we just want to be clear. The women's council has an ongoing interest in the quality of stores and the method of management of stores in the region. Obviously we do not manage stores ourselves, but we run a child nutrition program that has dealt with under five-year-olds for 13 years. A lot of that work involves our staff going out and working with mothers and carers of young kids and trying to encourage and educate them about nutrition and good food and so on. Some of that involves getting people to understand how to best shop in stores, how to best use their money. We have worked closely with Nganampa Health on the Mai Wiru stores policy for many years. We all think it is a very good policy, it is just that it is not always implemented. We operate in a tri-state area, so we are dealing with stores that are licensed under the Northern Territory emergency response in the Northern Territory. We are dealing with community managed stores. We are dealing with stores that go under and are put under administration, such as at Mimili. Well, it is having financial difficulties. I do not know whether it ever went under administration, but they are now being run by Outback Stores.

On the Ngaanyatjarra lands we are dealing with stores that are run probably just as community controlled stores that do not have nutrition policies or other policies in relation to regulating what they sell—or even have a policy about what they sell. Then we have the issue of two or three stores at Mintabie—which is the former opal mining, nearly dead, town on the APY lands over which lease negotiations seem to continue forever and not get resolved; the lease expired in 2000 or 2001 and still has not been renegotiated—and there is a store that holds many, many keycards and pin numbers on behalf of people, which they have disclosed to the store managers. We think the Mintabie store owners have made a lot of money out of that. It is also a centre for cannabis and sly grog. It is a bit of an Alice's Restaurant in the region. It probably takes a lot of business away from community stores. There have been issues down there, which you may or may not be aware of, about whether the Centrepay is administered according to Centrelink regulations and standards at Mintabie. So Mintabie is another area of large concern—the quality

and management and how much money gets expended there and how people's incomes are dealt with by traders.

The women's council members have an overall interest in nutrition and how to change people's behaviour in what they eat. Our nutrition staff are continually concerned about what kids are given to eat from stores, particularly with stores that sell a lot of frozen pizzas, soft drink and take-away food that would be high in fat, salt and sugar. Generally, we do not think there is enough enforcement without going into how you worked necessarily do that. You have really high rates of chronic disease and really difficult illnesses in children, and malnourished kids. Some of that at least is to do with the content of the diet.

**Mrs VALE**—One of the reasons for this committee, Vicki, is because the government is concerned about the diet and the illnesses and also the gap between lifestyle and longevity between Indigenous people and mainstream Australia. There are other questions I would like to ask you, but if we can stick to the nutrition issue at the moment. With nutrition, one of the big problems is how food is prepared. Does the women's council offer any—besides advice on nutrition, are there any lessons on food preparation, on cooking, on the best way from mothers to prepare certain foods for their children?

**Ms Balmer**—Absolutely, that is quite a strong focus of the work. We are not so much about nutrition education; we have a fairly simple philosophy that food is good. It is more about how you get the good food from the store into kids' mouths. Cooking is a big part of that. The type of cooking education that we do is very simple. It is based on what people have available, which is often not much, so it is usually one-pot cooking either on a fire or in an electric frypan.

**Mrs VALE**—This is something that the committee is learning: not every home actually has a stove.

**Ms Balmer**—Very few.

**Mrs VALE**—So there are no roasts or anything like that?

**Ms Balmer**—No.

**Mrs VALE**—Also, very few homes have refrigeration available.

**Ms Balmer**—Yes. They rely on the store as the fridge. Many people will visit the store two or three times a day, purchasing as they are hungry rather than purchasing in bulk—‘This is my budget for the week. I'll do the week's shopping.’

**Mrs VALE**—Do you think it would help if there were refrigerators available in domestic dwellings? Would that be helpful?

**Ms Balmer**—Yes, very helpful.

**Mrs VALE**—That is one of the big issues that the government needs to know about. You talk about one-pot cooking. Is there anything you would like to tell us about the range, the opportunity or perhaps what we could do better as a government in trying to educate about food,

good nutrition and food preparation for people in remote communities? From the time you have been doing it, have you learnt anything that you would like us to know?

**Ms Balmer**—I have probably been telling you for 13 years. We all know the quality of the houses is a huge problem, and the number of people in the houses. A fridge is definitely something that is needed; it is part of a solution. There is also food security. How do you ensure that you put your food in the fridge and somebody else does not eat it? It is very complex.

**Ms Gillick**—Or that your fridge does not break down all the time because it is not well looked after.

**Ms Balmer**—And then there is nobody to fix it or you run out of money for power so the fridge goes off for a few days and then the food goes off. It is very complex. It is definitely part of an overall strategy to improve health in communities. As a short-term measure, what we have been trying to do is improve the ready-made food in stores. If people are relying on stores as their only food supply, as the restaurant, we should try and improve what is available—either pre-prepared or partly pre-prepared, so it is quick. They can buy it, tip it into a pot and cook it.

**Mrs Vale**—I do not suppose any of these homes actually have microwaves either.

**Ms Balmer**—No, but many of the stores have banks of microwaves. That is their form of takeaway. That is one of the areas we were working on with Mai Wiru: try and find good-quality microwave products rather than—

**Mrs Vale**—Do the women in the community have access to the microwaves in the store?

**Ms Balmer**—Yes.

**Ms Gillick**—The food that is sold in the store that is microwaveable would be mini-pizzas and stuff that is absolute rubbish—

**Mrs Vale**—I was actually thinking of how I try and provide for my husband when I am in Canberra for two weeks out of every month.

**Ms Gillick**—He does not cook?

**Mrs Vale**—No. He is one of those old-fashioned husbands. There are packages of vegetables that you can buy that have been snap-frozen in little bags. They are one-serve meals. You can put them in the microwave for three minutes. They are husband-proof! It is the way he gets his fresh vegetables. As a matter of fact, I have not seen any of those in any of the stores that we have visited, where you actually get a selection of vegetables that are frozen in little packets. They are steamer vegetables. You put them in the microwave for two minutes and they are really good value. I think it is a dear way of buying vegetables, but, if it is the only source of vegetables that you have and you are looking for food security and fresh, quality food, it is one good way the microwave is useful.

**Ms Gillick**—Yes, but there is also the bigger issue of how difficult it is to change behaviour. We often find that we can only do that in society by regulating what is sold, whether it is liquor

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restrictions here, pricing tobacco or road rules. There is a very difficult situation with very poor health outcomes. The federal government is trying to close the gap. We will have to toughen up a bit more than just telling people. Liza could probably talk a lot about this because she spends a lot of time trying to educate people about what to eat. But people like salty, sugary or fatty food—we all do really. It gets quite addictive. In some ways it is a personal view, but I think there has to be some way to regulate these stores, where things like Wingdings and Coke cannot be available for kids to eat for breakfast.

**Ms Balmer**—You heard from Nganampa this morning, so you would have heard about their removing Coke from Amata store. They did not talk about that?

**CHAIR**—No.

**Ms Balmer**—A press release said that \$193,000 was spent on Coke in one financial year and the community decided, after some promotion about the content—

**Ms Gillick**—I think that was soft drink overall and I think I have a note about it somewhere.

**Mrs Vale**—That is still a lot of money on soft drink.

**Ms Gillick**—A huge amount. Talk about poverty; this is a community of no more than 500 people—

**Ms Balmer**—It is 422 people.

**Ms Gillick**—that can spend \$193,000 on soft drink in a year. It is not just a matter of money.

**Ms Balmer**—It equates to 4.3 tonnes of sugar.

**CHAIR**—So what did they do?

**Ms Balmer**—They decided that they would remove Coke along with Passiona, Gatorade and Disney poppers. I do not know if you have seen those—they are small blue coloured drinks.

**Mrs Vale**—How long ago was that?

**Ms Balmer**—Not quite a year ago but close to a year ago.

**Mrs Vale**—How have they found the results of that?

**Ms Balmer**—That is what I was about to comment on. What was interesting was that they did not remove Diet Coke. They did leave Sprite and a few other drinks. We found they have not replaced Coke, Passiona and Gatorade with any other drinks; instead, there has been an increase in orange juice and water sales. There has been a change of behaviour. It does not necessarily follow that people just go for the next bad thing.

**Mrs Vale**—So education does have an important role?

**Ms Balmer**—Yes, but also what Vicki is talking about: regulation. You just do not have it available—it is just not there.

**Ms Gillick**—It was \$85,000 or \$95,000 a year on Coke and \$193,000 on soft drinks all up. So what I am saying is that supply reduction or supply control is an issue.

**Mrs Vale**—It is an important mechanism.

**Chair**—I am interested in how that decision came about. How was it made?

**Ms Balmer**—As a part of the Mai Wiru store policy, the nutritionist does a top 10 sellers list every six months. The first time she did that, we saw Coke come up three or four times in the top 10 sellers, in different amounts, such as 1.5 litres and 200 millilitres. It was overrepresented at the Amata store. She then did a store turnover to see exactly how much they were selling and presented that information back to the community. They decided that that was a big issue and they would remove it.

**Mrs Vale**—As a community based decision?

**Ms Balmer**—A community council decision, yes.

**Mrs Vale**—Are there women on the community council too? Would women have had input into the decision?

**Ms Balmer**—Yes, there are men and women on the council.

**Mrs Vale**—That is very educative. That is really important to know.

**Ms Gillick**—But that is one out of—

**Mrs Vale**—Yes, but they understood the reasons. They could see the difference and they wanted to take steps themselves.

**Chair**—So what should we do?

**Ms Gillick**—I am not completely au fait with the legal avenues you could try but I suppose I have a pretty strong view. Having lived in this region for many years and having worked in the Central Land Council and various other organisations, I have seen community members demand profits from community stores and seen kids live day-to-day largely on the worst from community stores. I think there has to be some way of controlling it. If you are going to run outback stores they should not be cash cows. There should not be too much concern about whether they make a profit. The concern should be that the food in them is not just of good standard and good quality but also reasonably healthy because you have such a high level of chronic disease and such a differential in life spans. We really need some urgent action. The committee might want to look at how that could be done. I know that is very anti-competition and the ACCC probably would not like it, but what are the options? Renal failure, diabetes or failure to thrive. The options are hideous.

**Mrs VALE**—What about the example of the community where they made the decision?

**Ms Gillick**—That is one. It would be nice to see a few more. That is one decision and one product.

**Mrs VALE**—If they are given the information—you know, just by the research—and they have made an informed decision, to me that is a very important lesson for government.

**Ms Balmer**—That is also done in the context of the Mai Wiru stores policy. Not every community has that type of support and those resources.

**Mrs VALE**—That, again, came from the women's council in your community, didn't it? I mean the Mai Wiru good food policy.

**Ms Balmer**—It was a joint initiative between the women's council and Nganampa Health.

**Ms Gillick**—But that policy has been in existence for some years now. We have one store in one part of the women's council region which has removed Coca-Cola from its shelves. That is one product. I am not trying to be a food Nazi. I am not saying everyone should just have mung beans, wholemeal flour and lean mince on the shelves and that is it. But I do not think that just educating people is going to be sufficient to change the health stats.

**Mrs VALE**—What has been the result of removing it from the stores? Is there any indication of improved health amongst the youngsters if they are now onto water and orange juice?

**Ms Balmer**—No. It is too early to measure.

**Mrs VALE**—It is too early to tell. Is there any intention of doing any follow-up studies on this?

**Ms Balmer**—The information sits with Nganampa. They have access to that data. You would have to ask them.

**Mrs VALE**—Do you think the good food policy of the Mai Wiru has had an impact on good eating? Has it improved nutrition?

**Ms Balmer**—It has improved the quality and the variety of food in the stores but not consistently. Where you have had a good store manager who is compliant with the policy, it has worked and it has worked well. But where you have had a rogue store manager who could not care less and has ignored the policy completely, there have been seen some terrible outcomes. Vicki alluded to this earlier. It is a great policy but unless you can enforce its implementation it does not mean anything and it is still reliant on the individual store manager.

**Mrs VALE**—Would you, Margaret or Julie, like to make any observations about the good food policy in your community?

**Mrs Smith**—We have the outback running our store. That is in Imanpa in the Northern Territory. Our stores stock up with fresh vegetables and fruit.

**Ms Gillick**—Margaret is living Imanpa, where outback stores are running.

**Mrs Smith**—You mob mentioned people going every day to the store. That is happening in my community. Where I come from they go every day. I do that too. The store is open all day until four or five o'clock. Most of them have not got fridges and freezers.

**Mrs Vale**—What about the supply of bread or damper? Damper is something that is home made, is it?

**Mrs Smith**—We make our own damper.

**Mrs Vale**—The women make their own damper?

**Mrs Smith**—Yes.

**Ms Gillick**—These two are champion damper makers. We went out bush last week, and they supplied all the directors and the staff with very good damper.

**Mrs Vale**—This is like traditional station-type food, too, isn't it? Is that a very important part of your diet?

**Mrs Smith**—Yes. Damper is No. 1.

**Mrs Vale**—Are families more inclined to have damper than, say, to buy commercially made bread?

**Mrs Smith**—They find bread is a light meal; it is very light. You say a crowded house! I have most of the families in my house. I cannot afford to buy six loaves every day, so I break that up and make damper in between. I make it in the afternoon or for lunch.

**Mrs Vale**—What do you normally have with the damper, Margaret?

**Mrs Smith**—In my house, my eldest daughter and her husband cook up a stew. It is the only one that can feed us.

**Mrs Vale**—Again, it is one-pot cooking?

**Mrs Smith**—Yes. We have stew or rice. Sometimes I cook something outside on the fireplace.

**Mrs Vale**—And you have damper with it?

**Mrs Smith**—Yes. We have to have damper.

**Ms Gillick**—Margaret, we were talking about damper a lot last week because you were cooking a lot of it for everybody. Margaret makes a sort in the morning that is like a fried scone, and it is really just flour and water, isn't it? You talked about it being a filler. When there is nothing else to eat, it keeps the kids filled up.

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**Mrs Smith**—It sort of keeps the kids filled up all day.

**Ms Balmer**—Unfortunately, there is an overreliance on damper and white bread, which does not offer a lot nutritionally, particularly the processed white flour that is often used. You might hear people refer to ‘damper days’ when they run out of money and their food intake is tea and damper.

**Mrs VALE**—For how many days might that occur, Liza?

**Ms Balmer**—It can be three or four days sometimes.

**Mrs Smith**—Some people do not like eating dark bread.

**Ms Gillick**—Buying a bag of flour is as cheap as buying a loaf of bread.

**Mrs VALE**—Yes, it is. You can get much more out of it.

**Mrs Smith**—Especially for a big family.

**Mrs VALE**—Is there any tradition of growing local produce like tomatoes, cucumbers or lettuce in the local communities?

**Mrs Smith**—There is not enough water out there. Underground, there is nothing. There is not enough.

**Mrs VALE**—So there is no tradition of growing market gardens or community gardens at all?

**Ms Gillick**—Years ago there were gardens in a valley at Pukatja. They sort of come and go.

**Mrs Smith**—Finke has got grapes and stuff like that. It is a big one.

**Ms Gillick**—Laramba, which is not in our region, had some vegetable growing.

**Ms Balmer**—Mimili has a garden.

**Mrs Smith**—We mainly cook on the weekend.

**Mrs VALE**—Are these community gardens or private gardens? Can the produce be accessed by the community?

**Ms Gillick**—I am not aware of any at the moment that would have—

**Mrs Smith**—Finke is open for everybody.

**Ms Gillick**—The grapes, yes. Julie, are there no other vegetables growing at Finke?

**Mrs Smith**—Last year, they were growing vegetables.

**Ms Gillick**—Were they growing them for everybody last year?

**Mrs Smith**—Yes, mixed vegies.

**Mrs VALE**—Where abouts was this, Julie?

**Miss Anderson**—In Finke.

**Mrs VALE**—Has there been any tradition of keeping chickens and having eggs or pigs or anything like that? There is nothing like that in the communities?

**Miss Anderson**—No.

**Mrs VALE**—Some communities have had that in the past but do not do it now. I am just trying to access what is available and what is possible.

**Mrs Smith**—We eat kangaroo meat. We do not rely on chicken.

**CHAIR**—How often do you eat kangaroo meat?

**Mrs Smith**—We eat it every weekend. We go hunting.

**Mrs VALE**—You go hunting?

**Mrs Smith**—Yes.

**Mrs VALE**—How do you cook the kangaroo? Is it in a traditional way?

**Mrs Smith**—It is against our law to cook it separately. It is our law, the Aboriginal law.

**Mrs VALE**—I beg your pardon. Okay.

**Ms Gillick**—Communities that have had missions operating them over the years have waxed and waned a bit with market gardens, which you are probably aware of. Ernabella, and probably others as well, would have had pretty extensive gardens from time to time, but I do not think at the moment there is much.

**Mrs Smith**—Too many dogs.

**Ms Gillick**—Yes, too many dogs.

**Mrs VALE**—Margaret, about what percentage of your food source would come from bush tucker, like kangaroos another things?

**Mrs Smith**—From our ancestors.

**Ms Balmer**—How much bush tucker would you eat in a week?

**Mrs Smith**—Nearly every week.

**Ms Balmer**—But just on the weekend?

**Mrs Smith**—Sometimes every day. We eat it when the family brings it.

**Ms Gillick**—So weekends and occasionally if there is a visitor or something?

**Mrs Smith**—Long weekends.

**Mrs VALE**—When you can access vegetables and fruit, what would be your preferred fruit and vegetables? Do you ever have access to leafy vegetables like spinach and cabbage? Do you have carrot and potatoes?

**Mrs Smith**—Potato, cabbage ,carrot, pumpkin, sweet potato, capsicum, tomatoes and lettuce.

**Mrs VALE**—Do you boil these up as a stew or do them in a fry pan.

**Mrs Smith**—Yes—sometimes, when we have money.

**Mrs VALE**—When you have money.

**Mrs Smith**—When the family's payday comes around.

**Mrs VALE**—And that would be, what, every two weeks?

**Mrs Smith**—Yes.

**Mrs VALE**—So you have fruit and vegetables perhaps—

**Mrs Smith**—In my community, they do not get paid this week; they get it next week. Fortnightly pay.

**Mrs VALE**—So they are perhaps inclined to have fruit and vegetables in the first week but towards the end of the second week it is damper?

**Ms Balmer**—Yes.

**Mrs Smith**—Maybe just two days with fruit and vegetables sometimes. Two days, and then the rest are—

**Mrs VALE**—So for about two days out of 14 days you would have fruit and vegetables?

**Mrs Smith**—Yes.

**Mrs VALE**—Okay.

**Ms Gillick**—Julie, you were talking about the store this morning. Do you want to say anything about that?

**Miss Anderson**—The price is too dear.

**Ms Gillick**—The prices are too high.

**Miss Anderson**—People cannot afford it. It is too much.

**Mrs VALE**—And this restricts how much you want to buy of it?

**Miss Anderson**—Yes.

**Mrs VALE**—Do you have any recommendations for the committee about how you think we could improve fresh fruit sources for the community and things to do with nutritional value? Are there any recommendations that you want us to know about? I could sit here and ask you lots of questions, but the whole point is that we need to learn from you your needs. You are a professional nutritionist and Vicki has been in a professional management capacity. What do you think would be a good suggestion?

**Ms Balmer**—I suppose our position—our underlying philosophy—is that stores should be considered an essential service and that we should move away from any idea that they need to be a viable business. When we are talking about stores we do not refer to profits—you might have heard that this morning. We refer to operational surplus. They are not enterprises. There is no competition; there is no passing trade. It is a fixed economy. We can tell you how much money will come into that community each work.

In order to improve the cost, the quality and the availability of nutritious food in the stores we think that you need to consider it as an essential service and therefore employ a different model of operating. That might mean government funded wages, just like you would have in a clinic, school or other essential service. It might mean subsidies around freight and transport. If you consider it in a different way instead of it having to be a profit-making business, then there are ways of subsidising it or using different funds—existing funds—that would alleviate some of the operating costs of the store. Then you could reduce the cost of the fruit and veg and other nutritious products, as well as maybe increasing the amount that is supplied.

One of the key platforms for the Mai Wiru policy is an essential healthy items section, which each store has to adhere to. It tells them that they must have two of the six varieties or whatever. Of the foods that are listed in that section, we recommend that the stores try to sell them as close to landed price as possible, so no mark up is put on those items. If you were to work from that premise of it being an essential service that operates like the other essential services, then there would be room to change and improve the viability, as I keep hearing, of stores.

**Ms Gillick**—We already have licensing, at least in the Northern Territory, under the intervention. Under the emergency response, stores have to be licensed in order to be able to accept the BasicsCard. Maybe it is time to look at a tightening up of the licensing so that stores have to meet a higher level of requirements in terms of nutrition and the quality of food in order to be licensed. We would like to see this not just in the Northern Territory—and we might be

dreaming—but across the region. Maybe that is one way that it could be approached. Then you have to get state governments to agree and there goes your opportunity to do it, possibly. But if the licensing regime could be tightened up, perhaps, so that there were limits on the non-nutritious food that could be sold—

**Mrs Vale**—Or maybe restricting them to special things at times like Christmas or the holidays or something, so that they can be available and there is not a total ban. That example of taking out the Coca Cola is perhaps something that we should be looking at right across the Northern Territory.

**Ms Balmer**—That is something you could address under licensing. And if the stores were funded in some way—rather than being separate, individual businesses or enterprises—and there was some accountability for health outcomes then you could include that in the licence.

**Mrs Vale**—And the community store should perhaps be known as a place for community health. It is a health resource, not just where you go and buy—

**Ms Balmer**—It is the most critical health resource, really.

**Mrs Vale**—Yes, absolutely. I can think of a thousand other questions, but we are going to run out of time.

**Chair**—Thanks, Dana. Picking up on that, were there to be a tightening up of the licensing arrangements, do you think that the Mai Wiru policy would be a good basis for that—that is, if stores did adhere to that policy?

**Ms Gillick**—I think, if they were made to adhere to the policy, yes, and if there were that or something similar across the region you might, hopefully, see some improvement. And then, of course, if you had it across the region you might be able to gauge the improvement as well. There are all sorts of lifestyle factors that affect people's health and wellbeing, but it might be easier to gauge it if you had something that was across the region. So, yes—something like that policy but one that is actually enforced.

**Chair**—Yes. We are getting a copy of the policy provided to us. But the decision to remove the Coke, for example, would go over and above what the policy states, I assume?

**Ms Balmer**—Well, no. At the outset, that was one of the first things they agreed, that stores would not sell Coke.

**Chair**—Right.

**Ms Balmer**—It is actually there. So now Pipalyatjara also does not sell Coke.

**Ms Gillick**—So, we are talking—how many years since it was implemented?

**Ms Balmer**—2001.

**Ms Gillick**—So that was in 2001, and you have some places just starting to stick with it.

**CHAIR**—As the NPY Women's Council how do you influence the stores? What is the process?

**Ms Gillick**—Liza's got a really big stick she runs around with!

**CHAIR**—Do you engage with the store managers, do you talk to them, do you do audits—how do you actually influence their behaviour?

**Ms Balmer**—It is very difficult, and that is where the store policy came from. In the early days we realised that we can teach people about good food, we can teach people how to cook, but if they cannot get the food—if they cannot buy it or they cannot afford it—what is the point? So we started with just trying to influence store managers on a personal level and then writing recommendations and then writing to the APY council, and eventually we came to: 'We need a policy; we need something that is more than just a recommendation, something that goes beyond the individual store manager.' What we have found is that it is very hard to enforce it. You need to be there every day, really, seeing what goes into the store. We will go to a store when we are there and have a look at what they are selling and what the prices are, check for use-by dates and things, and then feed back to the store manager what we see.

**CHAIR**—What is the response?

**Ms Balmer**—Often very defensive—or, sometimes, very good and you get a really good outcome, but then they leave and the next store manager comes on board and disregards everything that has been done.

**Mrs Vale**—So the community does not really have a great deal of input into how the store is actually run?

**Ms Balmer**—It depends on the community.

**Mrs Vale**—It does? Okay.

**Ms Balmer**—Yes; it varies from community to community.

**Ms Gillick**—In some communities, some community and council members have completely rorted the stores; in some communities, store managers have rorted the stores; and, in some communities, store managers have joined with community members to do it together. Sometimes it is just that they are incompetent and sometimes they are very good and they are very cooperative. That is part of the problem. You get these big differentials.

**Ms Balmer**—And it depends on the store manager and how willing they are to—

**Ms Gillick**—And the community council may not have much ability to assess the qualities or the employability of a store manager. They may have no idea that that store manager was just five minutes ago working somewhere down the road and rorted that store but has not been charged with fraud for lack of evidence. This goes on all the time in this region and it has done for years. You get good ones, you get bad ones, and the bad ones hop around and turn up elsewhere. We were talking about that this morning, Julie.

**Mrs VALE**—Vicki, just for the sake of discussion, how would it be received—and I would like the women to think about the question—if, say, the department of health decided that there was going to be no more soft drink sold in stores and also perhaps came up with some kind of subsidy like you were talking about, Liz? So you would be getting a government subsidy of some description, whether it is freight costs or whatever—even subsidising good-quality, healthy food, perhaps, in some way—but also, as a condition for that kind of subsidy, they would say, ‘All right, no more soft drink in this store,’ or no more of whatever they consider to be bad for health in whatever sugar content food there might be. I am just using soft drink as an example because it is the one we most think of because it is so visual. Even in department stores and Woolworths stores that I go to at home, there is a whole row that is just soft drink from one end of the aisle to the other. It is just soft drink. So this is not just a problem in remote community stores; I think it is a problem that we have with obesity right across the mainstream population. What say we take up your idea of subsidy but also then the health department say that there is a condition to get this subsidy for healthy food and maybe those little packets of fresh vegetables that you can also supply? They might say, ‘We’ll subsidise that, and we’ll subsidise a bank of microwave ovens so that you can microwave food,’ because it is still a good, healthy way of getting food without fat in it. How would that be received by the community? You would be getting a subsidy but you would also be getting some conditions.

**Ms Balmer**—Restrictions are not uncommon in these communities. Bear in mind that we have alcohol restrictions, and we have recently replaced unleaded petrol with Opal fuel, so it is not uncommon and it can be achieved without too much resistance if you do proper consultation. Vicki mentioned earlier—and we have not really expanded our discussion much beyond the APY lands—that we also work in Western Australia and the Northern Territory. Western Australia has not wanted a store policy like the Mai Wiru one, even though we have tried repeatedly, so now individual stores in Western Australia are approaching us to form their own policy. The most recent one is Tjukurla Community. We broached the idea of removing Coke, and they were all for it. So I think with the right information and some good examples it is possible.

**Ms Gillick**—Margaret, what do you think? Would you like to have some rules about not selling really sugary stuff in stores and maybe the stores would get subsidised?

**Mrs VALE**—You see, the government has other issues that are a bit further down the track, Vicki, which you can appreciate.

*Witness interjecting—*

**Ms Gillick**—Yes, there is the proximity question. It is a bit like Opal; we would have to quarantine the entire central region to make it work!

*Witness interjecting—*

**Ms Gillick**—People will go to roadhouses, but they will not all go to roadhouses all the time for all meals, and there is a very limited amount of stuff you can buy with what you can afford in roadhouses, so people are not going to go and do their grocery shopping.

**Mrs VALE**—Even Coke on special occasions is not going to do too much damage, but it is the constant diet, the basic diet, of having just Coke.

**Ms Gillick**—I suppose in some ways it is a little bit like the intervention. You have had this dysfunction in this region for 25 or 30 years. How to deal with it—dare I say it—is not just about what people want; it is about the effects and it is about the difference that it will make to their lives. As Liza said, there are restrictions on a lot of things in everyday life, and you are looking at really, really high levels of chronic disease and failure to thrive. Do you say, ‘Do people want this?’ or do you say, ‘Okay, what is the way we can intervene in this so that it might actually work?’ and not think, ‘Okay, we’re going to spend another 25 years educating people that Coke is bad’? People’s health in this region is not good. We have hundreds of people on end-stage renal treatment.

**Mrs Vale**—And at huge cost to the Australian taxpayers.

**Ms Balmer**—The dialysis unit is full here.

**Mrs Vale**—Absolutely.

**Ms Balmer**—It cannot take any more.

**Ms Gillick**—People are being sent to Adelaide and Perth—

**Mrs Vale**—By plane.

**Ms Balmer**—Yes.

**Ms Gillick**—to live. They are being sent there to live on dialysis, as of a couple of weeks ago, because Alice Springs cannot take any more until they build some extra beds, which has not started yet. So, as of a couple of weeks ago, if people from the APY lands and from the Ngaanyatjarra lands are on end-stage renal treatment, they have to go and live in Adelaide or Perth, so they are even further away from their families. And some of this stuff starts in childhood. There are various postulated causes of renal failure, but they include repetitious scabies, rheumatic fever—

**Ms Balmer**—Diabetes.

**Ms Gillick**—and diabetes—and why is the diabetes so high? You have to be careful about getting too worried about whether people want this or like it or will they choose it. They have not chosen to be inundated by Coca-Cola in the first place. It is there, people get onto it, they get addicted to it and you have all these really high levels of diabetes and other chronic diseases.

**Ms Balmer**—If you run a store on a business model and Coke sells, what do you do? You sell more, because it is a good seller.

**Mrs Vale**—Sally, you are really saying that we have got the wrong model to start with in these particular remote communities—we should be looking at an essential service model and not a commercial model?

**Ms Balmer**—Yes.

**CHAIR**—I want to ask one final general question. You have dealt with a lot of stores. This inquiry is looking at what makes a good store and what makes a bad one. Do you have any general observations? There must be really good stores out there that you all know and you know why they are good stores. There must be bad stores and you know why they are bad stores. What observations would you make?

**Ms Balmer**—That was a quick question, was it?

**Ms Gillick**—The one in Western Australia we were in last week that had a packet of dried fruit that was two years past its use-by date was not a good store.

**CHAIR**—Why do you think it wasn't a good store?

**Ms Balmer**—Poor management. The stores that work the best are stores that have very good management, and the ones that have the best management are the ones that have management support outside of that store. It is not just the store management in the community; it is standardised accounting services, standardised software, and standardised training and recruitment. When you have that level of support, you get better store management.

**CHAIR**—In part, that is the theory behind Outback Stores. But it is not just Outback Stores. We just heard from Ninti. Is that kind of support what you are talking about?

**Ms Balmer**—Yes, it is support. It is not just reliant on the individual personality of that store manager; it has some accountability, support and some systems. When Mai Wiru put in a standardised accounting system external to the stores, what happened? All the ones that were doing dodgy accounting left very quickly, because they knew they were about to be found out. In fact, one of the stores was exposed. He had been swindling money.

**CHAIR**—Is the point that some external management support also gets over the succession issue? I think you described a circumstance where you work with a store, there is a great store manager and all is going smoothly but the store manager leaves and you have to start again. If there is some external support, does that offer more hope to get through that transition?

**Ms Balmer**—Yes.

**Ms Gillick**—If there is some centralised system or external support, it definitely would, because recruitment in this region is very difficult. If you have some poor little community council that does not have a clue how to recruit never mind actually monitor someone managing a store, what hope have they got?

**Ms Balmer**—Or monitor the finances. But there is more than just good store management. It is having a focus on health and having that connection with health. One of the successful partnerships around the Mai Wiru stores policy is that it has been sitting in Nganampa Health Council. So it has been monitoring some health outcomes. That has been very useful. Knowing what the purchasing behaviour is, knowing what the top 10 sellers is and then correlating that to, 'Have we seen an increase or decrease in failure to thrive?'—being able to connect those. Having a strong food and nutrition focus is really important. You can be the best run store on the lands but still not sell good food. You can still have banks of Coke fridges. It has to be a

combination. It is a very rare combination to have someone who can run a good business who is also someone who knows a lot about food and nutrition.

**CHAIR**—Are there examples of what you just said: the really well-run store which is selling bad food?

**Ms Balmer**—Yes, there are really well-run stores selling poor quality or nutrition-poor food.

**Mrs Vale**—It is really informative. Thank you for coming. It is really helpful.

**CHAIR**—Thank you very much for taking the time to give evidence today. We very much appreciate it. I thank everyone for coming. I thank the secretariat staff and the Hansard reporter. Everything that has been discussed at today's hearing will form part of the report that we will make to parliament later in the year.

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

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

**Committee adjourned at 5.21 pm**