
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**

WEDNESDAY, 22 JULY 2009

DARWIN

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**HOUSE OF REPRESENTATIVES STANDING**

**COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

**Wednesday, 22 July 2009**

**Members:** Mr Debus *(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 Laming, Ms Rea, Mr Turnour and Mrs Vale

**Terms of reference for the inquiry:**

To inquire into and report on:

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

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

## WITNESSES

**Committee met at 8.54 am**

**MILLS, Ms Allyson Jean, Larrakia Nation**

**ACTING CHAIR (Mr Laming)**—Good morning. Before we officially open today's proceedings, I call upon Ally Mills from the Larrakia people to give us a welcome to country. Thank you very much, Ally.

**Ms Mills**—Yes, I am here on behalf of the Larrakia nation. I would like to personally thank you. This is very important. Welcome to country has taken off in such a big way around Australia, so it is pretty pleasing. I appreciate those who allow Aboriginal people, including the Larrakia people, of each area to be represented, to acknowledge us and promote our business, our centre and our activities. So I thank you. There are lots of different Larrakia people who do lots of different kinds of welcomes from mine. It is basically a 'hello, how are you going'. I like to come at it from the human level—person, people, community—and what we are all doing as people, as a community, as humans. So I welcome all of us in this moment in time and what we are all doing here right now and where we are heading, and what the bigger picture is in terms of our program at any time. So I welcome you on that level.

I am pleased to be here today because this is something that I am very interested in as well. This inquiry is about remote area community stores, and this is one specific area. So I am very keen on and very interested in that. Whether we call this an assessment or a review or a summary, whatever the word you use, I am very interested in it—what is happening out in the remote areas and the remote communities in terms of people's lives. So I thank you again. I really appreciate being here and doing the welcome for you. Strive on, and welcome.

**ACTING CHAIR**—Thank you very much, Ally. Thank you for opening today's proceedings and for really reminding us why we are all here and what we are working towards. Thank you to you and all of your people.

It is great to be here in Darwin. I now declare open the public hearing today for the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into remote community stores. We would like to acknowledge the custodians of this land—thank you again, Ally—but also pay our respects to the elders past, present and future and of course all Aboriginal people who reside in this area. We are very thankful to your community for allowing us to conduct our hearings here today.

Please note all of these proceedings are formal proceedings of the parliament and everything that is said today should be factual and honest, and it is quite a serious matter if that is not the case. We invite you to make comments that will assist us in our inquiry; our objective is to make improvements around community stores. This hearing, obviously, is open to the public. That means a transcript of what is said today will be publicly available. It will be placed on the committee's website and, if you are interested in obtaining a copy, please let us know. We can do that at the conclusion of the hearing today. Please advise us or any of the secretariat if you would like to have a copy of anything that is said today. We have a long day ahead of us, so, without further ado, I will ask the committee members to introduce themselves.

**Ms REA**—Good morning. My name is Kerry Rea. I am the member for Bonner, which covers the south-eastern suburbs of Brisbane, in Queensland. I am really pleased to be here as part of this committee. We have had some very interesting discussions around management of community stores, governance, food security and freight and, obviously, the quality of produce, so I am really keen to hear what people here in Darwin have got to say. As I said, my seat in Queensland is Bonner, which of course is named after the first Indigenous politician in the federal parliament. I am very proud to represent a seat bearing that name. Thank you.

**Mrs VALE**—Good morning, everyone. My name is Danna Vale. I am the federal member for Hughes, which is in southern Sydney. It takes in the western part of the Sutherland Shire and Eastern Liverpool. It is very close to the Georges River—it is our northern boundary—which flows into Botany Bay. That will probably give you a picture of where I come from. My electorate is characterised by residential housing amongst very leafy suburbs. There is an Indigenous population, but we do not see them very much because they are very much part of the community, they work within the community and they own their own homes. The people of my area are the Dharawal people and also the Gundungurra people of the Liverpool area. It has been a really edifying experience for me personally to be on this committee and, along with my colleagues here, we really look forward to your evidence today. Thank you.

**Mrs VALE**—Good morning, everyone. I am the federal member for Hughes, which is in southern Sydney. It takes in the western part of the Sutherland Shire and eastern Liverpool. It is very close to the Georges River—it is our northern boundary—which flows into Botany Bay. That will probably give you a picture of where I come from. I have an Indigenous population but we do not see them very much because they are very much part of the community. They actually work within the community and own their own homes. The people of my area are the Dharawal people and the Gundungurra people. It has been a really edifying experience for me personally to be on this committee. My colleagues and I really look forward to your evidence today.

**ACTING CHAIR**—A fourth member of the committee will be here shortly and we will get him to introduce himself when he arrives. We acknowledge the high quality of the submissions we have received from Darwin and we very much look forward to hearing from the people who have come to speak to us today. My name is Andrew Laming and I am the member for Bowman. I am the acting chair at the moment. In this curious committee structure I find myself doing that while the chair is unable to be here. I represent the bay side area of Brisbane, which is right next to Kerry's electorate. My electorate includes Stradbroke Island of the Quandamooka people. Probably most famously, Kath Noonuccal Walker comes from that part of the world.

[9.01 am]

**AARONS, Mr Brian, Manager, Northern Territory Emergency Response Unit, Northern Territory State Office, Department of Families, Housing, Community Services and Indigenous Affairs**

**TOYNE, Ms Laura, Director, Community Stores Licensing, Department of Families, Housing, Community Services and Indigenous Affairs**

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

**Mr Aarons**—I am currently the delegate who signs community store licences based on the assessments of the community stores licensing team.

**ACTING CHAIR**—Thank you for your substantial written submission, which we appreciate. The fourth member of the committee has arrived, so I will ask him to introduce himself.

**Mr TURNOUR**—I am the member for Leichhardt. I am based in Cairns and represent not only Cairns but the Cape York and Torres Strait area, so I have a significant number of Indigenous constituents and am very interested in this inquiry. I was part of the driving force that got it going, so it is good to be here.

**ACTING CHAIR**—We have heard a lot about licensing and the BasicsCard. You may wish to give a very short statement, but I would ask you to focus on where you see potential recommendations in that area.

**Mr Aarons**—We have prepared a brief opening statement which is intended to take you through the licensing process. I think it would be useful if we just walk you through licensing process. In opening, we would like to join with you in acknowledging the Larrakia people, the traditional owners of the land on which we meet today. We thank the committee for the opportunity to appear. The Department of Families, Housing, Community Services and Indigenous Affairs, FaHCSIA, has of course already provided a formal written submission to you. Departmental officers, including Ms Lyn Curran, Dr Bruce Smith and me, appeared before this committee on 12 March 2009.

Ms Toyne and I appear before you to provide information on the role and responsibilities of the community stores licensing section, which forms part of the Northern Territory emergency response unit in the Northern Territory office of FaHCSIA. Within the framework of the department's formal submission, which you already have, we want to outline the community stores licensing process and the matters which the legislation, the NTNER Act, requires us to take into account in the process.

I have been appointed by the secretary as his delegate who can make decisions with respect to granting, refusing, revoking, varying and transferring a licence under the relevant provisions of the act. Ms Toyne is the director of the community stores licensing section. In that capacity she

manages and coordinate the process of assessing stores for a community store licence and then makes recommendations to me, as the delegate, based on analysis of how the stores rate against the assessable matters in the act. Ms Toyne will now outline the steps and considerations in the licensing process.

**Ms Toyne**—The section itself has a range of responsibilities relevant to this inquiry. These include the assessment and monitoring of community stores in the Northern Territory in remote communities as a part of the Northern Territory emergency response. Another growing area of our work in the team is to assist stores to meet the assessable matters in the act and to build stores' capacity to improve their operations.

The first community stores were licensed in September 2007, and as at 20 July 2009 there are now 86 community stores in the Northern Territory that are participating in income management and have a licence. Of these, 24 stores are under corporate licences issued to either Outback Stores or the Arnhem Land Progress Aboriginal Corporation.

I would like to provide a quick outline of the community stores licensing cycle which will help explain the process a store operator and store owners must undergo in order to obtain and retain a community store licence. The first part of that process is to determine whether a store meets the definition of a community store under the act. The act actually states that to be a community store you must have as your main business 'the provision of grocery items and drinks' and that the premises must be in a prescribed area or located in an area that has been specified as such by the minister. The act also makes determinations as to what is not a community store and therefore what cannot be licensed. This includes roadhouses and businesses whose sole purpose is that of a takeaway or fast food shop.

Once we have determined that a store is eligible to be assessed as a community store, the store operator is advised by us that an on-site assessment will be conducted by an authorised officer of the department and that they will need to provide certain documents to assist in that assessment. The authorised officer must assess the store against the assessable matters set out in the act. Primarily, these are: the store's capacity to participate in and comply with the requirements of income management; the quality, quantity and range of groceries and consumer items, including healthy food and drink, available and promoted at that community store; and, importantly, the financial structure, retail practices and governance practice surrounding the operation of the community store. The methodology in the assessment is that we examine each assessable item of the store's operation and then rate the extent to which the store might meet that criterion or not. With me I have some documents which I will table. I will table a current copy of the template and forms we use to undertake the assessment and collect the information.

In cases where a store does not currently fully meet a criterion, a risk treatment strategy is developed and additional conditions can be placed on the licence to address identified risks, or the delegate himself can propose to refuse a licence to the store. If a delegate decides to refuse a licence to an applicant then section 99 of the act establishes the requirements that must be met before a refusal to issue a store licence can be made. The section requires that the operator of the community store be notified of the proposed refusal and given a chance to respond. There are some clear-cut reasons why the delegate may refuse to issue a licence to an applicant, such as: the store not having appropriate systems in place to handle, manage and account for customers'

IM funds; stores being insolvent; and stores not having an acceptable range and quality of food to meet the needs of the community.

All community store licence conditions attached to them must be met if the licence is to be retained by the licensee. The standard community store licence, which I have also tabled, has on average 13 conditions in it, and these must be maintained over the course of the licence. Of course, we might place additional conditions on a store and a licence holder depending on the results of the initial assessment and on what we find during monitoring visits. I am aware of some licences that have up to 30 conditions in them.

These conditions, the additional ones in particular, are based on an identified risk that the particular store poses in relation to its ability to comply with the requirements of the act. We can, and we do, provide guidance to stores on how they can meet these conditions and what actions they might need to take to do this. Under the act we also have the power to monitor and audit stores to check that stores are meeting their licence conditions and to generally inspect the store. We do this regularly and all stores that have a licence are subject to at least one visit during their licence period. Some stores that I am aware of have had between two and six visits and some even more.

The delegate himself can also revoke a licence and take it away if among other things there are reasonable grounds to believe that the store is in breach of its licensing conditions. When a licence is revoked Centrelink will also cancel its income management agreement with the store. The effect of these actions is that income managed funds are not able to be used in that store for any purchases. We revoked a licence in the Northern Territory in August 2008 as the store was not meeting its conditions, was technically insolvent, had very little, poor quality food on its shelves and customers IM funds may have been at risk. At the same time that this action occurred the store was put under administration by the Office of the Registrar of Indigenous Corporations. The effect of our action was that the store appointed new managers. They appointed Outback Stores and within days there was food on the shelves, new systems in place to handle and account for funds and the store has been able to pay its debtors ever since. Mr Conway Bush who is a Beswick resident submitted a written response to this committee stating how much things had improved with his store as a result of the licensing intervention.

I would like to point out that the FaHCSIA licensing process is different and separate to the process which exists for merchants when they apply for a BasicsCard or when they apply to receive and manage income managed customers' allocations. This occurs through Centrelink. However, it is a FaHCSIA policy that all stores in prescribed areas must be licensed by FaHCSIA in order to participate in the income management regime including being approved as a merchant for the BasicsCard. I would like conclude by stating that there are several benefits to having the community stores licensing regime. Such a regime brings transparency to the operations of stores. We can identify problems in the operation of stores and solutions that might work for that particular store and that particular community to fix those problems that have been found. Thank you for inviting us to speak here today and we are happy to take any questions that you have.

**ACTING CHAIR**—I might open up with a general question around communities that right now might be at the margin struggling to get a licence for their store. Do you have three, four,

half-a-dozen or a dozen that are right now under significant duress or causing considerable distortions in the market because they are not able to get licensed?

**Ms Toyne**—I am not aware of any personally. There are a number of stores that are currently going through an assessment process that do not have a licence and they have applied for one. I am not aware that we have created any market distortions through this activity from my perspective.

**Ms REA**—Can we get some numbers on that? You gave us the numbers of licensed stores and those that include ALPA and Outback Stores. How many stores are we talking about overall in terms of the NTER legislation? How many would not be licensed that are currently operating as community stores?

**Ms Toyne**—That is a difficult question to answer because stores can open and close all of the time. I am aware of stores that have only opened recently in the last few months that are currently going through an application process. We would not necessarily be aware of them unless they came forward. In the early days, I think around the time that the emergency response began, obviously we were out in communities quite a bit and would count the stores, so we would know what was there but there are new stores opening and closing all the time. I am aware that there is one store that has been refused a licence by the delegate. That store is in Yuendumu. There are a couple of others that are going through an assessment process at the moment.

**ACTING CHAIR**—Could you hazard a guess excluding roadhouses to try and get to that question? Roughly how many are you aware of that have come to you and do not yet have a licence but are applying?

**Ms Toyne**—There are two more at the moment that we have not made a decision on and not finalised our assessment on that are going through the licensing process. There is another store that shut recently in a community and I think I have heard of an application that might be forthcoming in the next few days and a new store potentially opening in yet another community. So there are a few around.

**Ms REA**—The 86 stores are by far and away the vast majority of stores. We are not talking about a large number out there.

**Ms Toyne**—My thought is that there might be around 90 up to maybe 95 out there. There will be some I am probably not aware of.

**Mrs VALE**—Evidence of our hearings has not been made publicly available yet so you would not know that in Alice Springs the committee heard evidence from a representative of the Yuendumu committee about the conduct of the department regarding their application. Of course, when you have to draw a line, always there will be some who will not get over it. You mentioned that section 94 of the act provides a process by which people who were refused or are unsatisfied with the considerations of the department can take steps. Was that due process made available to the Yuendumu store?

**Ms Toyne**—The Yuendumu Social Club store's last application for a licence was in August 2008. The department got external assessors in, so non-departmental officers who were appointed authorised officers under the act. They went out and conducted an on-site assessment in late September last year. We had to wait for quite some time for final documents to come from the social club store, in particular some audited financial statements. We received those in January and at that point we proceeded to finalise the assessment of the store.

I provided some advice to the delegate and subsequent to that the delegate proposed to refuse a licence to that particular store on certain grounds. At that point in time we wrote to the social club store—I believe it was in April—and provided them with all of the documents the delegate had considered in refusing that proposal. They had the opportunity to respond to that on several occasions and they did so and provided us with some additional information that the delegate considered in making a final decision recently.

**Mr Aarons**—Can I just say as the delegate who has taken this decision, no such decision is taken lightly obviously. I believe this is a very constructive process of engaging with Indigenous communities. To me one of the pleasing things about it is working with communities to improve what is really an essential service—having a decent store in your community that has healthy products and provides the things that you need at good prices. That is critical to the broader closing the gap strategy of the government and, presumably, of most Australians. It is a very constructive process.

There have virtually been no decisions not to license. There was a key decision not long after I took on this position to revoke a licence, and Ms Toyne has walked you through that one briefly. I believe that was a very constructive outcome. In this case I believed I was duty bound under the legislation to refuse that store a licence on the grounds of their financial position. As I said, the decision was not taken lightly and there was a lot of correspondence between us and the Yuendumu Social Club store. As I said in my letter to them recently, it is open to them to take the matter up with the Ombudsman if they so wish to or to reapply at any time. I can assure you that it was a decision taken after very careful consideration of the facts and what I believe was my duty under the legislation.

**ACTING CHAIR**—How many situations do we have of an Outback Store being situated in a community where there is already another store in place? You have Nguru-Walalja being introduced into Yuendumu, but in how many other locations do we have an Outback Store being placed parallel to and in competition with—and receiving government funding—a pre-existing community store?

**Ms Toyne**—There is one other that I am aware of and that is in Epenarra.

**ACTING CHAIR**—So these are not unique. I am just trying to understand whether from their point of view they would have a government funded competitor that they are fighting and, at the same time, there is not the same imperative for procedural fairness because there is already a government funded provider who is benefiting from them not receiving a licence. Do you have a sense that if there wasn't the government funded competitor in town there would be a much greater requirement to sort out the Yuendumu Social Club store situation out much faster? For the whole time that this was bogged down—well over 12 months—there was a government

funded store straight down the road anyway providing the service so there was no real rush to solve the problem as there would have been in a single-store community.

**Mr Aarons**—I think that the term 'government funded' could be a bit loaded. Outback Stores was set up by the previous government, and I think for very good reasons—the motivation was a good motivation.

**Ms REA**—It was getting government funding.

**Mr Aarons**—Sorry, I am not questioning that. All I meant was that we just need to be careful about what the term might be taken to mean, that is all. Outback Stores was established by the previous government and it continues under this one. It was given government funding. The key point is that it operates as a commercial entity. It has to and it will not survive if it cannot operate like that.

The situation in Yuendumu is very specific, I think. I do not think that there is another case quite like it. As the delegate, I assure you that in taking the decision, no consideration whatsoever was given to that and it took quite some time to reach that decision. In that instance, looking at the history of the Yuendumu Social Club store, the problems which led to my decision existed before the establishment of the Outback Store at the Yuendumu Women's Centre. They seem to have a history of financial problems. It is a little bit hard to understand perhaps but the facts are presented and they are presented by the store itself.

Yuendumu is quite a big community. In theory it can probably support the three stores that are there. As I say, there seem to have been the same sorts of financial problems that they are still having, and this was the case well before the establishment of the Women's Centre store.

**Mr TURNOUR**—Thank you for making yourselves available this morning and also for your submission. I want to go to your submission in some detail in a minute, but I just want to take up the issue of Outback Stores and the relationship with FaHCSIA. Outback Stores was established by the former government. We have had, obviously, a couple of submissions from Outback Stores and a range of other stores and there is some conflict in the submissions, which we have touched on.

I think that there was about $29 million provided by the government to Outback Stores and I do want to take up one of the points raised in terms of some of the economic issues. Outback Stores is moving into Queensland and now it is opening a store in Hopevale. There are stores there operating without any government funding effectively. Clearly, we have a situation where Outback Stores, which has got significant government funding, will utilise that to intervene in places where there is not food security ensured. I think that there are real risks in terms of distortions of the market. When you have a store that can get a licence and another store that cannot get a licence, clearly that is a distortion within the market, because the government agency is making the decision about that rather than the market.

The other issue relates to competition in terms of one store being supported by government and another store maybe not. I think that it is very important therefore that we get clarification from you about the relationship between you and Outback Stores and how those funding issues operate. Can you just describe to me exactly how you deal with the fact that effectively Outback

Stores has got links to FaHCSIA through a funding agreement and a contractual relationship while at the same time FaHCSIA is the organisation that is going around licensing not only Outback Stores but other stores as well?

**Ms Toyne**—From where I sit, as the director of community stores licensing in the Northern Territory, my relationship with Outback Stores specifically relates to the stores they operate in the Northern Territory, how those stores are operated and the issues we might find as we monitor and visit those particular stores. We are aware, obviously, that Outback Stores is a wholly owned subsidiary of IBA. As such, any relationship would probably have to occur formally from FaHCSIA to IBA through funding and through any process. There is a team in national office in Canberra that deals with Outback Stores and some of those more strategic issues. I am very careful to ensure that my focus is on how stores perform in the Northern Territory and that that is taken into account only.

**Mr TURNOUR**—Have you or any of your staff ever formally or informally met with members of Outback Stores to discuss the operations of community stores that are not Outback Stores?

**Ms Toyne**—I personally have not, no. I have not met with them to discuss stores that they are not currently operating unless I have had agreement by a third party to do so—that is, unless the store itself has said: 'We need some options. We need to improve things. What can we do?'

**Mr TURNOUR**—Do you have any clear policies and procedures that identify those risks and ensure that people who are working for you understand some of the corporate governance issues that might be involved in discussing those issues, particularly given some of the other submissions that we have had? Are they clear in policies and procedures within FaHCSIA?

**Ms Toyne**—Within FaHCSIA, within my team, we discuss quite regularly that we cannot—

**Mr TURNOUR**—Are they written down? Is there clarity about potential conflicts of interest, particularly around Outback Stores, given some of the submissions, some of the comments that we have raised and some of the potential conflicts of interest? Is that documented in any way?

**Ms Toyne**—At the moment it is probably not written down on paper because it is still not under FaHCSIA's wing, so to say. It is owned by IBA. But that is something that is certainly being considered. We are certainly practising those behaviours.

**Mr TURNOUR**—I am not so concerned about the operations of Outback Stores, because as an organisation set up under IBA and as a commercial enterprise I am sure they are utilising everything they can to run their stores effectively. I am more concerned about a government agency operating and having clear guidelines and protocols. Clearly, from the conversations we have had with you and from the submissions, you are a good supporter of Outback Stores. I am concerned that there is no conflict of interest in the way that some of your staff may operate and that the risks associated with conflicts of interest are clearly documented. Does FaHCSIA have that documented within your section?

**Ms Toyne**—In my section?

**Mr TURNOUR**—Yes.

**Ms Toyne**—Not at this stage. But, as I said, we only engage with Outback Stores like we engage with ALPA, as a key stakeholder who manage a number of stores in the Northern Territory. We talk to them about their management of those stores.

**Mr TURNOUR**—I hear that, but what I am saying to you is this. Maybe I should ask Mr Aarons. Mr Aarons or Ms Toyne, do you think there would be some value in maybe documenting that so we could get that clear?

**Ms Toyne**—Absolutely. As I did state before, that is something we are actually working on at the moment.

**Mr Aarons**—Could I add to that. I think that is right. I should make the point as well that, if you like, we are implementers of policy made at FaHCSIA national office in Canberra. However, in implementing, this issue has come up. We have discussed it between ourselves and I have been there when these points have been made to the case managers, so I know those points are made. As the delegate, I would be aware of anything that might be a conflict of interest. You have to actually look at what has happened as a matter of fact.

There are two cases that I know of. One was the Beswick one we mentioned, where I revoked a licence and I was duty bound to revoke that licence on the basis of the facts that came before me. While there was some angst for two or three weeks, the community itself—not just the store committee, actually, but the store committee as the governing body—made the decision that they wanted to invite Outback Stores in. In that case, there was not a competitor. It was just a question of this being the community store, the store getting into strife and them ending up inviting in Outback Stores. The store is now running very well. As Ms Toyne said, Conway Bush, who was quite a leading player in those events—and was concerned about some issues—now has written a submission to you on that point.

**Mr TURNOUR**—I am not trying to raise a concern about your integrity or that of Outback Stores or anybody else. What I am trying to do is this. There is clearly angst around this issue and I think it would be useful if you could document that so we could make it transparent. If you tabled it or provided it to the committee then it would maybe alleviate some of the concerns that are if not already arising potentially arising.

**Ms Toyne**—There is one more point I would like to make. From where I sit, stores need to be well operated. I do not mind who they are operated by—whether it is ALPA, whether it is Outback Stores, whether it is a very good independent operator or whether it is another corporate service. From my point of view as the director of community stores licensing, it is the manner and the quality of the services that are being provided in a community that are of the utmost importance in how we deal with the issues that arise.

**Mr TURNOUR**—I have one last question specifically on licensing. Is it possible, under the current legislation, to license a hub-and-spoke model—effectively to look at a store not as a unique building but as a building plus spokes? Obviously there are communities that want to set up this sort of model. Is it possible to license under that model?

**Ms Toyne**—We have not had that come up formally just yet. Laynhapuy Homelands, who are presenting today, have approached us in the last few days about a model similar to what you are talking about. It is very difficult for me to figure out under the legislation whether that is defined as a community store operation. As I said, the two parts to the act that we have to figure out first are: is their main provision groceries and food—which, of course, it would be—and is it located in a prescribed area? If it is, it is subject to FaHCSIA's licensing. I do not think that is necessarily an easy one to answer, and I would probably have to seek some internal legal advice about whether it is defined as a community store. It does not mean that we would not try to support that operation, as we do with other non-traditional community stores out there.

**Mr TURNOUR**—Thank you. Could you take that on notice and get back to the committee?

**Ms Toyne**—Certainly.

**Mr TURNOUR**—In your submission you talk about the issue of food security. That is obviously a really important issue. I have gone through your submission, and thank you very much for that. One of the key issues that we are grappling with is the whole issue of sustainability or viability of stores. The definition that you have here really does not address the issue of who pays in the longer term. Obviously there is an intervention going on at the moment and there is a lot of government money flowing, but what are the longer-term issues in relation to the sustainability of stores, particularly in smaller communities? Have you considered that from a policy perspective around food security, and what advice can you give the committee on that?

**Ms Toyne**—I guess as you are aware, the Council of Australian Governments met recently in Darwin and made a statement about this particular point. Obviously they have considered some information. They have asked for a national food security policy and for some investigation around a national licensing regime as their two responses. That is obviously subject to being a government decision and going through its relevant processes.

**Mr Aarons**—I would just repeat the point: in the main we implement policy, we do not make it. For example, we had input to the submission but it was put together in national office. What I can say is that I think that the experience of applying a licensing regime—under the NTR, as it turns out—is providing a very useful body of case law, if you like, about some of these issues. I have some personal views about the issue you are raising, and I guess we have some experience, but it is a much wider policy issue, where our role is—

**Mr TURNOUR**—So you are not going to give us any fearless and frank advice from the public sector today. Is that what you are telling me?

**Ms Toyne**—Certainly from where we sit, I can see the benefits of licensing—that is what I have been primarily involved in—and some of the benefits it can bring to a community.

**Mr TURNOUR**—That was not the question, but you are acting like politician. I have got another question in relation to that. I will get some more detail and go to the issues that you can answer. In your considerations of licensing, do you take into consideration the financial sustainability of the store?

**Ms Toyne**—Yes, we do.

**Mr TURNOUR**—So you some decisions about that. In those considerations, do you take into consideration whether the provider may have some government funding and support as part of their operation?

**Ms Toyne**—No.

**Mr TURNOUR**—So you look at the licensing based on a completely commercial basis.

**Ms Toyne**—We look at licensing against the assessable matters in the act—all of the three assessable matters in the act that I mentioned in my opening statement. We take all of those into account.

**Mr TURNOUR**—So the issue is: if a community store has in their books a significant government contribution that will make them sustainable for a year or two, they could get a licence.

**Mr Aarons**—Of course, both Outback Stores and ALPA, which is not a government body, have a corporate licence, so there is a difference. It also should be recalled that Outback Stores do not actually own a store. They operate under a service agreement.

**Mr TURNOUR**—I understand that. I know we are short of time, so I want to get to the detail. When you are considering the books of a store in terms of sustainability and viability, if they have got a government grant on the books, is that not excluded in terms of the sustainability or the viability of the store but included in terms of their longer term operation?

**Mr Aarons**—No. For both of them there is a corporate licence.

**Mr TURNOUR**—Say you are doing licensing of stores on a store by store basis. I want to get this very clear, because it is important in terms of the policy going forward: are we supporting stores through the intervention that are not going to be viable longer term but that get a licence because of government funding?

**Ms Toyne**—Stores are commercial entities. I am not aware that too many stores out there—and I would have to go through the 86 stores and all their finances to find out—have government funding. If they do, they might get one-off program funding, and obviously those funds are used and acquitted as necessary for that program. But they are run and operated as businesses. They are corporations, they are associations and they are proprietary limited companies.

**Mr TURNOUR**—There are large numbers of communities with fewer than, say, 200 people. I think you have identified that in your submission and others have made the point that in those communities there are real viability issues in terms of those stores. The question I again go to is: where do you draw the line in terms of financial viability? How do you make that assessment in terms of government input?

**Ms Toyne**—In the assessment we look at the profit and loss and the solvency of a store. They are critical aspects of what we look at. We look at incoming and outgoing expenses. We are

aware that there are a number of communities out there that have viable stores even though they have a population of fewer than 200. It just means that they have a different model of operation. They sensibly figured out themselves over time that they need to do things slightly differently in order to both supply and provide food to the community and have a business that is sustainable in the long term.

**Mr TURNOUR**—From your work in licensing, do you have any sense of the population size at which sustainability and viability of the store gets critical?

**Ms Toyne**—I know of one store that is managing to survive in a community of 80, but I know that several other stores with communities of 80 are not viable in the longer term. I think it really comes down to your operator and your business practices. Those are critical to making sure that you can have something operating in a community of fewer than 100, but it is not always possible.

**Mr TURNOUR**—Do you have some learnings in relation to that? What are the critical things that make a store with a population like 80 sustainable?

**Mrs VALE**—Could I also make the point, Jim, that our observations on that particular issue have been about the location of the community.

**Ms Toyne**—Absolutely.

**Mrs VALE**—If the community happen to be by a river where they can supplement their diet with fish or the gathering of other food, they do not seem to have to rely on the store quite so much. Perhaps that is one of the differences.

**Ms Toyne**—Yes, absolutely. Another point that I will add to that is that there are a number of communities of the 73 that are listed in the NTNER Act that do not have community stores. There are 12 communities out there that do not have a community store. The vast majority of those communities are located close to or nearby regional centres or near to another community that has a thriving and viable store. I am not sure that it would be possible to have all of those 12 communities having stores and being able to support them, given where they live. From where I sit and from what I see, there are some critical aspects that make a store successful. I think that is one of the questions that you asked right from the outset that we address. I really believe that some of them are sound, sensible financial practices by the owners of the store and by the operators in the way they handle their business. The retail practices of a store and the retail practices of the operator are critical, and some of those, when you walk into a store, might not be readily apparent. It takes a long time to figure what may or may not work for that particular store or that particular community. I think it is important that we identify threats to the ongoing viability of stores. We can do that at the moment through licensing. We can see some of those threats. When there are frequent changes in management, for example, that can be a threat to the viability of a store in a very short period of time.

I would like to see that our team can offer helpful suggestions to store operators about product lines, about shelvings, about the set up of their store and about their suppliers, and that we can help them make contact with nutritionists and environmental health officers and help them work to reinvest in the infrastructure, which is also a very critical aspect of successfully owning and

operating their own business and their own store. I think there are some very critical parts which are not always obvious when you walk into a store that are needed to have a successful and viable store in a community, and provide a constant and reliable supply of food to that community.

**ACTING CHAIR**—In Mr Turnour's defence, he is interested from a Queensland point of view also because Queensland does not have prescribed areas yet. These are important questions. Just to summarise, virtually all, 88 of 92, have been licensed. Not a large number have been refused licensing on the grounds of non-viability—very few. The second point you made was that not many are receiving ongoing government support, although you could interpret the Outback Stores as being a form of government support—we have established that. We are moving to the issue of whether the government has a role to play in ensuring that there is provision of essential services. The nurse and the health clinic is not viable concern. It does not have its own revenue model, nor does the school. In some areas stores will not be viable either. But that is not a question for you.

**Ms REA**—What is the length of the licence? Is it three or five years?

**Ms Toyne**—At the moment, we issue them generally for 12 months. Sometimes we issue licences for less than 12 month periods. Because stores can go up and down quite frequently, we go out and do a formal assessment of a store at least once every 12 months.

**Ms REA**—In terms of when you are assessing the financial viability of a store to issue a licence, what is the period of the licence? Is it just for the next 12 months or is it a longer term assessment?

**Ms Toyne**—When we initially assess stores, we ask for three years worth of financial history. It is important we get a history and a trend of how that store has tracked. There are various reasons why stores may go well or may not go well. Through our assessment process, we have picked up stores that have operated at losses for a few years in a row but are not insolvent but there is a trend there. Through our processes, we say: 'There are issues. You may not be aware that there are issues.' The owners may not have been aware that that was happening. The operators may not even be aware that that was happening. It is important that we bring that to their attention and that they have a look again at their structure and try to fix it.

**Ms REA**—Sure. Is it roughly three years? Obviously you look at their history, but is there a longer term assessment of where that store is going?

**Ms Toyne**—It would be hard to anticipate where a store might head in the next three-year period given how many factors and things can change.

**Ms REA**—You talked about ALPA and Outback Stores getting corporate licences. Does that operate differently to the individual licences for all the other stores that do not come under their management? What is the difference between the corporate licence and an individual licence?

**Ms Toyne**—The main difference is that we do not go out and individually assess the stores that fall under the corporate licence, but we do monitor those stores individually like any other

store. We visit those stores and we raise issues that we find in relation to those stores. So that is the key difference between the two.

**Ms REA**—When you say you do not individually assess, when you are looking at issuing a licence, if it is Outback Stores who are requesting that licence, would you look at Outback Stores rather than an individual assessment of that community store—is that what you mean?

**Ms Toyne**—There are two corporate licences, as we said: one with ALPA and one with Outback Stores at the moment. Corporate entities that manage stores are not assessed for licences as to how they operate each store individually. We look at them as a single corporate entity. The approach to corporate licences recognises that a single corporate entity can have the ability to apply a consistent and disciplined methodology to both the management and the operation within and across multiple stores. That is the rationale behind corporate licences. Historically, the decision to have a corporate licence has largely been based upon whether the corporate entity has the ability to manage itself and its stores that it either owns or manages—and we must be aware that ALPA owns its stores—and has the ability to do that against an acceptable level of the assessable matters in the legislation.

**Ms REA**—Just to finish off—because I know there are other questions—if there is some form of cross-subsidisation going on because of the nature of the corporate entity, that is not taken into account, because you are not actually assessing the individual store; you are assessing the corporation that is going to manage it? Is that right? So you could have a situation where an individual store may of itself not necessarily be financially viable but where in fact, because you are actually dealing with a corporate licence—whether it is through ALPA or Outback Stores—that would not preclude it having a licence, because you know that this broader organisation can cross-subsidise or support the management in the running of that store from other funds, not necessarily revenue gained in that community?

**Ms Toyne**—Yes, I can see where you are coming from now.

**Mr Aarons**—Only to a limited extent, though, because I know that Outback Stores cannot afford, even with the amount of money they were given up front, to cross-subsidise stores to a great extent. I know this because they have raised with us a couple of stores where there are issues. One recent example was to do with whether the manager had a decent house in the community where they could put the person, but in the course of talking about that they said, 'You know, we have to watch ourselves.' They are a commercial entity; they could not afford to pump money into a store.

**Mr TURNOUR**—I think Ms Rea raised some very good points, though, in terms of having, again, some clarity around that from a government policy point of view rather than your opinions about some discussions. I know that in Queensland that is certainly an issue in the way that, for example, IBIS operates; it has been raised with us in terms of cross-subsidisation. If we are looking at a broader, longer term policy, we think there may be those issues. To pick up on that in terms of the corporate model as opposed to the individual store model, have you looked at the regulatory financial burden that is placed on individual stores through the licensing process? Has there been any work done externally or internally about what might be the ongoing cost to the individual enterprise from a licensing regime and what would be the relative relationship in

terms of the corporate model given that there might be some competition issues between the two?

**Ms Toyne**—Yes, certainly. I am aware that FaHCSIA is undertaking some of that work now. It is not being run through my team, but we are doing that as a part of the broader redesign of the Northern Territory emergency response.

**Mr TURNOUR**—Through the acting chair, could we give that to you on notice and see whether some other part of FaHCSIA could provide some written advice to the committee on that issue?

**Ms Toyne**—Yes, certainly.

**Mrs VALE**—Thank you very much. Laura, when it became a policy or a requirement of the act that stores be licensed, was there any consideration given to licensing operators of those stores individually? How do you monitor that? Do you have certain requirements or benchmarks?

**Ms Toyne**—The issue of who to licence is quite a difficult one. Who should hold a licence for the store? By and large, the majority of our licences are held by the operators of the store. In some cases the owners of the store have requested to jointly hold that licence because they have a very big input into the day-to-day running of a store; we can do that as well. We generally license those who are responsible for the day-to-day management and operation of the store; that is the general approach we take to who holds the licence.

**Mrs VALE**—I see. But the licence actually runs with the store; it does not run with the person?

**Ms Toyne**—It runs with the person or people who hold the licence.

**ACTING CHAIR**—So any business opportunity—

**Mr Aarons**—So when the operators leave, which has happened recently, there has to be a whole new process to licence the current operators.

**Mrs VALE**—I see.

**Mr Aarons**—So the store does not have a licence. If the operators leave, the store needs to be relicensed.

**Mrs VALE**—Thank you.

**Ms REA**—The information you are giving us is really helpful, and it is quite useful to be getting a sense of what is going on out there. The reason why I was asking about the corporate licensing and cross-subsidisation is that one of the things I have noticed—I have not seen any ALPA stores yet, so that is probably why I am focusing on Outback Stores, because they are the stores we saw yesterday—is the issue of access to capital. For example, you were saying one of the assessments for a licence is the capacity of the store, the infrastructure of the store, how it is

presented, shelving and all that sort of thing. Obviously, when you have an organisation that has broad funds, there are probably many individual licensees out there that would be successfully operating a community store a lot better if they had the capital injection to be able to rebuild a tired and run-down store, redo their shelving or fix their refrigeration. I am just trying to get a sense of whether there is a level playing field here and to understand whether there are things that some people are trying to do but that they do not have the level of backing or investment behind them for and whether they could actually succeed just as well if they did have that. Is that a fair enough assessment?

**Ms Toyne**—Yes, that is a fair enough assessment. I would like to add to that. I have a reasonably sizeable team. It is currently 11 and it will be moving to 20 very soon. Part of the reason we are doing that is to focus more in assisting those independent stores where they need that assistance. We have worked with independent operators, independent owners, in communities and helped them with funding applications. We have helped them get grants to get infrastructure or to improve their infrastructure. FaHCSIA itself funded all of the point-of-sale upgrades in stores in the Northern Territory, regardless of who was operating that store. So, absolutely, we are there to help. My team is certainly there to help the operators make sure that they have space and time to have a secure, reliable supply of food. It might not always be about the infrastructure, but sometimes it can be a big part.

**Mr Aarons**—It should be added that, Laura, in her position, is also the manager of a fairly limited program—the community stores licensing program—which can provide money for important infrastructure. It provides for a range of things, such as freezers, and that is done without fear or favour and it is directed towards the stores that need it the most. That, of course, cannot create their commercial viability or solve it, but we have helped with infrastructure. Actually, that is the most important form of government funding, from our perspective anyway.

**Mr TURNOUR**—Just to change tack a little bit—the basics card. One of the issues with Closing the Gap is improving the ability of people to move around. I heard of a situation where people who had their welfare quarantined in the Northern Territory could not use their basics card when they were in Cairns, for example. Are we working with some of the major outlets, such as Woolworths and Coles, to see whether we can get the basics card in place? How can people use the basics card outside of the community stores process?

**Ms Toyne**—I think that question is best directed to Centrelink, who obviously administer and run the basics card program. To help, I will let you know what I do know. For people in the Northern Territory who have the basics card, there is now increased mobility because they are not tied to one particular store to do their shopping. I am aware that there are merchants that Centrelink has approved across borders. The merchant approval process for the basics card is not just constrained to the Northern Territory at the moment. If income managed customers travel, they can contact Centrelink before they travel to let them know where they are going to find out whether a merchant is available there for them to shop. I am aware that they are the options that are open at the moment. I think a lot of the cross-border locations have the merchant approval for the basics cards, but you would need to check that with Centrelink.

**Mr Aarons**—Most of the shops that you mentioned use the basics card.

**ACTING CHAIR**—The major retailers.

**Ms Toyne**—I could not answer that because, as I said, Centrelink has the approval process for the basics card.

**ACTING CHAIR**—You were telling us, Mr Aarons?

**Mr Aarons**—I believe that people can use the basics card in Coles, Woolworths et cetera.

**Mr TURNOUR**—I asked that because of the street talk that I had picked up from a constituent. You are saying that a store has to be licensed in order to use a basics card in a community but outside of the community there are prescribed communities.

**Mr Aarons**—That is the difference. The use of the basics card in a prescribed community is a different point to the use of the basics card outside of a prescribed community.

**Mrs VALE**—So the basics card can be used in other stores for basics things?

**Mr Aarons**—Yes. When I first came up here it so happened that I visited Umbakumba, way out on the east coast of Groote Eylandt, where the state manager of FaHCSIA was making a presentation about the introduction of the basics card. A lot of the people there were pretty reserved. A question was asked: 'Can we use this card at Woolworths in Darwin?' and I was a bit astonished by that. When Mr Stacey said, 'Yes, you can,' you could sense this feeling, 'Well, that's terrific.'

**ACTING CHAIR**—One quick question about the community of Mapuru just off Elcho Island. Because the store at Mapuru was not licensed, people in the community were subjected to expensive return charter flights to go shopping. The claim that the store was not stocking adequate meat products was one reason for the refusal of the licence. Is there any other reason for that refusal?

**Ms Toyne**—We never refused a licence to Mapuru. Mapuru was assessed in late June for its licence and a decision will be made, I assume quite soon, in relation to whether it will get a licence or not. There are a couple of stores out there that are not what you would traditionally describe as stores where we take into account that the range of food is still adequate for a community, even though the stores do not stock certain products. To say that we would not issue a licence to Mapuru because they do not have fresh meat or frozen meat is, I think, incorrect and false.

**ACTING CHAIR**—Finally, you are bound by the act in that you are not able to give provisional licences so that you could allow stores to get their affairs in order over a six-week period or lose their licence. There is no provision under the act for you to do that?

**Ms Toyne**—The act is quite silent on that. It is not contemplated in the act.

**ACTING CHAIR**—Does that mean you cannot do it?

**Ms Toyne**—We have not done it so far.

**Mr Aarons**—We would have to take legal advice, but I suspect that we could not under the act, as I understand it. I cannot answer that question as a point of fact.

**Ms REA**—I suspect that what Mr Aarons says is correct, but he might want to clarify it.

**ACTING CHAIR**—Would that be something you might be able to clarify? We would not ask you to go to extraordinary lengths, but if you think you can get an interpretation of the act from within the department we would appreciate that. That would be relevant to communities beyond the NT.

**Mr Aarons**—Certainly.

**Mrs VALE**—We took evidence from people who ran station stores, particularly in the Alice Springs area. They have been running stores very successfully for many years. They were eventually licensed but it took a long time. They were never quite sure why it took such a long time or why there was that delay. One of the people who gave evidence came from a station store in Alice strings. They felt that they were victimised and treated as a category that dropped to the bottom of the pile while all the other issues in the community which did not relate to station stores were dealt with. They strongly objected to how they were treated. They have always operated stores that provided for the basics, as required by the act. They just felt that they were put into a particular category because there were not that many of them. Many of these stores were run by women who were either the managers of stations or the wives of the managers of stations. They have been providing for their communities for many, many years. Is there any reason for that delay or the difficulties in providing licences to these station stores?

**Ms Toyne**—Yes, there certainly is and I am very happy to explain it. I have met a number of the station store owners who were in Alice Springs. The act is silent. You had to be in a prescribed area in order to come under the licensing regime right from the outset. FaHCSIA did realise this. It is part of implementing policy when you realise that you do not quite cover everything sometimes. During that process, FaHCSIA did realise the importance of station stores in providing food, particularly to Indigenous people who were near where the stores were. In April 2008—so just over a year ago—Minister Macklin did approve a process through which stores that were outside of the regional centres, such as station stores, and that were not in prescribed areas could participate in income management. A decision was made. In October last year, Minister Macklin had to sign a disallowable instrument to specify those stores as being community stores under the act—so, yes, there is a period there—and, therefore, they became subject to the community stores licensing regime.

In November and December, I think there were around 13 different station stores. We went out and conducted on site assessments during those months. All of those assessments and licence decisions have now been made, pending one who is still failing to provide us with complete information. In many cases, in the earlier months of this year, we had to wait and wait until the stores themselves provided us with information on which we could finalise our assessment. So, yes, it was a long process and I am hoping our communication with station stores is much better now.

**Mrs VALE**—Thank you for providing that full and comprehensive response.

**ACTING CHAIR**—Mr Aarons, is there no further word from you?

**Mr Aarons**—No.

**ACTING CHAIR**—Thank you very much. We are completely out of time, but we very much appreciate the time you have given us.

[10.00 am]

**DAVIES, Mr Kenneth Lindsay, Deputy Chief Executive, Department of the Chief Minister, Northern Territory Government**

**MORRIS, Ms Elizabeth Jane, Deputy Chief Executive, Department of Justice, Northern Territory Government**

**TURNER, Ms Carrie, Acting Program Director Nutrition and Physical Activity, Department of Health and Families, Northern Territory Government**

**ACTING CHAIR**—I welcome representatives from the Northern Territory government. Would you like to begin with a short introductory statement?

**Mr Davies**—Yes, I would, thanks, Chair. The Northern Territory government has provided a very succinct submission to you, outlining the key issues as we see them, and we thank you for the opportunity to attend this inquiry into the community stores in remote Aboriginal and Torres Strait Islander communities. We have outlined our submission according to the terms of reference, with the key messages in the submission being: improving the diet and nutrition of Indigenous people is fundamental to closing the gap in Indigenous health outcomes; the community store remains the major contributor to food supply in remote communities; achievements made under the NTER licensing scheme and income management schemes are acknowledged and need to be supported going forward; remote community stores benefit from the inclusion of store nutrition policies and store committees; and the economic benefit is a positive by-product of good community store management, which generates substantial Indigenous employment and training opportunities; and, finally, sustained food security is fundamental to the wellbeing of children and families in remote communities, and supply lines of quality food are challenged by remoteness.

Going into the future, under the Northern Territory policy A Working Future we have a focus on 20 Territory growth towns and in the longer term we see, as part of those Territory growth towns, homeownership becoming a distinct likelihood. Therefore, the scope of stores, in terms of what they might supply to community members, will have to be adjusted in that context in that people will be looking to the stores much more broadly, as suppliers of materials rather than just food security. Thank you.

**ACTING CHAIR**—Would anyone else like to make a statement?

**Ms Morris**—No, thanks.

**ACTING CHAIR**—All right. I might kick off. Thank you for that summary, Mr Davies. You made points, with which we agree, about diet and the centrality of a store and acknowledged the achievements of the emergency response and income management schemes. So if I could move to those issues that you mentioned at the end—nutrition policy, the importance of store management and the challenges of remoteness, because they really drill down into what we have been looking at. I note that you have shown us some basket surveys which indicate that some

prices have actually fallen compared to those in Darwin in the last 10 years, which is encouraging. I would like to start with your 20 growth towns; could you table those for us? Is that possible?

**Mr Davies**—I can table for you the A Working Future package, yes.

**ACTING CHAIR**—Thank you. My question about the growth towns really goes back to Mr Turnour's questions about the viability of both stores and communities in general. What is your response to the following belief? A store is an essential service and, therefore, even if a store is not viable, if we have a community there we should be looking for ways to make such nonviable stores survive, even if that means substantial amounts of government funding—a controversial notion. What is your view on that?

**Mr Davies**—I will start and then I will go to Carrie and Elizabeth to respond further. The Northern Territory government understands absolutely that food security is fundamental to the importance of the health and wellbeing of Indigenous communities in remote areas. Having a viable community store that can be accessed in a hub and spoke context, particularly for smaller outlying homelands and outstations, is a very important part of the broader A Working Future package. That should include and be complemented by a very good transport network as well. People coming in to access stores and services is acknowledged as an essential security issue out in these remote communities, as is the capacity to get home once people have done their shopping and accessed the services that are required. Carrie?

**ACTING CHAIR**—I will say this, just so you know the question. You do not all have to respond to the question, but where I am heading is this. We have come from WA, where there really seems to be an overlap for areas like Ringer Soak and Balgo. Potentially the Northern Territory providers could deliver more efficient freight services but there really appears to be this interstate distinction. Is there a role for high-level communication between state governments to set up perhaps a buying service arrangement that starts looks at the most efficient ways of delivering freight? Many of these overwhelmed community stores are unable to work their way through the detail to find the most efficient way to deliver.

**Ms Morris**—I think there is. One thing the Northern Territory, South Australia and Western Australia are working closely together on is in relation to cross-border legislation, which largely is around criminal activity. It provides a model for the three states working together to find the best way to provide government services. We have a model there for that cooperation, which started with the Western Australia Police and the Northern Territory Police but has grown to be a fairly large legislative package that allows that kind of cooperation. Any kind of regional transport strategy in the Northern Territory must in its design incorporate the fact that people have for many generations travelled to regional centres which are outside of their state. There is a map of Alice Springs which draws in all of the communities that use Alice Springs as their regional centre. It looks largely like a batting map—although at the moment probably not from the Australian team but from the English team!—where all of the lines present a star in Alice Springs. It pulls in those places from Western Australia and South Australia in the APY lands.

**Mr TURNOUR**—I will pick up on the acting chair's issues about sustainability of stores. I suppose it goes that, if you do not have food security, you really will have issues around the

sustainability and health of that community as well. As a principle, what is the NT government's policy in relation to issues like community stores? Should they be run on a commercial basis?

**Mr Davies**—Thank you for the question. In relation to the working futures package, the focus around the economic development strategy in these communities is absolutely that they should be a viable business going forward. That is understanding that in some communities, particularly those that are more isolated, that may take some time to achieve. At the end of the day, a sustainable business that is working on a good business model, where there are proper budgets, where there is good governance and where there is competition, is part of what we want to grow under the 20 Territory growth towns strategy and the package itself.

**Mr TURNOUR**—To clarify: my understanding is that the 20 we are talking about are part of the 26 that have been identified through the COAG process. Is that right?

**Mr Davies**—There are actually 15 sites in the Northern Territory that have been identified under the National Partnership on Remote Service Delivery. Yes, they are part of the 20 in the Northern Territory and the 15 are part of the 26 nationally.

**Mr TURNOUR**—It might take longer with the smaller communities, but the general principle is that we need to move forward on a financially sustainable basis on issues like community stores.

**Mr Davies**—Absolutely. And it is underpinned by secure township leases, subleases that can be taken up by proprietors who are wanting to start businesses, so it is about building the economic base in the town, underpinned by access and by land tenure arrangements that enable you to source funds to borrow against businesses and build infrastructure.

**Mr TURNOUR**—I have a couple of questions on another topic. Also, I like your basket. I do a basket in my electorate based on the Treasurer, Wayne Swan's, basket in Brisbane that I can compare. As the acting chair highlighted, there have been some improvements in price. You made some comments about that in your submission. You also made some comments in your submission about assessment of quality but you did not actually go to issues about improvement in quality or the decline in quality over that time line. Have you got any information about that?

**Ms Turner**—The quality issue is basically around fruit and vegetables. We have not done any analysis of changes in quality over time. That is something we have not done.

**Mr TURNOUR**—You clearly looked at the price and you clearly do have an assessment of quality in the process, if my memory serves me right. I did read all of your submission and it was a good submission; thank you. Is it possible to do some of that analysis so that we know that not only is price decreasing but quality is being maintained or improving?

**Ms Turner**—We certainly can do that.

**Mr TURNOUR**—Clearly in your submission you were saying that quality is not an issue compared with Darwin, in some of these communities, with some of the fruit and veggies that you were identifying. I think there was a percentage point difference in the comparison—

**Ms Turner**—We do not look at quality in Darwin supermarkets. It is compared with Darwin rural areas. That is Darwin remote stores as compared with Katherine remote stores or Alice Springs remote stores.

**ACTING CHAIR**—You look at the range of vegetables and fruit available?

**Ms Turner**—Yes, the number of varieties.

**ACTING CHAIR**—But not quality.

**Ms Turner**—We do not look at range in Darwin supermarkets but in the Darwin district we do.

**ACTING CHAIR**—What would be a quality measure for fruit and vegetables?

**Ms Turner**—It is very subjective. We have gone through a number of different methods of determining that. We just give the surveyor a list of what to look for. They rate from one to four for whether it is—

**ACTING CHAIR**—Crispy or soggy.

**Ms Turner**—Yes. It is very hard to get away from a subjective view. One year we had one surveyor that obviously had different standards from everyone else and she rated everything much worse compared with other years. But generally we get similar results, so I assume that people use that and it is the best that can be done.

**Mr TURNOUR**—Just to clarify, I should know, because I was born in Darwin hospital in 1966 and am originally from around Batchelor, but when we take 'Darwin rural' into consideration, what are we talking about?

**Ms Turner**—Pretty much anything outside of the Darwin-Palmerston area.

**Mr TURNOUR**—So we are talking about stores like Batchelor and those sorts of stores?

**Ms Turner**—Yes.

**Mr TURNOUR**—So they are mainstream community stores—

**Ms Turner**—And we are talking about the Tiwi Islands, Jabiru, Oenpelli—within the Darwin district.

**Ms REA**—I have a couple of quick questions. One of the things that was pointed out to us when we were talking to people in Western Australia this week was that, in terms of the outcome that we are wanting to get out of good community stores, we obviously want a level of sustainability but also good quality when it comes to products being provided and the overall health and wellbeing of the community itself. It was raised with us that one of the biggest difficulties in getting a good health outcome in terms of good nutrition is the jurisdictional issues. You have several levels of government and you have different agencies within those

different levels of government—different departments—and getting an overall level of health provision, education and awareness within an individual community created this sort of bureaucratic minefield that people had to work through. Obviously you, as the Northern Territory government, would have some fairly strong experience and opinions about that. I would like to hear about it, because just picking up on that previous discussion, one of the things we have also heard from a number of people is that, yes, cost of produce is a big issue. And perhaps you might have come views about freight and whether that is the significant factor or whether there are other factors. But what emerged quite clearly is that the quality of produce was actually a bigger issue than the cost. So it is quite interesting in terms of nutritional outcomes to hear what you think about jurisdictional problems. Clearly in the community people are saying, 'We know we have to pay more, but we are not going to pay more for stuff that is awful.' I would be interested to hear your comments on that.

**Ms Turner**—I agree. Even in Darwin where the quality of fruit and veg is not very poor, I would say people very much think that.

**Ms REA**—There was almost a request for a one-stop shop or one port of call to be able to deal with health and nutritional issues, economic management and all the things that go to not just managing the store but getting the right stuff on the shelves for their families to eat. It is about education and awareness—such as about cooking food properly. There are a whole range of factors. There may be a dynamic leader within a local community who is trying to get those outcomes, but they have a mire of agencies they have to go through. That was raised as an issue that possibly prevents better outcomes in communities than we have currently got.

**Mr Davies**—In the context of the A Working Future package and the National Partnership on Remote Service Delivery arrangements we are moving into, we are working very hard with the Australian government and our local government colleagues to start to build in these major communities a single government interface. Through that process we intend to coordinate much better the Australian government inputs going into a community—picking up the health, education and training inputs—to try to de-complicate service delivery in the community and maximise the outcomes. In relation to being fit for stores and food security, clearly schools have a role to play in terms of nutrition education with children. Clearly, in terms of the strategic housing initiatives, where people are being moved into a proper tenancy management model and where housing is being brought to a standard where the stoves and appliances work properly, there is going to need to be training and education programs for families and people who are moving into those premises.

Having participated in the earlier Wadeye COAG trial and seen how that manifested, the work to build this going forward will take a substantial amount of time. It has been disparate and disjointed. We are trying with the Australian government to break 30 years of old program habit of time-limited programs. It was a really sustained policy process that was often fragmented. We are trying to really now coordinate our effort, engage with people on the ground and build their capacity to participate in the things that they see as critical.

I remember 20 years ago all of the goods in the Elliott store having colour-coded tags. The school had developed that tagging system. Parents and children went in there together and knew what they were purchasing and what the nutritional value was of the items. That was all disjointed; it was not part of a broader coordinated package that was being applied across the

Northern Territory. I think there are lots of opportunities at the moment going forward, but it is still early days and the issues you have raised on the ground that people see are still real issues for them.

**Mrs VALE**—Thank you for this document. I will have a really good look at it because I am sure it is just the tip of the iceberg and you have really only just painted a broad picture of the concepts. When we talk about capacity building, what we are really talking about is self-help, which is really the best help you can get in the end because you are learning something that will carry you into the future. I also want to talk about closing the gap in life expectancy, most particularly the mortality rates for children under the age of five, which is of concern to all Australians.

Kenneth, we came across some communities that did have their own market gardens and their own poultry. One of them, I think, was one of the communities we went to see yesterday, Jilkminggan. The people there seemed to take great pride in that. One in particular, a young woman called Lorraine, who now actually works for Outback Stores, was telling me how she worked in the garden where the poultry farm is. We never did get to see that, but she obviously liked being the gardener and she told me with great pride in her face, 'I'm a gardener.' Is there any innovation on behalf of the Northern Territory government in following through on one of these wonderful little iceberg tips of capacity building to encourage people to go back to having their own gardens? We have had many stories and there is much evidence where people have said, 'I remember when I was a child we had a market garden down there,' or, 'We had chooks,' or, 'We had pigs.' Is there any innovation or any initiative on the part of the government to try to encourage the re-establishment of that practice within these communities?

**Mr Davies**—I will have a go and then I will ask my colleagues if they want to contribute. Just by way of example, I was at Garthalala, which is an outstation in eastern Arnhem Land, about two weeks ago. They have got a vegetable garden there that they cultivate and they are growing yams and a range of other vegetables to supplement what they access in terms of their homelands given that there is no viable community store in that place. Garthalala is very small.

This goes back to the earlier discussion around Laynhapuy, which is the outstations' resource service centre providing support to those homelands, in actually seeing whether they can go into some sort of broader store model outside of just a stand-alone store that is licensed. That was picked up, I think, in the earlier discussions by our Australian government colleagues.

That is one example. In that situation there is a training program which is running concurrently with that, training people in horticulture. But I think that the trick here in relation to the Territory Growth Towns policy and a Working Future is the role that stores can play in sourcing local produce and local businesses so that there is some sort of commercial return for it.

**Mrs VALE**—This is not just stores sourcing it but individuals having their own home gardens, if it came to that, or schools. We have taken evidence of schools having gardens, which has been wonderful, and providing fruit and produce, mainly tomatoes or vegetables, for the school canteen. It is not just a matter of providing for the community store but also for the community generally and for personal use that can be shared and bartered.

But also, when it comes to small children, if you do have a source of fresh vegetables, particularly, which can be steamed or boiled and then pureed, there seems to be a gap between young children and babies that are being breast-fed by their mothers and the transition to other foods and adult food when they start to be toddlers. There seems to be a gap there somewhere. Also there is the matter of keeping chickens. Chickens are as easy as anything to keep.

**Mr Davies**—Again coming back to some of the issues in those comments, a fenced place to do that in someone's local residence is still an issue. A place that is secure from animals and so on is often difficult to find. So as we go forward around the process of proper housing management programs and properly fenced enclosures for houses where there is reasonable security and you can establish a garden down the back without people walking through, it is all part of the future.

**Ms Turner**—Over the last number of years we have at times tried to determine how many market gardens there are out there. It is fraught with difficulties.

**Mrs VALE**—Carrie, you are right, it is fraught with difficulties, but some communities are achieving it. I suppose it is not a matter of reinventing the wheel—

**Ms Turner**—I think that there has been a history of market gardens going along really well in a community for a certain number of years. Then people move on and lose interest and the garden falls over. Another committee might pick it up. I certainly think that there is room to make it more of a coordinated and supported activity. I agree with you, I think that it is really the way to go.

**Mrs VALE**—And even with planting fruit trees: at the community we went to they had groves of mango trees, so mangos grew quite well there. You are not going to get mangos to grow in other places, but particular areas are suitable for particular fruit trees and they are a great source of vitamins and nutrients. If you look at other cultures that have existed in very, very remote areas, they have subsistence farming for their own needs. There is really no reason not to do it, unless of course you have got a water problem and that is an issue. But most areas seem to have some source of water. My question is: does the government have any initiative to focus on community horticulture at stage? Is it still developing?

**Mr Davies**—There is a focus around enterprise in communities—

**Mrs VALE**—And there could very well be some real enterprises.

**Mr Davies**—That could well be the outcome of that. There is quite a substantial farming enterprise that has been established at Ali Curung, which is north of Ti Tree and south of Tennant Creek. It is a commercial farm that has been set up there to grow watermelons, lettuce and a whole range of products and it partners with a private investor from down south. So there are different models being tested. We are coming off a long history here—

**Mrs VALE**—Oh, absolutely. I know.

**Mr Davies**—of a cycle of welfare payments and people accessing welfare. The main source of food has become the store, so it is about how we move to a new paradigm there around people

taking opportunities as they come along, not just seeing the community store as the sole source of food, and creating more independence as well as economic opportunity.

**Mrs VALE**—I think the challenge, from what I can observe, is in the transition, isn't it?

**Mr TURNOUR**—Could I just pick up on the issue about growing your food or raising chickens and whatnot. We had evidence in the Torres Strait about quite a lot of confusion in the community about AQIS regulations and state health regulations. From your experience, are there any barriers to doing that in the Northern Territory in relation to Australian Quarantine and Inspection Service, and is there any confusion in the community about what they can and cannot do?

**Mr Davies**—I would have to take that question on notice. I do not have the expertise to respond to that.

**Mr TURNOUR**—I just thought I would raise it because it did come up in the Torres Strait and I know that quarantine is a big issue in the Territory as well.

**Mr Davies**—As an example, there is a disease that is in the Territory that restricts the movement of bananas. I only know this from general knowledge. I do know that there is a substantial banana farm that exists at Yirrkala, which is just outside of Nhulunbuy, and I do not know if that restricts the movement of the bananas from that particular plantation outside of the region. We can check.

**Mr TURNOUR**—Could you take that on notice.

**Mr Davies**—Sure.

**Mr TURNOUR**—I appreciate that. Maybe it is something the committee could also maybe follow up with AQIS in the Territory as well. Or, if you could do that, that would be fantastic. On page 3 of your submission you make a really interesting statement in relation to pricing:

> Of particular note, competition between stores did not appear to reduce the basket cost and cheaper stores tended to be those that had a nutrition policy and store committee in place (33 percent of stores stated that they had a nutrition policy and 50 percent had a store committee).

It is a very interesting statement because effectively you are saying that size is not necessarily the fundamental issue. It fits in with some of the other evidence that we have heard. You have picked out those two things in particular, but are there any other broader comments that you could make around our response for this inquiry about things that are important, particularly in relation to pricing and smaller stores and quality? Does that make sense?

**Ms Turner**—The first point to make there is probably that the stores that have a nutrition policy or a store committee are often ALPA or Outback Stores, because they are covered by the company's policy. Perhaps some of the pricing is reflected in there, and they could have been a bit cheaper.

**Mr TURNOUR**—You are saying that for the ones that are corporately based, that and having some bigger buying power may be the reasons for that pricing and for having some clearer policies?

**Ms Turner**—Yes. I have sometimes looked at the data over the years. One store one year might be the cheapest in the district and the next year it might be the most expensive. So there is huge variability in the pricing of individual stores. It might be a change of ownership or it might be that there is a debt that they are trying to recover. We do not investigate the reasons, but those could be some of the reasons why there is such huge variability. We generally found that the really big stores in populations of around 2,000 tended to be a little bit cheaper than the really small stores.

**Mr TURNOUR**—But the mob in between actually could be more expensive, if my memory serves me correctly.

**Ms Turner**—Yes, they could be. It has been very difficult to find trends. We used the ARIA definition of 'remoteness', which basically puts all our stores in the 'very remote' category. I have looked at different stores, and those close to town are sometimes more expensive than very remote ones. I remember one year Lake Nash or one of those very remote communities in the Centre had the cheapest store in the district, which was quite interesting. Sometimes you think, 'They're the furthest away, so how come they were the cheapest in the district?' It is very much dependent on store management, what is happening in the community and what the community want from the store. Do they want it to make a profit and use that money for something else, or do they just want cheaper food? It has been very difficult to get good trends.

**Mr TURNOUR**—It sounds like there is some real inconsistency in the management and the policies across stores that you have been surveying.

**Ms Turner**—Yes. Outback Stores are on board now. We have not analysed this year's survey yet, but it will be interesting. Last year they were still growing their number of stores and had just taken over some. Whether there are any changes now that there is a lot more of that corporate business will be quite interesting to see.

**Mr TURNOUR**—From the comments you have made, if there is a move through licensing to clarify policies then maybe we would see some more consistency and some increases in standards. Would that be a fair comment from your submission and the other comments you have made?

**Ms Turner**—Yes.

**Mr TURNOUR**—Thank you.

**ACTING CHAIR**—On the pricing of Outback Stores, are you aware—although you probably have not done any of the surveys yet—that potentially Outback Stores have similar pricing structures through all of their stores? We noticed 16 of 20 prices were identical in a fairly central Outback Store and a very remote one. If that represents some form of cross-subsidisation and not the true cost of freight to those areas, that will potentially have some distorting effects as well. Have you heard any comments that there might be similar pricing?

**Ms Turner**—I am not privy to Outback Stores' pricing policies.

**ACTING CHAIR**—Are there any reports that the prices are identical in different Outback Stores?

**Ms Turner**—We group it together in food groups and do not go down to look at individual foods, so I could not comment on that.

**ACTING CHAIR**—Thank you very much for your time.

[10.36 am]

**GREATOREX, Mr John, Private capacity**

**ACTING CHAIR**—We have a submission which we have just received from you. Thank you very much. Would you like to make an opening statement before we ask you questions?

**Mr Greatorex**—I would like to make a couple of comments which carry on from what Ken was talking about when he was asked about the availability of vegetables and fruit within homes and communities. My background is working with and I continue to work with people in north-east Arnhem Land for over 30 years. I have daily contact with people and I have lived out there for close to 30 years. Virtually every permanent homeland I know has bananas, tamarinds, mangoes, cassava, sweet potato and pawpaws growing. So it is really quite usual in homelands to find those fruits and vegetables, but very difficult to find them in centralised towns like Galiwinku or Milingimbi where people do not feel they can easily manage those things for very good reasons. But that is not why I am here.

I would also like to briefly mention, and I do not know whether you have read the submission, that there are models around. Most of the Yolngu, the residents of north-east Arnhem Land, I know are interested in food security, but it is not to do with profits. It is not the business model that Western financial systems and organisations think of. It is about providing a service to their communities and to their families. If they can do that then it also enables them to move on with other aspects of their lives. While people cannot control the basic aspects of their life, they cannot move on to other things like smoking or exercise. Once you feel settled and feel in part in control of your life you then have more control to take bigger steps. As I say I am very happy to talk about Mapuru and north-east Arnhem Land and maybe some other gardening issues.

**ACTING CHAIR**—We have received some submissions about Mapuru, so just to go through the history and make sure that I have it correct in 2007 there were some hiccups in obtaining approval to use a BasicsCard in that community. Can I get some demographics there? What is the size of the community and more particularly how many people on Mapuru actually were income managed and therefore needing to use a BasicsCard at the co-op?

**Mr Greatorex**—The total number of residents there is around 100 and up to 150. How many residents? That is a difficult question in that many people who were income managed are now on CDEP but still have income managed funds through family allowances. So it is not a clear-cut question. All of the old age pensioners are on income management and there are some other individuals, but I do not know how to define it. As I say, mothers who are on CDEP also receive family allowance and therefore have money going into income managed funds.

**ACTING CHAIR**—But for people who are on substantial payments, of which half of them were quarantined for income management, were there more than 20 or fewer than 20 people?

**Mr Greatorex**—No, I do not think so. I think in the early days there would have been around 15. I would be guessing that. There will be fewer now.

**ACTING CHAIR**—Was that because they would have moved to an area where they could use their BasicsCard?

**Mr Greatorex**—No. Some have been forced to move off Mapuru—which is a shame and has affected the businesses out there—and have moved to Elcho Island, where they can more easily access the shop. Others have moved from full Centrelink payments to CDEP, which is not income managed.

**ACTING CHAIR**—How many CDEP positions are there in Mapuru?

**Mr Greatorex**—I do not know. I would guess there would be 25 or 30. I do not know. I am not in that area of work. I am closely related to them as a friend and an advocate, not in a commercial capacity.

**ACTING CHAIR**—Was there some history that a large proportion of the people in Mapuru did some shopping at the co-op for their short-term needs but still shopped on Elcho?

**Mr Greatorex**—It is varied. The co-op has been running for eight years, since 2002, and it was set up by people there. Some people have gone away for particular things, like washing machines, and some other things like soft drinks, which they cannot buy at the local shop. But it has varied according to what is being stored in the shop. At some stages there have been fishing lines, tyres, toolboxes and oil for cars. If those things are not available in the co-op then they have to go away anyway.

**ACTING CHAIR**—Lastly, with these difficulties that obviously extend back possibly as far as early last year, is there some understanding of whether those have been with licensing through FaHCSIA or through the approval for income management and the use of the BasicsCard, which is the role of Centrelink? Have you been able to tease out those two areas to work out where the obstruction lies?

**Mr Greatorex**—Yes. FaHCSIA were out there a month or so ago. Mapuru have not had a FaHCSIA licence. They do not qualify for that because they do not stock much of the fruit and vegetables. They do not stock lamb chops, T-bone steaks or things like that. It is virtually impossible for them to get frozen goods because of the time delays in travel. Also, they have made an active decision that it is much better for them to be hunting—that is, active on country—fishing, shooting a kangaroo or a wallaby or collecting shellfish and other things in the mangroves nearby than purchasing from the co-op. That has been an active decision.

**ACTING CHAIR**—Are you aware of any viability issues around the size of the store and its turnover and ability to sustain itself that might have been reasons for not licensing?

**Mr Greatorex**—No, not at all. Outback Stores were not interested in supporting Mapuru. They were approached for three meetings. They did not attend any of them. The information we did get by email was that they wanted a fee of $40,000 to help manage Mapuru. It was beyond Mapuru to pay a fee like that. I would estimate their turnover over about six to seven years to have been $1 million. I would not say by any means that it was unsustainable. In fact, it has been running. I think it is the only co-op or shop in the Northern Territory that is entirely run by very

remote people—that is, all sales, all ordering and all management is done entirely by those people.

**Mrs VALE**—Could I just qualify the status, though, about your store—

**Mr Greatorex**—It is not my store; it is Mapuru's store.

**Mrs VALE**—It is Mapuru's store. I beg your pardon. I mean you as their spokesperson. Isn't the application to be licensed still under consideration by FaHCSIA?

**Mr Greatorex**—After the meeting of a month ago, when FaHCSIA went out there, there has not been a report issued. They will send it out, but the decision has not been made yet.

**Mrs VALE**—So there is still some opportunity.

**Mr Greatorex**—We would like think so.

**Mrs VALE**—That would be very helpful for the people of the area.

**Mr Greatorex**—It would help. It would mean that residents who have moved and relocated to can go back to Mapuru. As you may know, they need to charter if they want to shop. People like the old age pensioners have to fly by charter plane to Elcho.

**Mrs VALE**—Besides hunting and gathering, they have access to fruit and vegetables, like you were saying initially when you began to give your evidence.

**Mr Greatorex**—They have some access. Children love fruit, and I was pointing out the fact that there are fruits and vegetables in all the permanent homelands that I know. At Mapuru there are bananas, although not in large quantities, as well as pawpaws, cassava, sweet potato, tamarinds, mangoes—that is all I can immediately think of—plus the fruit that grows in the bush in season.

**Mrs VALE**—After from having access to these fruits and vegetables, the next step is to make sure that the mothers actually access them and give them to their children.

**Mr Greatorex**—They are grown at households, not in community gardens. Not every but many household have bananas.

**Mrs VALE**—Is there a tradition of bartering fruit and vegetables?

**Mr Greatorex**—No. People out there operate through kinship. It is obligatory and ethically appropriate to share whatever you have, which causes some confusion to government when government want to introduce financial literacy. People out there say: 'We have our own financial literacy, and that means sharing. It's ethically responsible for us to offer people money or resources that we have before we're asked.'

**Mrs VALE**—You have been working with the community for some years.

**Mr Greatorex**—I went to Elcho Island initially in the very early seventies and then went back to permanently live there in 1978. I have lived there on and off for close to 30 years. I set up the first homeland learning centres from the main school on Elcho Island.

**Mrs VALE**—Are you a teacher?

**Mr Greatorex**—Yes.

**Mrs VALE**—Are you employed by the Northern Territory government?

**Mr Greatorex**—I was. I resigned some years ago because I thought I could promote the interests of the people living on the homelands more effectively by not being attached to the education department.

**Mrs VALE**—Thank you very much.

**Mr TURNOUR**—Thank you for your submission. You raise some critical philosophical questions in it. I do not think too many people would disagree that people are more empowered when they have greater control over their lives. You have outlined a more traditional way of living in your submission and comments this morning. The issue from a government point of view, and I come from the Queensland experience, is: when you live in a house that has effectively been built by the government and you are dependent on welfare as your major form of income, how much control do you have over your life? You are advocating increasing services or providing store licences, but there is a tension between the responsibility of government and community kinship and the other traditional lifestyles that people want. What do you see as the responsibility of the community in terms of what the broader community is saying is required in terms of education and the like and the responsibility of government to support, through taxpayer dollars, the continuation of a lifestyle that is built around traditional operations? Do you understand what I am talking about?

**Mr Greatorex**—I think I do. I would say a couple of things. I am certainly not promoting the model that Mapuru have demonstrated to larger centres. But I am suggesting that in certain cases there is something there that government could look at. The co-op run and managed by local people at Mapuru has been going for eight years, and that is a significant period. It has never closed and they have done it by themselves. Since then they have started up two other little businesses for themselves where they earn significant money.

The people at Mapuru are healthier for living where they do. They are healthier because of the spiritual connection to their country but they also healthier because of the autonomy and the power that they are feel in doing things themselves. They do not want to rely on government money in any sense of the word. There are still people in Arnhem who refuse to take Centrelink or welfare payments because they do not like doing it. But going back 15 or 20 years it was government who said, 'You people who aren't on welfare need to be on welfare, it's your entitlement.' Government pushed that line long ago and now government is saying, 'Actually we want to pull you off those.' Government is changing its views.

In terms of education every child at Mapuru goes to school everyday except someone did say to me recently, 'I was out at Mapuru and not every child was over there.' That was true there was

a teenage girl who was not at school and we can understand why not. But generally every child goes to school at Mapuru. There are keenly interested in schooling. But I believe it must be matched with what local people see as education which involves a keen sense of who they are in their own identity, being able to speak their own languages and learning about honesty, telling the truth, not stealing, not swearing, not getting upset, being tolerant and respectful to other people. There have to be those two combined because I think all of us would agree that schools do not provide the broadest education, families also support that and that is what Mapuru residents can do when they are on their own country in the homeland.

I can say that the income of Mapuru residents—and I might need to check this if I can—the entrepreneurial income not attached to government is about 80 times per resident at Mapuru than it is in the major centre on Elcho Island. The computer usage is hundreds of times larger per person at Mapuru—that is, personal computers not funded by government—than it is in the larger centre.

**Mr TURNOUR**—When you say 80 times, are you saying that at Mapuru people are getting 80 per cent of their income from non-government sources?

**Mr Greatorex**—That is right. It would be larger if we included those aspects of hunting where people go out and catch fish. They have caught the fish with their efforts, which is like an income, rather than buying it at the shop. If we include that, the amount of income would be even larger.

**Mr TURNOUR**—Is it a prescribed community? Is the BasicsCard and quarantining happening there?

**Mr Greatorex**—It is not a prescribed community as such but it is on Aboriginal land and any person living on Aboriginal land is under income management if they are receiving Centrelink payments.

**Mr TURNOUR**—And the vast majority of an individual's income would be coming through as CDEP or as a welfare payment?

**Mr Greatorex**—CDEP is not income managed but welfare payments are.

**Mr TURNOUR**—But a large number of people are on CDEP as well?

**Mr Greatorex**—At Mapuru, yes.

**Mr TURNOUR**—So in relation to that, is the other income that you are talking about distributed through the cooperative?

**Mr Greatorex**—The entrepreneurial income is through their businesses that they run and selling baskets and other arts.

**ACTING CHAIR**—Just in summarising, it is a little hard for the committee not knowing the history of dealings with FaHCSIA and Centrelink but effectively we have a very small co-op store which I think legislation was never designed to cater for—

**Mr Greatorex**—No, it was not

**ACTING CHAIR**—and we are yet to find a way through that. I guess this committee needs to put some questions on notice to those two departments to see where they are at and to see whether there is a way through. As you have pointed out the legislation is acting in a way contrary to what we are all trying to work towards which is independence and the community being able to run its own small co-op to supplement a traditional lifestyle. If that is the case, then we might put some questions to those two departments.

**Mr Greatorex**—I would broaden it out a bit. I do not think it is just supporting a traditional lifestyle; it is supporting people being able to move at their own pace towards sustainability within the mainstream. That is what they are doing by running their businesses. They can do that because they have started to learn about Western money systems. That is really the basis for what I have written. It is giving people ample opportunity. It is all very well for people to be working in the store in a larger centre as employees of, say, a not-for-profit organisation basically run by white people, but it is not the same as owning it and feeling the pride of doing it yourself. That has enabled the people at Mapuru to move on. I am not here to talk about income management or getting registration; I am here to talk about the model of autonomy and sustainability.

**Mrs VALE**—You are talking about self-actuation, and these people are achieving it.

**Mr Greatorex**—I am, and they are achieving it. I would briefly like to mention, if I may, that the Mapuru residents have been asking for a school status for their homeland learning centre. I do not know whether you know about homeland learning centres?

**Mrs VALE**—No, I do not.

**Mr Greatorex**—It is a classification of schooling that is only in black communities where the government does not provide the usual services. Mapuru has been asking for a small school status for a decade. Because of broken promises by the department, they are now applying for an independent school. They want to include the store, the weaving business and the men's business as part of core school curricula.

**Mrs VALE**—It is not the normal lock-step curriculum that is imposed.

**Mr Greatorex**—No, it is not.

**Mrs VALE**—There was a similar issue with the group called Irrkerlantye, which have an intergenerational learning centre where different generations all learn together. That did not qualify either. I could not get over the fact that this wonderful idea was slipping through the cracks because it was not getting any support. You are saying that you do not fit the normal model; you are doing something a little outside.

**Mr Greatorex**—Yes, and that is where I would be encouraged if government were able to see where things were working and where they were not. If it is working then it should be supported because we are looking for new models. We are not looking to mainstream everybody—I hope we are not.

**Mrs VALE**—I think this has fresh ideas with real results. This is the problem we have with the Northern Territory government about Working Futures. You have a very good, fresh idea, so maybe we should take it up with the Northern Territory government again. We are going to have to think outside the square, and we know that if we want to progress Indigenous issues. What this community is doing is exactly that.

**Mr Greatorex**—That is right, and that community is not alone. There are other communities doing things—for instance, the local shop, which also does not receive income managed funds, does not sell cigarettes. That has been a community decision. There are a range of these small homelands or communities that are showing initiative. So where there is evidence, policies should be evidence based.

**Mrs VALE**—I think the government is learning about how to blur the edges and make sure we are not giving strict requirements to particular ideals, that we actually can be flexible. I hope in the future we will see a far more flexible approach to particular entities like your learning centre.

**Mr Greatorex**—Governments do not seem to be able to listen, in that even if we went out to Mapuru we may not understand. Even if people did speak in English, the world views of Western culture and these Indigenous cultures are so different. I give you the example of the use of the word 'community'. We did some work recently for the federal government that I was involved with and the government wanted to know what the community felt about community. To local people, community meant residents or people living in a common location and it meant the community council; it did not mean community in terms of pulling together. About community, government were thinking of everyone pulling together; local people were thinking of a town of people all of different backgrounds, languages and cultural groups and they were also thinking of the community council that used to be there. There was immediately a disjunction in what people were talking about because of that.

**Mrs VALE**—Talking about different things?

**Mr Greatorex**—Yes. Currently, there are only three professional level Aboriginal language accredited interpreters in Australia and in the world. They have just been accredited. While governments do not engage professional level interpreters, they will not get to that understanding either. Does what I am saying make sense? They can engage with local people or engage with an employee who works with an organisation, but those people are not qualified and may not have the skills to interpret accurately. There are not interpreters and the government does not have policies for engaging professional level interpreters.

**Mrs VALE**—I would like to think and I do live in hope, John, and it has been observation, that some of the new, younger, educated members of our bureaucracies are very much more enlightened than the older generation's, if I can say that. I have got a great deal of hope and optimism about how things might eventuate. That does not mean that we just sit back and wait. I think we all have to be part of the solution.

**ACTING CHAIR**—Thank you very much, John. I should let you know that we have put a question on notice to both departments regarding your submission.

**Mr Greatorex**—Thank you.

**ACTING CHAIR**—Thank you.

[11.02 am]

**MANNING, Mr Rollo, Principal, RWM Consultancy**

**ACTING CHAIR**—I welcome Rollo Manning of RWM Consultancy. Would you like to make a brief statement? We do have your written submission, but feel free to do that before we ask some questions.

**Mr Manning**—Thank you. I did say in my submission that I would have liked to have been able to give you a PowerPoint presentation. In the absence of the facility to enable that to happen, there is a handout which I would like to talk through, if I could, and you can follow the pictures as I do it. I am a pharmacist, and I started working in Aboriginal health back in 1997 in the Katherine region. At that time I was foolishly idealistic enough to think that if people took their medicines, they would get better. It was not until I had spent three years working with the Tiwi Health Board at Nguiu on Bathurst Island that I became aware of the much wider range of factors that contribute to Aboriginal disadvantage than just not taking medicine.

It was while I was working at Bathurst Island that I came across figures that were presented to a public accounts committee hearing in Darwin in 1996 by the Menzies School of Health Research which gave a picture of the amount of spending at the club. The overriding thought that one gets when working and living in a community is what a shambles it is. That contrasts to our world, which, when you look at it, is pretty well organised. Everything works, one thing fits into another, one phone call leads to some action—things happen. In Aboriginal communities that is not the case. It really is quite a mess. So when you look at the expenditure at that club—and you will see that on the fourth slide down there—you will see that something around 65 per cent of the money that is spent at the store, the takeaway and the licensed club on Bathurst Island is spent on beer, cigarettes, soft drink and takeaway food.

I have a quote that I would like to read to you, from the Centre for Policy Development only this week. It is from Eva Cox, commenting on the disadvantage report tabled by the Productivity Commission last week or the week before. She is commenting on the responses from government and media to the report, and she says:

> These responses reinforce governments' assumptions that the faults are with the intransigence of the communities, so they push proposals to cut booze and mandate healthy food in the outback stores. This ignores the deeper problems that need attention, such as questions of how services are delivered and what is really needed.

I think that really gets to the nub of what I want to put to you today, and that is that it is not just a matter of getting healthy foods into the stores; that does not necessarily mean that anyone is going to eat it. We observe in Darwin, when people come in from remote communities, the sort of shopping that they do at Woolworths and Coles, where you would hope that they would make the opportunity to purchase healthy foods, but it is not the case. So it is then a matter of where we start in this drive towards encouraging the eating of healthy foods.

When I came across that spending, I also realised how much they love their AFL football, so I got some figures through Sweeney Market Research in Melbourne of the most recalled ads on

AFL football in the 2001 season. It is not surprising that the three top recalled sponsors were Coca-Cola; CUB and Foster's; and McDonald's. We all know how brilliant some of those ads are. We can remember some of them, I am sure. If we had not had an education, if we had been living in a different world and if we were suddenly put in front of a colour television set in 1976, when we were given the money to buy one, those ads would have been pretty compelling. So I started to wonder to myself just how much Aboriginal people in remote places are influenced by those pressures of marketing. There has not been a lot of work done, from what I can see, on Indigenous people's reactions to television, although I do have a quote there from some work that was presented in 1997:

Indigenous Peoples think and interpret the world and its realities in differing ways to non- Indigenous Peoples because of their experiences, histories, cultures and values.

What I am getting to is starting to look at a thing called social marketing. I am sure that you have come across that and are aware of it as being a technique whereby we try and change people's behaviour through advertising. I have developed a bit of a train of thought here, and I call it the fountain of learning. It is when we start out in life and who we learn our values from, and I include in that how we maintain a healthy way of life. We start to develop our hopes, dreams, motivations and skills and the knowledge that we need to get where we want to get in life. That is the sort of situation analysis that one would do if one were briefing an advertising agency on what they want from a social marketing campaign which is trying to change people's behaviour towards a healthy lifestyle, and this is where I think we are missing. We are missing the fact that these people, who have been living in communities—and if they are second generation, born after, say, 1970, then they have been living there all their lives—where the health status is on the decline. They do not know what good health is. To them, bad health is normal, yet we are trying to tell them that they should be eating these things and doing these things to be healthy. Why? What do you need to be healthy for?

When we think about the fountain of learning and as we learn as we go through our life, invariably we come back to what it is that makes us want to get up in the morning to do what we have to do during the day to achieve what we want to achieve out of life. It is all to do with those hopes and dreams that we have had. I put it to you that these people do not have any hopes and dreams. To them, maybe only 50 years ago, life was a nomadic existence, with survival being the main thing from one day to the next. Then we suddenly put them into communities and hope that they will adapt so quickly to our way of doing things that they will have hopes and dreams as to where they want to go in a Western way of life. And it is just not happening. I was a bit taken by a quote from Michelle Obama, who said:

The challenges that we are really facing have very little to do with health care and all the practical things that people like to think about. At our core it is how we see one another. That's how it all starts for me.

I think that somewhere along the line, we should be thinking about putting some money into promoting relationships between people, helping people understand what their goals in life should be if we want them to get to a position where they too want to be healthy.

What I am talking about and what I have presented a few times is this marketing of a thing called 'good health'. I hope that somewhere along the line someone will pick it up and think, 'Hey, that's not a bad idea.' It would be great if we could get to a stage through the social

marketing of good health where some kid says to another kid in the playground, 'Did you see that ad for that thing called good health? I think I will try some.' Idealistic? Yes, sure, it is. But somewhere along the line we have to bite the bullet and do something which is revolutionary. We have an absolutely huge problem out there. And it is about time that somebody somewhere did something and said, 'Right, bang!' We have to hit it with something hard. That something hard has to beat the socks off the $2 million production that VB produced during the cricket on SBS—the drinking man's beer. I do not drink beer, but I can remember the ad. We can remember ads. The XXXX ones are brilliant. We have to try and hit the problem hard, and hit it with something that is compelling. That, I suggest to you, is the ad for good health.

**Ms REA**—How would we do that?

**Mr Manning**—It needs a commitment from key stakeholders, governments, and then we approach an advertising agency to come up with something creative. In my submission to you, I have outlined the brief for the advertising agency. We know that free-to-air television stations have to—

**Ms REA**—What would we be advertising?

**Mr Manning**—I am not John Singleton, but I hope that he might be able to tell us.

**ACTING CHAIR**—Healthy lifestyle, healthy food choices et cetera.

**Ms REA**—We need something practical. Coca-Cola has a product. XXXX is a product. What is the product that you think should be sold? Obviously you have put a lot of thought into this because you have come here to talk to us today. What do you think? Advertising a healthy lifestyle is not going to switch anybody on. What is the thing that you think we should be selling or advertising, if that is the strategy we employ?

**Mr Manning**—Overriding it all is that good health is fun.

**Ms REA**—Sure. Again, I do not know how much that is going to resonate compared to an ad for a really nice tasting, cold bottle of soft drink that everybody likes drinking.

**Mrs VALE**—What you are articulating is the whole problem in mainstream Australia, especially with childhood obesity. If you went into a supermarket in my hometown and took off the shelves every product that had sugar in it, the shelves would just about be empty. That is the truth. There is just so much sugar in the products in our supermarkets. We know the outcome of that dilemma. I understand what you are saying about advertising good healthy food. Do you remember those old *Popeye The Sailor Man* cartoons where Popeye ate canned spinach? I do not know if that actually increased children's love of spinach back in those days.

**Mr Manning**—It had some effect.

**Mrs VALE**—You reckon it had some effect? I could never, ever come at it then, to be honest; I do now. But I think sometimes it is a matter of education and I think that is what we are actually seeing in some of the school canteens in the remote communities. We have seen some of the women there very consciously preparing breakfasts, morning teas and lunches for children

that are good nutrition based packages. It is good having it in that particular environment and, yes, perhaps backed up by advertising; but I think there is never just one silver bullet, is there, Rollo?

**Mr Manning**—No.

**Mrs VALE**—It has got to be a whole cultural change, and we need it for mainstream Australia too.

**Mr Manning**—What I am trying to get to is the fact that being healthy is fun. It is a lot more fun than not being healthy. Now, we know that. We have reasons to get up in the morning. We have goals to meet during the day. We have ambitions that we are striving for somewhere in life. They are the sorts of things that we have to try and get Aboriginal people to start thinking about if they too are going to accept the fact that a healthy lifestyle is worth pursuing. At the moment, far too many of them do not know the reasons why you would have a healthy lifestyle. If you have got nothing to do all day and you are visiting someone who is on dialysis and not likely to live much longer, you start to think that that is going to be you too, so that dying at 55 is not unusual. Life is cheap.

**Mrs VALE**—Might I ask your opinion. It seems to me—and this is a personal observation—that our culture happens to have a prospective view of the world. We have a view that includes our goals, our hopes, our dreams and our ambitions. Our view is naturally prospective. Right from the time we start kindergarten, we are conditioned to get through that little exam at the end of kindergarten so that we can go up to first class, and life progresses. It seems to me that in Indigenous communities we have celebrated a retrospective view, in as much as we have probably overemphasised the Dreamtime. I think there is an old psychological test where, if you are focusing on one direction but you really want to go in the other direction, you are not going to go in the direction you want to go. Do you understand?

**Mr Manning**—Yes.

**Mrs VALE**—So maybe changing the view is also going to be part of that solution. As I said, there is never just one silver bullet that will change a cultural attitude.

**Mr Manning**—No. I think that is very true. I am pleased to hear you say that, because I am getting somewhere. The fact is that we are currently pouring money into health promotion efforts which are assuming that people want to be healthy. What I am saying is that we should not be glibly making that assumption; we should be analysing that and seeing whether in fact that is the case—do people have a reason to want to be healthier than they are now?

**Ms REA**—I guess the difficulty is that the whole of the federal government could never match Coca-Cola's advertising budget, even if that is what we decided to do. What I am trying to get from you is: what is the critical thing? If you think this is the way to go, what do we put on the table to do that?

**Mr Manning**—Okay. I will give you one specific angle that could be followed. The first time I presented this was at a conference in Newcastle in 2006, I think it was. The subject of the conference was disease-mongering, and it was all about how good the pharmaceutical industry is

at selling sickness to people who are well. The contention that I put to them was that, if they are so good at selling sickness to well people, how about turning their hand to selling wellness to sick people? The pharmaceutical industry is, I think, one that could have a social conscience and consider it a project worth taking up.

**Mrs VALE**—It is only somebody like you who could say that!

**ACTING CHAIR**—You are showing your inside knowledge, Rollo! Thank you very much for what is really an outside-the-box way of looking at a problem that confronts mainstream Australia as much as it does the communities we are looking at today. I thank you very much for your submission too.

**Mrs VALE**—And thank you for your thoughts on it too, Rollo.

**Mr Manning**—Thanks a lot.

[11.20 am]

**NORTON, Mr Ric, General Manager, Laynhapuy Homelands Association Inc**

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

**Mr Norton**—I have been in the position of general manager at the Laynhapuy Homelands Association for about two years and have worked with the organisation for the last 4½ years.

**ACTING CHAIR**—Before we go to questions, we have an expansive submission from your organisation, which we appreciate. Would you like to make some introductory comments but particularly around the areas of community stores and where your think the experience of Laynhapuy can help us understand freight and transport issues, the viability of small stores and the health promotion element of encouraging local families to access healthy food.

**Mr Norton**—I will try to address those issues. I will forgo some of the stuff I prepared. Firstly, I would like to tender the apologies of our chairperson, Mr Barayuwa Mununggurr, and our CEO, Mrs Yananymul Mununggurr, for not being able to be here today. As a rule, non-Indigenous staff do not represent the organisation in public forums alone. Our board and Yolngu leadership are very vigilant about both the perception and the reality that Yolngu control the policy direction of the organisation and speak for it. However, in recent times, the demands on Yolngu leaders generally and organisation leaders have been incessant for consultations about the NTER homelands policy, health regionalisation, CDEP and employment services and on and on. There are simply not enough senior Yolngu people in positions to cover all the bases as well as manage a multimillion dollar organisation with 117 staff, 75 per cent of whom are Yolngu. The issue of representation is actually quite expensive and draining on the resources of organisations. So you have me here to speak on behalf of our 1,200 Yolngu members.

In relation to the issues that you were just raising, we have 26 homelands now. We have taken over responsibility for six of the homelands formerly associated with Gapuwiyak, who chose to affiliate with us rather than try to come under the management of the new north-east Arnhem shire. I have a series of maps here that indicate the distribution of the homelands associated with our organisation. The orange and blue dots on the map represent the homelands.

**ACTING CHAIR**—Which are the new ones?

**Mr Norton**—The ones towards the west. There are six homelands related to Gapuwiyak.

**ACTING CHAIR**—Six plus Gapuwiyak.

**Mr Norton**—We already had 18 permanently occupied homelands, and we have inherited another six. That does not add up, does it? Anyway, the orange and blue dots represent the homelands. The blue ones are the larger homelands, which we regard as hub homelands, and most of them have populations of 60 or more people. The largest homeland has a population of 150 permanent residents, and there are several homelands in the range of 70 to 90 permanent

residents. The black dots represent the major communities. There is the regional centre of Nhulunbuy, with a population of about 4,500 people. There is the Yirrkala community just outside Nhulunbuy, and the Gapuwiyak community in the west. There is also the community of Ski Beach, or Gunyangara. It does not have store facilities and is a relatively small community. The Yolngu homelands have a population of about 1,200 people. Collectively, it has a substantially larger population than the Yirrkala community and is about four times the size of Ski Beach community.

**Mrs VALE**—How much does Yirrkala have?

**Mr Norton**—Yirrkala has about 900, I believe.

**Mrs VALE**—Thank you.

**Ms REA**—What do the yellow borders on the map mean?

**Mr Norton**—We basically regard that as our service area; but, technically, the one on the lower right-hand side is stage 1 of the Indigenous protected area program for Laynhapuy, which has been declared. The small area above that is stage 2 of the Indigenous protected area, which will be declared shortly. The one to the east is the proposed stage 3, which will hopefully be declared following consultation with the traditional owners there. It forms the basis of our land management or Ranger programs, and it basically encapsulates most of the homelands we serve, except for Gutjangan and Buwaka, which lie inside the Dhimurru Indigenous protected area.

**Ms REA**—Those areas outside the yellow lines are included in the homeland. Nhulunbuy and Yirrkala are actually in the homeland area. The yellow lines are not a border?

**Mr Norton**—Apart from the two orange ones outside the border, the border reflects the area in which we provide services. We do not provide services into Yirrkala, Nhulunbuy or Ski Beach, unless it is done on just a commercial contract basis.

The area is about 10,000 square kilometres. The Gan Gan homeland is about 260 kilometres from Nhulunbuy. I am not sure what the distance would be to Gapuwiyak, but it is a about a three-hour drive when the road is open. At present, the road closes for about three months of the year. Mirrnatja, which is the far western homeland, is close to 300 kilometres from Nhulunbuy; but, of course, it is a bit closer to Gapuwiyak.

In terms of retail services in the region, you have Woolworths and IGA at Nhulunbuy. There is a small branch of IGA Yirrkala and an ALPA store at Gapuwiyak. There is basically no other supermarket or corner store retailing in the region.

To travel to all of our homelands by the shortest possible round route would involve about a 2,000 kilometre road strip, and to do that would require about 36 hours of continuous driving. So it is a big, fairly hard-to-service area. The logistical costs for freight and so on in this area are quite substantial. Currently, most of our homeland residents travel either to the ALPA store in Gapuwiyak, if that is their closest store, or to Nhulunbuy. In Nhulunbuy, many of them shop at IGA even though it is more expensive than Woolworths. The reason they choose to do that is that

they can avoid some of the humbug related to alcohol consumption in the town. The IGA shop is about one kilometre or so from the town centre.

There are significant price differences between Woolworths and IGA; however, both are considerably marked up on Darwin prices. People need to bear in mind that, although most Nhulunbuy residents complain about food prices and freight costs and so on, they actually have one of the highest per capita incomes of any town in Australia. So, although they might complain, they are reasonably well-off. This is in quite distinct contrast to the Indigenous population of the region, whose average income would consist of either CDEP wages, possibly with or without top-up, or pensions and benefits.

**ACTING CHAIR**—What proportion are getting royalties?

**Mr Norton**—The royalty situation in East Arnhem Land confuses a lot of people. There is about $9 million a year paid in royalties or royalty equivalents. It is distributed according to the requirements of the Aboriginal land rights act. So 40 per cent goes from the federal minister back to the land councils for their operating costs, 30 per cent goes to the Aboriginal Benefits Account and 30 per cent is redistributed to the community. The split-up of that, I believe, is about 65 per cent Gumatj Association; 25 or 30 per cent, I think, Rirratjingu—I am not sure exactly how much; and the balance is paid to Laynhapuy Homelands Association, of which 50 per cent is immediately transferred to Djapu corporation. So although there is—

**ACTING CHAIR**—So it is $300,000, half of which is transferred, on that maths?

**Mr Norton**—Yes, that would be about right. Now, what people need to understand is that it is clan based distribution, so Gumatj royalties effectively filter through only the Gumatj clan; Rirratjingu royalties filter basically through only the Rirratjingu clan; Djapu royalties similarly go through the Djapu clan; and the royalties that come to Laynha are basically put into consolidated revenue as members' funds and are used to support whatever projects are necessary. The current commitment of the board is to preserve those funds for the replacement of homeland tractors as and when they are needed, and they have just spent a bit over $100,000 to replace tractors this year. There are in the order of 13 to 16 clans in that Gove Peninsula area. Dr Gondarra would be able to give you a much better estimate of the actual situation than I can. But you can see the royalty distribution is very specific. You could argue that it is inequitable, but is based on who actually owns the land that is being mined at that particular point in time.

**ACTING CHAIR**—If we could move to stores now. You have pointed out that it is quite concentrated. We note that a community of 90 people that we have just heard from has a co-op. Is there any possibility of having small co-op style arrangements in some of these remote areas that stock basic dry goods and hard fruit and vegetables with long shelf lives? Has there been any work on a refrigerated container for some these areas that could run off a small generator—something innovative around a hub-and-spoke model?

**Mr Norton**—Many things have been tried over many years. It is important that the committee understand that people have been living in these homelands continuously, going on for four decades in some cases. Many of them do not have power. Reticulated 240 volt power was only put into our largest homeland at the end of 1994, and two others have received reticulated power since. So there have not been power systems that would support refrigeration or even air

conditioning. So that is something people really need to take on board. Stores have been trying over many years, but there are a whole lot of factors that impact on the viability of local stores.

I assume the place you were referring to was Mapuru—John Greatorex's input into this. What Mapuru has done is generally regarded as a fairly significant achievement, and I would have to say I think a lot of it has to do with the longevity of John's involvement with that community as a teacher and being able to train people and build it up over years and years. Very few homeland communities are fortunate enough to have that sort of ongoing support, mentoring, training or whatever you call it. Our homelands have all basically at some stage tried to run small stores and they have inevitably fallen over. There are a range of factors. One is the logistics of freight, the fact that many communities do not have reliable vehicles suitable for carrying the goods. They do not have power to deal with refrigeration and so on. Then there are all the cultural factors, which can be overcome, but it is a long process, an educative process. And you need homeland leaders who are committed to working that way. So there has not been a store operating in our communities for many years except at Yilpara, where—

**ACTING CHAIR**—Can you point it out for us on the map?

**Mr Norton**—on this map it is shown as Baniyala, in blue—they ran a store. They went into partnership with a non-Indigenous gentleman who through, I think, the marriage of his son or something had connections with the community. He worked in the community for a number of years and he was 30 per cent owner of the business, so he did all the incorporation and that side of it. It all came to a fairly sorry end when he was asked to actually produce some records for the business. He shot through. We know $40,000 to $50,000 was withdrawn from teller machines in the preceding month, but there was not a skerrick of paper relating to the business and there was, potentially, unpaid GST et cetera.

Because we are trying to service so many homelands, we do not see that we have the capacity to try and support lots of local initiatives. We have been working for some time on coming up with an alternative where you have a centralised structure that allows, I suppose, almost like a franchisee operation where a community wants to take that responsibility and is able to do so. But we would not support lots and lots of small local initiatives because we end up being dragged in to try and sort out the mess and bail people out and so on. We are a not-for-profit enterprise. If people are running a private business, we potentially have a conflict there.

**Mr TURNOUR**—Could you expand on some of the cultural issues that you were talking about in terms of the difficulty of running a private enterprise like a store.

**Mr Norton**—There are cultural issues around actually understanding principles of business and all the requirements of our systems. It is not the sort of market that we operate in, and the business principles and so on are not part of traditional Yolngu culture. They have their own trading activities, and some of them are very astute at wheeling and dealing or whatever or managing their own business affairs. But our Western concept of business management and so on does not fit nicely in the traditional culture. In a lot of Aboriginal cultures there is the whole principle of what anthropologists normally call demand sharing, where certain kinship categories have rights or obligations in relation to other kinship categories, and it is very difficult for people to refuse a request that is put to them by certain people. That can be overcome in some cases. It can also be the downfall of many business activities. In its most extreme form it becomes what is

commonly known as humbug. I am not an anthropologist and I am not Yolngu, and for a more comprehensive explanation you need to ask Indigenous people, but it is a barrier to effective business operation. In terms of Laynhapuy's own operations, one of the reasons why we are a relatively stable organisation and have been quite successful is that our members recognise these problems and take a bit of a hands-off approach and say, 'We want this to be run properly, which means we need non-Indigenous involvement to make sure that happens.' As individuals, they can be put under enormous amounts of stress if they are ultimately the ones who hold the key or whatever.

**Mr TURNOUR**—I know it is always difficult with these areas, but when you say 'run properly', are you effectively saying 'run within a mainstream cultural framework of a governance structure'?

**Mr Norton**—The fact is that when people try to start their businesses, they have no capital. They have a weekly cheque. So they do is sell some artwork or pool some money. They buy a small supply of stock and, subject to them selling that stock, retaining all the money and having set prices at a level to cover their costs of purchase, freight et cetera, they then go and buy replacement stock. With very small volumes of stock and all of the costs involved it does not take much to undermine the economics of that. They only have to lose a couple of hundred dollars worth of stock and they have got nowhere to go. They cannot replace their stock and the business folds.

**Mr TURNOUR**—You have outlined in your submission very well the impacts of lack of access to stores and food and the like are having. Part of the reason that this inquiry has been set up is the different models that are being run. In your submission you talk about the desire to have control and maintain those ownership feelings within the community. What we have just heard from you and what you discussed in your presentation this morning are the real conflicts that occur between the traditional Western model of business in terms of supply of goods and services through a store and the cultural requirements.

How do we go forward if, on the one hand, you want to manage and control a store and keep some cultural aspects but at the same time you want to manage the store in a way that meets the requirement to be viable and profitable and not suffer from demand constraints or humbug or whatever you want to call it? That is something that I think we as a committee are struggling with, particularly when it comes to smaller communities where it may be a struggle not just for viability and sustainability but to make a store profitable on a Western economy type basis. Yet there are also the health issues that you identified. What is the responsibility of government in terms of supplying that and what is the responsibility of the community in that respect to realise, 'We're not going to overcome these health problems if we don't make some changes to the way that we operate and live and the like'? I suppose it is a very difficult question to answer—and we as a committee are struggling with it—but I would not mind your comments and views on it.

**Mr Norton**—I think one thing the committee need to understand is the economics of retailing. I am not a retailer, but I have spent time talking to ALPA and Outback Stores and other people, and the bottom line is that they will not run a store unless you have got about 300 people in a community. So, if you are talking about a community 50 people, you cannot run a store economically. If each individual homeland were trying to run their own activity, there would be an enormous price differential simply because of the cost of freight. On that scale of operation,

you get no economies of scale; you have got no purchasing power. I doubt you would even be able to get a wholesaler to take you seriously. What ends up happening is people go and buy retail and then resell retail, so unless you are charging exploitative prices you are not going to spin a profit.

That is why we have adopted the approach we have. We want to organise centralised purchasing and a distribution system and basically, for want of a better term, a franchisee type arrangement so you have the systems, the procedures, the pricing and everything in place and people simply resell, and then the amount of profit relating to that particular activity would be retained in that community.

The other thing we would want to do is basically achieve freight cost equalisation across the homelands. Collectively, we could achieve affordable freight levels, but for homelands like Gangan and Dhuruputjpi it will always remain unaffordable unless there is some sort of cross-subsidy. So that is the model we are looking at.

I know we submitted a business plan with our original proposal. I can provide you with an updated one, because we have actually had some extensive discussions with Outback Stores and we are fairly confident that they are prepared to enter into a partnership with us to basically pilot a completely different model based on much more of a bush order type of arrangement.

**Mr TURNOUR**—Like a hub-and-spoke model, which we have talked about?

**Mr Norton**—Yes.

**Ms REA**—Can I just follow that up quickly. You have talked about speaking to Outback Stores; have you actually had discussions with ALPA? I ask that on the basis that they have already got a store at Gapuwiyak, which means that they must be purchasing for that particular store. Have you considered a distribution centre basically being tacked onto that store which could be the central purchasing hub for the rest of the homeland communities? Rather than bringing in somebody completely different, you have already got a base there.

**Mr Norton**—We engaged ALPA, or their consulting arm, to do the feasibility study, so people in ALPA have actually known about this proposal since day one. The view that was put to us at the time was that they could potentially be contracted to manage parts of it or to provide some sort of oversight role in terms of the business operation. One of the issues, of course, is that we are based in Yirrkala and they are based in Gapuwiyak. That is a distance of 230 kilometres. While Gapuwiyak is closer to some homelands, it is not closer to all of them.

Our members are also keen to, in a sense, have a controlling interest in this activity, not simply pay someone else to do it. We potentially could go and try to strike a deal with Woolworths or IGA simply to set up a bush order system, but you are not going to get the employment benefits or price benefits and you are certainly not going to make any profit out of it. In terms of what happens with our business proposal, we certainly have not written off the idea of trying to work with ALPA, maybe sourcing something through them, but we have not got to that point yet. I guess the next stumbling block for us is trying to get assistance from the Australian government for start-up capital.

There are a couple of things I would like to table with the committee at this time. One is the updated business plan relating to how it would work if we were working in conjunction with Outback Stores, and that is the basis on which the Outback Stores board is currently considering the proposal. We believe that Outback Stores staff have made a positive recommendation to their board in relation to it. The second item is a briefing we recently provided to Minister Macklin saying where the project is up to and what sort of assistance we need at this point in time.

One thing I would like to put to the committee is that the minister recently referred to the need for healthy and affordable food as a basic human right. We would certainly subscribe to that view. The needs of the homelands in that regard have been ignored or neglected for the best part of three or four decades. One could say that many of the major communities are in a similar situation. The sort of investment we are asking the Australian government to make would be less than $1,500 per person on the homelands, and it would provide ongoing benefits and certainly a dividend to government in terms of savings on health expenditure and so on. We are certainly hoping the Australian government takes the proposal seriously.

**Ms REA**—I have a question on a different tack. We have had it presented to us over the course of this inquiry, particularly the last few days, that the changes to CDEP are going to have a significant impact on employment and the overall general social standing of many communities. Have you got any comment to make about that in terms of your association's view as to how that will impact on the homelands?

**Mr Norton**—Our association is very strongly in support of CDEP as it was previously. There are a number of reasons for that. One is that we believe we have made very good use of it and it has been critical to maintaining the homelands as safe, functional, reasonably healthy places to live. On that note, I would like the committee to note that, although many people talk about homelands as ghettos, cultural museums et cetera and say that people there are disadvantaged, people are there by choice because it is their country and it is where their families come from. It is where they own and control the resources and can live as they choose. The fact is that they are also healthier, there is less violence and crime, there is better education and better attendance at school and there is more employment. We have far more people on proper wages out in the homelands than in Yirrkala or Ski Beach. There is more training. The benefits of homelands are not usually seen by those outside observers; they just see this little remote place and think, 'Why on earth do people live there?' There are very good reasons why people choose to live there.

CDEP has been fairly critical to sustaining those homelands. It is not just about the money side; it is about an organisational structure where people are actually employees. They are accountable to someone. You have a homeland supervisor who makes sure people meet their participation requirements or work requirements every day, and that has been really important. You do not have individual people receiving welfare payments and doing whatever they like. CDEP has, in our cases, fitted quite well with traditional authority structures and so on; people who culturally can tell people what to do can tell them what to do as the supervisor in an employment relationship. So it has been very good for our homelands. People knew what was expected of them. So I would say that the work ethic and the self-reliance and entrepreneurial attitude of people in homelands tends to be better than in the major communities.

One of the effects of the changes to the CDEP will be that new entrants will move from being on wages to receiving a benefit. We currently have 51 people who receive top-up, so they will

have a reduction in income. People who earn income on a benefit get penalised because of the taper rate. I would have to say that the system is now going to be more complex because everything has to go through a universal employment service provider before it comes to us. We have some real concerns about the changes to CDEP. We do applaud what appears to be a significant commitment to creating some community development funds to support specific projects—and we will get to see how all that pans out. A three-year funding commitment is nice so that we at least have some certainty.

One of the issues related to the stores will be that, as new people come onto CDEP, they will then be income managed, which of course means basic cards and engagement with Centrelink and so on. It makes it a bit more complex for people for travelling because they cannot just pool their money. People will not have cash. At the moment, a lot of the travel is done by private bush taxi operators. It is not so bad for Laynhapuy Aviation. We have a carefully controlled credit system that can work either through payroll deductions or through Centrelink deductions, but it will make the issue of travel more complex. Potentially, if people have issues with their income management, they have to travel at times when they can get into Nhulunbuy in time to see Centrelink. So it may have some of those impacts.

To be frank, we are hoping that we do not have a huge turnover on our CDEP. We currently have 334 participants, with an AAP of 310. We are not expecting them to drop off at anything like the rate that the government seems to be planning for, which would actually leave us with the big problem of what to do with all of the people who are still on CDEP when the scheme is terminated in June 2011 and the potential issues of whether these people are entitled to redundancy payments et cetera, which of course no-one is funded for. So it does raise some serious employment issues because technically they are employees, so we have to manage them as employees. It does raise a few issues. Obviously, with managing organisational things like the airline business and recovering fare costs and also the workshop where a lot of people get their vehicles fixed and so on, payroll deductions from CDEP are fairly easy to negotiate and to administer. But I think trying to set up either income management deductions or pay deductions is a more complex and less reliable process because when you are dealing with employees, you can exercise a bit more control over the receipt of payment and so on. It will be a new and challenging era.

**Mr TURNOUR**—We are straying a bit from the terms of reference of the inquiry towards CDEP. CDEP is effectively still a government transfer payment; it is an employment payment, but it is not the government's plan to transfer this payment. This goes to the issue of the sustainability of the communities without the government transfer payment. Do you think they are sustainable without someone being on a welfare or CDEP-type employment transfer payment?

**Mr Norton**—Not in the short term, but you would have to say the same about the 73 other Indigenous communities and probably about some other rural communities in the Northern Territory. The reality is that the major art production, which creates millions of dollars in income for this country, comes out of homelands. As I said, most of the employment in the Gove Peninsula at the moment is on homelands or connected with the homelands association. Homelands is where the potential for tourism development and for land management type activity is and it is where the resources are. The economic base for Indigenous people is actually on country and the homelands; it is not in the major towns.

**Mr TURNOUR**—What sort of time line do you think there needs to be to transition, in reality?

**Mr Norton**—It needs to be generational. This is one of the major frustrations with the approach of both the Australian government and the Northern Territory government. You are talking about Fourth World populations, an extremely different culture. If you look at East Arnhem Land, basically there was no contact with the industrialised West prior to about 1935. There was extremely limited contact, basically missions and a few Defence Force staff, up until 1970, when Nabalco moved into Gove. You are talking about three or four decades of contact with Western industrialised society. What people are expecting of Yolngu and other Indigenous people is, I would suggest, completely unrealistic. You cannot expect cultures to change dramatically in that short time frame, especially when government gives constantly changing and conflicting messages about what is required. The changes to CDEP and other things a few years ago for many of our people were completely out of the blue. For them, living on homelands and keeping them hygienic, healthy places to live in was what they believed government had asked them to do. Then suddenly there was a change of policy and they were told: 'No, you should all be work ready to move into mainstream employment.'

Somebody has got to get real about this stuff. A lot of our people were born in the bush. We have many people with whom none of you could have a conversation in English because they do not have the language skills—not just old people but also young people. Their whole world view continues to be completely different. As a nation, we would not go into any other country in the world and expect to run aid programs on the same basis that we implement policy in this country for Indigenous people. We have people with no background whatsoever in development, Indigenous affairs, economics or any other relevant discipline manning a lot of the departments that deliver services into these communities. We do not use international aid agencies from either the non-government sector or the government sector and we expect ridiculous results. Indigenous people who have grade 3 schooling are expected to start and run a business within 12 months. I doubt that any of us could set up and run a business in 12 months. And that ignores the issue of location and isolation. I wonder what has happened to all our regional economists in this country—location, location, location. You just wonder where some of this policy comes from, honestly.

**Mr TURNOUR**—We have been looking forward to your submission because we knew that it would frame some of the biggest challenges that we are facing, but now we do have to stop. Thank you very much for your submission, Ric.

**Ms REA**—Thank you.

**Mr Norton**—Thank you.

[12.01 pm]

**POULSON, Mr Duncan, Northern Territory Regional Commissioner, Australian Securities and Investments Commission**

**ACTING CHAIR**—Welcome. I invite you to make a brief introductory statement before we proceed to questions.

**Mr Poulson**—I will begin by acknowledging the Larrakia people and their ancestors, the traditional owners of the Darwin area. ASIC regulates both companies and financial services and was invited by this committee to make a submission. We have recently made a written submission, which deals with ASIC's work in remote Indigenous communities. ASIC produces targeted information and resources for different sections of the Australian community, including resources for Indigenous Australians. Our Indigenous consumer strategy has three elements: consumer education and financial literacy, combating exploitative business activity, and working with businesses to improve practices.

One example of how our work has impacted on the operation of remote community stores is in relation to the practice of book up, which is short-term credit provided by stores. I want to highlight for the committee some of our publications and educational initiatives in this area and perhaps table some of the reports and documents. ASIC's 2002 report entitled *Book up: some consumer problems* found that the practice of book up was widespread in remote community stores and was often secured by a trader retaining the debit card and the PIN of a customer. That report was prepared for ASIC by a then local Darwin lawyer, Mr Gordon Renouf. I will table that report.

That was followed in 2005 by a comic book containing some money tips for remote Indigenous communities, including tips about book up. I have five copies of each of these remaining documents for each member here today. I will table those as well. In 2006 ASIC developed the *Dealing with book up: a guide* that was designed to help people dealing with book up problems. That was designed to help communities and those providing assistance to remote communities. I also have five copies of that, which I would like to table and provide to each member.

**Ms REA**—It is a bad move to give the committee comics while you are talking.

**Mr Poulson**—The comic has been one of our most successful publications. Finally, ASIC has also subsequently published a smaller version of the guide entitled *Dealing with book up: key facts*. That is the final document I would like to table. These publications have been very well received and widely distributed. Since 2006 I believe we have distributed approximate 1,000 copies of the guide, 24,000 copies of the key facts publications and 28,000 copies of the *Moola Talk* comics.

Since releasing these publications, ASIC has also undertaken a considerable amount of community education work in relation to book up. In the past two years we have visited over 115 remote communities in the Northern Territory, Western Australia, Queensland, South Australia

and New South Wales. Our publications and financial literacy material have proved to be valuable resources for other government agencies, community leaders, financial counsellors, non-government organisations, private businesses and others in the business of helping Indigenous communities deal with problems associated with book up.

I will conclude by making some very quick comments about our regulation of companies and remote stores. The responsibility for the corporate regulation of remote stores is currently spread across a number of different Commonwealth, state and territory agencies, including ASIC, the Office of the Registrar of Indigenous Corporations and the state and territory business affairs agencies. ASIC has been working closely with these organisations in the Northern Territory to improve governance practices.

**ACTING CHAIR**—You mentioned the three key areas of education, preventing exploitation and improving business practice. Within obviously what is going to always be a limited budget are you able to do any evaluation of the levels of financial literacy or changes over time? We often have misconceptions about the levels of financial literacy. Is there any evidence to back that up?

**Mr Poulson**—There are some major international studies happening at the moment in relation to the mainstream economy and there is also some work being conducted by FaHCSIA in relation to its money business and Northern Territory money management strategy. The money management strategy was only rolled out—or initiated—approximately two months ago. Some of the work is still scoping work. That is taking the concept of the four money business sites and rolling it out to all of the communities in the Northern Territory. There is definitely scoping work happening right now in relation to evaluating those programs.

**ACTING CHAIR**—Is there any baseline evidence on the level of financial literacy prior to implementation?

**Mr Poulson**—No, I do not believe there has been a lot of that work conducted in Indigenous communities.

**Mr TURNOUR**—I understand book up through the licensing of stores was a real problem, but it has pretty much been sorted out. Is that right?

**Mr Poulson**—That is our view in relation to the licensed stores and remote community stores. ASIC still receives complaints about book up in relation to urban stores that are providing goods and services for remote communities.

**Mr TURNOUR**—I have only read the comic—I have not got to the thicker documents yet—in relation to dealing with book up. Another issue that arose in some of the submissions and evidence we have had is that people are using BasicsCards or other sorts of credit facilities in a fraudulent way in terms of humbug and other people utilising other people's cards. Are you looking at doing any educational activities around that? In your submission you touched on some of the work or discussions you have had with banks, if my memory serves me correctly in relation to this, but are you looking at doing any educational work in communities about the responsibilities in terms of the use of other people's cards?

**Mr Poulson**—The comic you have in front of you—the *Moola Talk* comic—sort of picks up on the sharing of cards and—

**Mr TURNOUR**—Yes, but this is more like somebody from outside of the community coming in. Mr What's-his-name from Scammer—maybe I have just read only the second part of it—rather than some of the issues in communities of other people getting a card and utilising it. It is about payday lenders and all this sort of stuff rather than a family member or somebody else in the community utilising a card that is not theirs.

**Mr Poulson**—No, we have not done a lot of educational work in relation to that, although I believe the FaHCSIA money management teams would be picking up on that issue when they are out in the communities. We have certainly had some referrals to us in relation to particular banks. Those money management teams have identified the problem and referred it to ASIC. We have then raised them with the banking institutions that are involved.

**Mr TURNOUR**—But that is an area that would fall under your responsibility in terms of somebody having a keycard, for example, and then somebody else using it—taking their PIN, putting it in a machine and taking money out that was not theirs.

**Mr Poulson**—That would be a police matter more than an ASIC matter.

**ACTING CHAIR**—I understand by extension that we do not have any data to back up the belief that many have that PINs are shared or BasicsCards are swapped, moved around and accessed by a number of different people. We hear the stories, but there actually has not been any research within communities about the degree to which that occurs.

**Mr Poulson**—No.

**Mr TURNOUR**—When you go through the submissions they seem to merge into each other but I think we had some evidence. There were some issues raised when we were in Alice Springs in relation to this concern by store owners effectively taking cards as a way of meeting requirements going forward. I think there were some issues of this raised with the banks and with ASIC in relation to that. I suppose they are the issues I am picking up on. Rather than talking about people going door-to-door it is really talking about people that you may have a relationship with whether it is within the community or a store owner. Book ups are no longer possible, but there is a new form of buying goods—a card—and others are coming up with innovative ways to take advantage of that. Is ASIC looking at that and what responsibility do you think you have in relation to that?

**Mr Poulson**—We are hearing about those innovative ways in relation to using cards and those sorts of issues. We normally raise them directly with the financial institutions involved. There is a very good network of banks and financial institutions called the Indigenous Financial Services Network. That was an initiative of Reconciliation Australia. They released a report called *Banking for the future* dealing with the issue of Indigenous people engaging with the financial services sector. That was released in early 2008. I believe. I am sure that sort of issue was touched on in that report and all members of that network are alive to those concerns.

**Mr TURNOUR**—Have you anything formally that you could go back and provide to the committee about the work that you are doing in that area? If you want to take that on notice, we would be interested in it.

**Mr Poulson**—ASIC is not actually doing any work at the moment in relation to that area except that we are supporting the rollout of the NT money management strategy to communities in the Northern Territory where they might not have had access to this sort of financial information and financial counselling services. We are really working more with the service providers, the Red Cross, the Smith Family, who are undertaking that work and explaining the consumer rights in this situation. Certainly, when we are hearing about matters we are raising them with the relevant bodies whether that be the financial institutions, the Centrelink section that is managing the BasicsCard or the FaHCSIA store licensing section.

**Mr TURNOUR**—Are you formally recording in any way the numbers or types of issues that are raised with you, particularly as they relate to remote Indigenous communities?

**Mr Poulson**—Yes, we do.

**Mr TURNOUR**—Is it possible to get some sort of sense of the numbers and the issues that are raised with you, protecting privacy, on notice?

**ACTING CHAIR**—You may be able to tell us what some of the typical complaints are that you are receiving and the number them in general around the Territory.

**Mr Poulson**—The focus for the last couple of years has been credit and consumer lending—payday loans, car loans. We have issued a number of media releases in relation to settlements with some of the financial institutions. Those media releases are all on record. There was the rollout of the Basics Card and how that operated vis-a-vis the electronic funds transaction code and the banking code of conduct. I guess our biggest focus though is in relation to general financial literacy and trying to promote that concept and that need and trying to get some traction happening in relation to those more general money issues.

**ACTING CHAIR**—So you are receiving 50 or 100 complaints a year. What proportion of those lead to either a prosecution or a warning?

**Mr Poulson**—In the Northern Territory we probably receive about five formal complaints a week. We assist a lot of inquiries, but we would be registering about five complaints. A percentage of that are Indigenous consumer financial issues as a result of our network with the financial literacy programs that have been rolled out. A lot of the issues have been loans, rental agreements, book up and those types of things.

**ACTING CHAIR**—That is what we are getting to in this inquiry, so just to go straight to the point, there is the issue of extending credit book up and retaining customer credit cards with PIN numbers, none of which are unconscionable or illegal. How about a shop owner using an ATM facility in order to withdraw money that is owing to the store because the PIN number has been provided to them on an earlier occasion. When you receive a complaint about that kind of practice, is it legal or not?

**Mr Poulson**—No, it is not illegal. It is a breach of the merchant agreement, possibly, in relation to the ATM machine or the EFTPOS facility that is being operated by the merchant.

**ACTING CHAIR**—I move to a related point—ATM charges. We have had some complaints that where there is no bank, just the ATM, there is no facility to check a balance, and it can be quite expensive for individuals in remote areas, who often do not know the balance on their Basics Card or on their credit or debit card. Has there been any consideration given to alleviating, for low-income earners, like remote Indigenous Australians, the costs of ATM fees in those locations?

**Mr Poulson**—I think so. I am not the appropriate person to answer that sort of question. I did read a media release from one of the major banks recently which said that they were waiving fees when customers of the traditional credit union utilise their ATM machines. So the banks and the Indigenous Financial Services Network are aware of that issue. I am also aware of some direct marketing and promotion of that issue to try to heighten it.

**ACTING CHAIR**—In your understanding there is no technical impediment to identifying individual machines and removing fees for, say, checking balances?

**Mr Poulson**—That is my understanding, yes.

**Mrs VALE**—We started this inquiry some many months ago, and I am trying to remember some of the situations that we had that may, in the interim, have been corrected. We went to one place which had an ATM that did not belong to the bank which the people had cards for. Therefore, when they used that ATM they were charged extra fees. If I can recollect correctly, there was an increased cost from having the ATM in this store. You cannot direct which stores to have which ATMs. It seemed to be one of those disadvantages that people in remote communities had to cope with. The ATM that was provided was not the ATM belonging to the general bank of those people. There must have been a change somewhere along the line, because it really did cost a lot of extra money. The amount of that money that was going out of that store in ATM fees was a huge mark-up on what it had been previously. I do not think your government department can dictate that, but it seems to be one of those issues that should be taken into account when we look at stores and how they are run, because all these people have only got one bank account.

**Mr Poulson**—I think so. I think in some of the larger community stores—and, indeed, some of the next speakers might be more able to comment—there have certainly been changes in the types of ATMs that are being utilised and put in place. Some of the larger stores have more clout in relation to negotiating better agreements.

**Mr TURNOUR**—I think Dana was talking about the Torres Strait, which is in my electorate. The National Australia Bank is the traditional bank in that area, but the IBIS stores had chosen to go with another bank, and that was an issue. I think it highlights the real need for stores to be working closely with communities in delivering outcomes, but it is not necessarily something that ASIC can legislate for. I think there has been a change of CEO in IBIS since the inquiry has begun.

**Mr Poulson**—It is certainly a financial literacy issue. It is even a problem in places like Tennant Creek, where it is just a matter of walking across the street to a cardholder's bank, but people are not doing that. So it comes back to a financial literacy issue. I point out that there are a couple of other initiatives. We have got a radio program here that does small segments on money and that covers these sorts of issues. We have also been broadcasting those in remote communities. I am happy to table that if you like.

**Mr TURNOUR**—Are they done in language or are they in English?

**Mr Poulson**—They are in English, with Indigenous people are speaking.

**Mr TURNOUR**—Have you looked at doing them in language?

**Mr Poulson**—It is still on the table. I think we have looked at perhaps the Moola Talk in language, but we have not produced a document yet.

**Mr TURNOUR**—Acting Chair, that is something that we should possibly look at in our recommendations in terms of government support for translation of some of these useful things. We heard evidence today on people's understanding of English, so it may be worth while to ensure we get them into the right language.

**Mr Poulson**—Indeed. Some people have said to us, 'No more of these publications thanks. We need a different approach now.' This is the FaHCSIA approach of rolling out the money business, and the NT money management strategy is to get out into communities and talk to people about these issues.

**ACTING CHAIR**—We will also be putting a question to FaHCSIA on this topic, but I note you do have a budget for improving business practices. It would be really important to have some baseline data on levels of financial literacy around business practice, because it is very hard for us to evaluate any of your products if we do not have baseline data. I put that to you as a question to ASIC. If it is not appropriate under the funding that you have at the moment, we would have to go back to FaHCSIA again to find that funding. We would like to see some baseline data on financial literacy. Without it, we do not know whether anything is working. Thank you very much.

[12.23 pm]

**GONDARRA, Rev Dr Djiniyini OAM, Chairman Arnhem Land Progress Aboriginal Corporation**

**KING, Mr Alistair, General Manager Arnhem Land Progress Aboriginal Corporation**

**ACTING CHAIR**—Welcome. Before we proceed to questions, you might like to start with a brief statement.

**Rev. Dr Gondarra**—Honourable ladies and gentlemen of the committee, thank you for this opportunity and for your time today. The Arnhem Land Progress Aboriginal Corporation was established to run community stores for its members in 1972. It emerged from the mission times and was set up for your law as an incorporated body by the Uniting Church. We believe ALPA epitomises what should have been self-determination, and this ideal is alive and well at ALPA.

The vision and the cornerstone of ALPA has not changed from the beginning and is entrenched in our mission statement. The key areas can be summarised as follows: to deliver the best retail stores possible to our members and customers, striving to reduce costs and offer the best value within the stores in relation to range, service and pricing; to employ our own people in the stores, thus offering unsubsidised real jobs within the context of their own organisation and community; to ensure our staff are trained to carry out their duties to nationally accredited standards so that they can develop the skills and carry out their duties effectively; and to assist in improving the social and economic development of our people while continuing to respect our culture and heritage.

ALPA has now experienced over 37 years of hard work of Yolngu and Balanda, or Indigenous and non-Indigenous, working together. We learned early that we need to work with our Balanda staff as we do not have all the skills needed to successfully run a corporation. They work for us and we are learning all the time.

I would like to share with you these important points. ALPA is financially independent and has been for three decades. We believe this is a core reason for our long life. We are one of the largest independent employers of Aboriginal people in Australia, with over 300 Indigenous staff. From the beginning, ALPA has been committed to Aboriginal training and development, building its own training facility at Galiwin'ku, East Arnhem Land in 1983. Today it is a successful registered training organisation. We have five of our own stores in member communities and we manage 12 others under fee-for-service management agreements.

ALPA's operating model produces stock volumes sufficient to negotiate favourable trading terms, special buys and improved service levels with suppliers. In 1985 we implemented our own nutrition policy and self-funded freight subsidy on fruit and vegetables in our stores to drive consumption. Today this has evolved into a comprehensive health and nutrition strategy, with our own nutritionist on staff and good food staff members in every store. We still deliver fruit and vegetables freight free to our customers and we are working to expand this to other food groups.

With your permission I will ask our general manager, Alistair King, to complete our opening address.

**Mr King**—Most of our response to the terms of reference is in the submission, so I will not go over that again; however, there are more specific comments that we would like to make. Stores are often criticised with regard to range, the quality of product and pricing. This is mostly by people who are not aware of the unique challenges and higher costs in operating retail stores in some of the most remote parts of Australia.

With regard to range, we stock what is required by the majority of our customers, who are Aboriginal. Some people believe this to be inadequate, but we cannot stock what does not sell. This does not mean that we do not vigorously try to increase our range in our stores. For example, when I resigned from Coles supermarkets and took up the position of store manager at our Milingimbi store in 1994 we stocked under 1,000 products. I was horrified and increased the range as quickly as I could. Many new products failed, however, because our customers did not know what they were, what they tasted like or how to use them. That does not mean we gave up. Today that same store has over 3,500 products in its range and we continue to try new products every month.

We also have many logistical challenges in remote community stores whether the stock is delivered by road or barge. A weekly service is considered very good. Because of the distance, the condition of the road or the sea we can see stock damage or loss. This cannot quickly be replaced. Most of our stores order two weeks before the stock is received. When managers are ordering they generally already have an order at sea and another one being picked in the warehouse. As the years have progressed our suppliers have got better at picking and packing stock for our remote community stores. Almost nothing is flown out to the communities these days as it is just too expensive. Our fruit and vegetables are of excellent quality and at around Darwin prices, due to our subsidy. Any poor quality stock is not accepted by the store.

While pricing is an emotive issue and it is true that some of Australia's poorest people pay more, in many cases prices are what they are to ensure the sustainability of the store. While there are stores that are not efficient or well run, others are and must take into account substantially higher running costs than stores in cities and regional centres of Australia. Freight is expensive and almost every other cost is also much higher. This includes maintenance and infrastructure costs, particularly when trades are not available in a community. If that is the case, we need to fly them in and fly them back out. In an emergency this means expensive charter flights. This is also the case with our own store supervision staff, training staff and nutrition manager.

While many people are fixated on freight subsidies, there are many other costs that add to the burden. Although freight subsidies would be welcome from government, we do not see this as sustainable. As our chairman mentioned, ALPA is trying to diversify its income to be able to subsidise freight on more product groups. This is a difficult time for us here in the Territory, with the Territory government increasing taxes and charges to our stores, further increasing the cost burden. The same could be true for costs associated with land-use agreements with traditional owners and the NLC. There are only a few ways to cover additional costs—become more efficient, reduce expenditure on replacing or renovating infrastructure in the stores, reduce benevolent funds or increase prices.

With regard to competition, while in larger communities this can be beneficial because they have the population base, it can be detrimental to small to medium communities because they do not have the population to support more than one store. It could very well mean that services get worse, not better, with both businesses not doing well and having to reduce range, stock holding, staff and other costs like maintenance. We would also like to ensure that any operator in the community is committed to the community and its people by employing and training them and by putting something back.

With regard to operating models, in our experience, stand-alone stores can get stuck in a boom-bust cycle where they have good management-bad management cycles, directly affecting the standard of the retail offering to the customer. They can also not attract better deals from suppliers because they are generally viewed as high risk and do not have the volumes to convince suppliers to offer better trading terms and service.

In closing, it is our view that all of the factors outlined in our submission impact on the health outcomes in the community. We believe the store has a direct link to health and wellbeing, with managers often having the power to directly influence community health by what they choose to stock, how well they operate and determining when the community will have access to the store. It is also true that store groups, rather than individual managers, tend to have better policy and control around these issues.

**ACTING CHAIR**—We appreciate your coming today. We have very much anticipated and looked forward to your submission because you are obviously going to be able to take us through the whole area of this inquiry. We might just start with some of the freight and infrastructure issues—first of all the supply. Secondly, we will move to the governance issues around how to run a store and what model you believe is working well and, finally, we will finish on the health promotion and promoting demand at the other end. We will work in that vertical direction with questions. I will start with freight and infrastructure. Noting that here in the Northern Territory there are five different governance models for running stores, and a sixth one if you include shire councils, running stores should be a fairly simple formulaic process. What is your view in the end on consolidating arrangements so that, through a MOU with Outback Stores and extending that right through the Territory, there could be significant improvements Territory wide?

**Mr King**—We already work very closely with Outback Stores. In fact, we have a MOU and I am a director on the board of Outback Stores. We have been involved with Outback Stores since before the first board meeting and we support Outback Stores. Our board decided to support Outback Stores because we cannot get everywhere and we are not the be-all and end-all of managing community stores. The idea of having another organisation with a different operating model but a good, structured operating model is attractive to us so that more services are available to other stores. We have seen so many over many years that have had no choice. Nowadays, we often present our model to a store or a community and Outback Stores is there as well. We think that is a good thing because the community gets to choose. If they get it it does not matter to us because we know that they have a good model which will work and if we get it we are delighted because we know that we will do the job too.

**ACTING CHAIR**—Going to a point that we discussed earlier today, is there some government injection that makes Outback Stores artificially more efficient and therefore able to

deliver cheaper prices? The second part of the question is: has any market basket survey being done to show that Outback Stores is slightly cheaper line for line, or SKU to SKU, than ALPA?

**Mr King**—No. Their prices are not cheaper than ours. I know that for a fact because we make it our business to make sure that our prices are within the ballpark of everyone else. In most cases, when you compare us to private operators or single stores we are substantially cheaper. Our fees are cheaper than Outback Stores. So, the answer to that is, at this stage, no—but in saying that the reality is that if Outback Stores continue to pick up stores at a fair rate, if they get to 40 stores or 60 stores or 80 stores or 100 stores, their volumes are going to pick up and they are going to have more stick with the suppliers to attract better rebates, better discounting and the rest. But at this stage, no, that is not the case, because they might have more stores but at the moment we have higher turnover.

**ACTING CHAIR**—We noted with Outback Stores yesterday that the price per kilo for certain hard vegetables was identical in stores at different levels of remoteness. Does the same thing occur with ALPA? Do you cross-subsidise between stores and have similar prices regardless of degree of remoteness?

**Mr King**—There are two parts to that. Because we subsidise fruit and veg, the short answer is: yes, because there is no freight. We are margin driven, so we use pretty much the same margin right across the group. It is the freight that differs. We subsidise freight. Not all of our client stores have to accept every ALPA policy but most of them do. In that case, yes, they do have similar pricing for fruit and veg. Those that cannot afford to subsidise freight on fruit and veg, or choose not to, are higher. The really important thing here is the cost of the freight. For example, Umbakumba on Groote has a much higher freight factor than Minjilang on Croker Island because of the distance.

**ACTING CHAIR**—Is there enough competition in freight to look between providers in the Northern Territory or is it that for a great proportion of the Territory there really is only one provider?

**Mr King**—For a long time there has been one coastal freight provider. But I have to say that in the last four months they have been popping up everywhere. There are probably four that have approached us now who are interested in starting barge services to coastal communities. We have linked that to the fact that they are more interested in the SIHIP and getting contracts to take stock out for housing. They see us as a bit of cream on top of the cake.

**ACTING CHAIR**—Just in closing on this section, do you see a role for the Western Australian buying services style model where individual stores affiliated with either you or Outback Stores can benefit by having a buying services arrangement alerting them to the best freight options?

**Mr King**—Yes, I see that there is a benefit there, but it can get out of control. You have to make sure that there is value for the store and that it is not just another five or 10 per cent on top of the price they would get anyway.

**ACTING CHAIR**—And there also needs to be reliability at different times of the year. There is no point in it being cheaper if it is not reliable.

**Mr King**—That is true.

**Mr TURNOUR**—Just on the freight issues, is there basically within your pricing structure cross-subsidisation in the way that you operate your stores, or do individual stores have to pay that subsidisation?

**Mr King**—The individual store pays that subsidisation. It manifests itself in the gross profit. If you have a store that really pumps out the fruit and vegetables, you can see a lower gross profit in that store. But, in general, if you have a good merchandise mix, it is inconsequential; it is within half a per cent.

**Mr TURNOUR**—Is the decision-making process around that—because obviously you can go into non-profitability—driven by you centrally or is it driven by the store committee or the store manager? How is that driven?

**Mr King**—Policy is largely driven by our board, and management make it happen. But our consulting stores are separate entities. We manage them on a fee-for-service basis. We go to them, we put the case and we tell them what it is going to cost them. In most cases, they jump at it and there is no problem. It is really the very small stores that cannot afford to do it that say, 'Look, we just cannot afford to do it further, let's try to aim for it by improving the store in other areas such as getting the merchandise mix better.' That might be clothing, general merchandise or take-away. Then their gross goes up, so their profitability is better and we can slip in the subsidised fruit and vegetables.

**Mr TURNOUR**—We started off talking a bit about Outback Stores and yourselves. Effectively, you have not a dissimilar model in that you have centralised buying, as I understand it, and a distribution network. How would you describe the major difference between your model and that of Outback Stores?

**Mr King**—Ours is less complicated. We have a flatter structure. All of our managing team have dual roles, so there are fewer of us. Our indirect overheads, the cost of running corporate ALPA, are much lower.

**Mr TURNOUR**—The same sort of principles apply in that you are trying to consolidate buying, get some market power and have good policies and procedures in your stores that provide some consistency across the range that you provide.

**Mr King**—That is true. We do things in different ways, but I do not think there is a lot of difference in that operating model. I do not think there would be if anyone started up. If someone else started up, they would be doing this. It is the retail way. You put standard operating procedures in your store, you give your managers policies to abide by and you have central buying. When we do central buying, it is not head office placing the store orders. What we do is work out a preferred supplier range and we tell the stores who they can order from. We also have a minimum core range that they must stock, but the store managers actually do the ordering and they can add to the range any time they like. They can have a go at anything that they want to have a go at.

**Mr TURNOUR**—That is an interesting point because we were getting some issues raised with us in Queensland by the store managers in relation to this. So you think it is really important that there is a certain amount of control over ordering at the store manager level?

**Mr King**—It is absolutely critical. Why employ retailers and not let them retail?

**Mr TURNOUR**—We have had situations where you get this corporate model and then effectively it is still pretty much run centrally and you have people in the stores who sound more like stackers and checkout people than managers. Do you think it is critical that your person in the store management role has that ability to order particular things and meet the needs of the community?

**Mr King**—Absolutely. Every community, even within our own stores across East Arnhem land, has differences and you need to let your store manager have a crack at different things and show his merchandising expertise. That is how we get good grocers; that is how we have better range. I think that any model—and I have been doing this for some time—that restricts that, controls range completely and takes that freedom from store managers to show their retailing skills to do with promotions, range and anything like that, is going to fail in the long term and it is not going to be good for the store.

**Mr TURNOUR**—Do you have CDEP employees within your stores? Is CDEP a part of your wage structure?

**Rev. Dr Gondarra**—We are self-sufficient and we manage our own store by paying our 300 staff. There is no CDEP. No government funding comes through our stores.

**ACTING CHAIR**—My understanding is that the structure of your organisation does not permit you to throw all of your staff across to CDEP unless you are an RTO. The training component I would have understood would be CDEP eligible.

**Mr King**—We do not do that. When someone comes to us and we have a job, we pay them and train them. That will never change. Our board will not let that change. CDEP, when you look at what it started as and where it has been, has been a disaster. Insulating ourselves from that has helped us to have more consistent staffing. We will have CDEP employees in the store over and above our budgeted staff structure, but only to provide them with the opportunity to learn retail skills. Then if we have a position that becomes available and that CDEP person has done the job, we will offer them a position if they come off CDEP. Some of our smaller stores have refused to do that but with the changes in CDEP we have seen them all transiting through to being staff—

**Rev. Dr Gondarra**—We have been trying to help our people in the store to start to be more self-sufficient and try to get away from dependency. We want them to control the business themselves. What they produce within the store gives them pride and dignity to be able to run the store and to be paid from the profit we make.

**Mr TURNOUR**—Picking up on that, where you have smaller communities and issues about sustainability or viability of stores, what do you think is the role of government in terms of providing a store in those situations? If government does subsidise a store in a community that is

struggling to be viable, is that appropriate or should we be basically taking a commercial approach to this?

**Rev. Dr Gondarra**—In the long term, we would love to see that one day but, as I said, it is something that we need to be able to give our people. It is not only people working in a store like Galiwinku, Milingimbi and other places who are being paid for their work, it is also part of education. One day these staff, particularly Yolngu staff, will go out and run their own small stores or other businesses. It has always helped them to be able to run businesses and to try to build a product that they start off with which also emphasises self-sufficiency and self-management. There has always been the opportunity for government to assist in some of those areas but we have always said, 'Let's show Australia that we can run them, we can manage them and we can pay our own staff from the profit we make from our stores.'

**Mr TURNOUR**—So, under an ALPA model and ALPA governance, you would not go into a community without a store that it is profitable and able to pay wages and all those sorts of things without subsidies?

**Mr King**—We will not go into a store that is not viable. However, most of our consultant stores, bar a few, were broke. They had huge debts, no money and no stock. We go into the stores and manage them out of that predicament.

**Rev. Dr Gondarra**—We do not go there with our own motives. The people invite us, and we are ready to help them.

**Mr TURNOUR**—But you would not go there unless you thought it could be sustainable, viable, in the longer term?

**Mr King**—We have certain criteria. We have a look at the store and, if there is no way we can make it viable, we will not go there. We cannot do that because, within our own organisation, we have no money to support another community store. So it has to be commercial.

**Mr TURNOUR**—I know there are some commercial-in-confidence issues—and we have had this with other corporate models as well—but could you make the criteria available to the committee?

**Mr King**—It is like a questionnaire. Our business development manager goes out to the community and fills it out. The key issues include the store's remoteness. If the store is close to a regional centre, you will have leakage from the community, who will go and shop there. If it is really remote we ask: what is the population? Are there any other service providers in town? Do they get any mobile stores coming through there peddling gear or whatever? We find out all that sort of stuff. We can operate a store viably, if it does not have a lot of leakage potential, with a population of 180 or 200 people.

**Mrs VALE**—Do you make that decision just by filling in some kind of a survey, or do you go in and give the store some time to see if your management style might be the difference that makes it viable?

**Mr King**—If we are invited in. We do not cold call. We do not send out letters or anything. We are not allowed to do that, because the board sees that as being quite rude. If someone asks us to go in, we will go in and look at the store. We will do a store audit where we look at the front door, the back door and everything in between. We look at what is operating properly and what is not. And then we look at our questionnaire to find out the population—and hopefully that is reliable information. From that, we make a decision on whether we can go in there. We might do it on a three-month basis to see if the community will support their store. At the end of the day, it is not our store. If the community will not support it, it will not work anyway.

**Mrs VALE**—Fair enough.

**Rev. Dr Gondarra**—The board takes control over whether we go into the community. Sometimes the board will say, 'Let's do a three-month trial and see what happens.'

**ACTING CHAIR**—We have been to different parts of Australia and we have found that the two key indicators are the size of the community and the degree of remoteness. This affects the cost of freight and the amount of turnover that is required to keep a store afloat. I want to come back to the ideological view: is a store an essential service? Let us be frank about this, virtually nothing in a remote Indigenous community has a revenue model that is above water. Everything loses money, and everything requires government subsidies to keep running—from the health clinic through to the school. I respect the fact that you are doing this with a revenue model firmly in mind, but if it turns out that a community of, say, 150 to 200 people needs a small or medium amount of assistance to keep it running, we are asking the question: is there some social dividend for putting in some government investment to keep the store running? We understand that it is running efficiently and that it is remote and that it has fewer than 200 people. The stores are there and they will stay there until it gets too expensive and people have to travel too far to get food. So, Dr Gondarra, I guess the ideological question is: should the government be putting money into remote and smaller communities that are large enough to have a store with some assistance?

**Mr King**—It is quite difficult for our chairman to answer that, because we are the ones who are out there visiting a lot of the smaller communities.

**ACTING CHAIR**—I am not asking for a whole lot of new stores. But I do want to put you a little bit under pressure. Hypothetically, if there is a community of 150 to 170 people determined to stay in their community and on their land, is there a role for government to give a small amount of assistance so that the best possible revenue model is run, acknowledging losses each year but containing them. Should that model survive with government support?

**Rev. Dr Gondarra**—We need to be very careful. ALPA own five stores. These stores have been going their own way in terms of how they make profit. The board is chosen from people in those five communities. We are not trying to stop any other government support through other agencies. But we need to be able to control the stores. All the people who live in those communities own that store; they feel that it is their store. Also, from the board's perspective, because all the board members are Aboriginal and all have been elected by the communities, we control the stores in each of the five communities. I think that I need to be more positive: we would like to see Aboriginal people control those stores. We do not want to see somebody else control it because of the funding we receive from them. We do not want to be told, 'This is the

way you'll go.' We do not want to be pressured. We want to be able to determine who will run what we have.

**Mr King**—I want to clarify a couple of things. I have gone to the chairman and said, 'There's some government funding out there that we could access.' The board will not have it. It is really hard for us to get them to accept government funding, because they believe that the government will want to control it. It was the same with our food card. I had to plead with the board to get them to accept some assistance to develop the food card. But in the end, because of the shared responsibility agreement, we could show that we would have control of the project and we would have control of the card and that we would not lose any control. It did not end up happening, though. I think that is what the chairman's point is. As far as answering the question of whether a store is an essential service, we have always viewed it that way. But only several years no-one would use that 'e' word when it was linked to a store. We think that it is an essential service. As far as underpinning unviable stores, there are lots of really good communities out there that cannot get to a critical mass and cannot get that volume of stock going through them. They need food security. As an organisation, we believe in it, but we have two problems with it. One is control, which is a problem that has been articulated by the chairman.

The other problem with underpinning is how long it will last. Aboriginal people are very used to seeing governments make a policy or put a funding mechanism in place that lasts as long as that government, that minister or the bureaucrats that administer it. Those would be our biggest concern about underpinning: you give them the underpinning and then in three years you say, 'We haven't got the money to do it anymore.' What happens to the management of the store? What happens to the reliance on the store? That is our concern. That is why the preference is probably always to look at commercial reality. But that is not going to work in every community. It is dilemma that Outback Stores struggle with much more than we do. We do not answer to anyone but our board, and our board has the power to say yes or no.

**Mrs VALE**—On the basis that if it is not viable, you are only delaying the inevitable?

**Mr King**—Yes.

**Mrs VALE**—How does your ALPA FOODcard differ from the Basics card? How long has the ALPA FOODcard been established?

**Mr King**—It started in about 2005. We were doing community consultations on our health and nutrition strategy. We got to Gapuwiyak, or Lake Evella, and a group of ladies we met with said: 'It's great to have a health and nutrition strategy and have all this healthy food and a nutritionist and all of that. But if we haven't actually got money, how's it going to make any difference?' So we talked about that for a while. Basically, they were talking about people humbugging—the kids, the husbands or other family members humbugging their food money out of them. They were looking for something that would help them in two ways: one, to budget and, two, to protect that money once they had budgeted for it.

**Mrs VALE**—Real security.

**Mr King**—Real security.

**Rev. Dr Gondarra**—It is not so much humbugging; it is more about how to budget money so that there is sufficient money so that food can be put on the table. That is more the issue.

**Mr King**—From payday to payday, we were seeing this boom/bust cycle. When everyone gets paid, they all eat well. Towards the end of the cycle, no-one has any money left, so they are going hungry. We went away and thought about it and came up with using smartcard technology, which was already available. We just had to tweak it to what we wanted it to do. The main difference with our card is that it was all supposed to be voluntary—until the intervention came along. Basically, the government did not have a mechanism for income management in our stores, so they used our food card and made it involuntary. With the introduction of the Basics card, now the use of our FOODcard is at an all time low, because people have linked it to that mandatory income management.

In saying that, the differences between the FOODcard and the Basics card are huge. Our FOODcard is linked to the register; the point of sale. It was for food and essentials only. Somebody might come in. One of the kids might be humbugging for lollies or something like that and the mum is saying no and the kids crying. They can throw it on the trolley, but when it gets to the register, the register—not the operator; the register—says, 'No, you can't have it on this card,' so it gets put back on the shelf. It is the same with cigarettes or whatever. Our FOODcard was for food and essentials. Things like lollies, toys, fatty foods in the takeaway and soft drinks are all excluded. With the Basics card, they can have all of those things. The other thing is that our FOODcard has a pin number for security—although that is all but useless. It also has a signature panel on the back. If someone signs it, it means that only that person can use it.

**Rev. Dr Gondarra**—Although she or he can ask a daughter or a son to be part of that as a second signer.

**Mr King**—Yes, they can open it to their family, because we have photo ID embedded in the card—not on the card; embedded. When that card is put into the card reader, a photo of the owner comes up but also the authorised users. The operator touches the photo and that logs who is using the card.

**Mrs VALE**—Gee, you had better talk to MasterCard, Alistair.

**Mr King**—It is quite tight security wise. For that reason, it was good. But it was not transportable between stores, whereas the Basics card is. And with the Basics card you can get a wider range of products.

**Mrs VALE**—So the Basics card is for essentials, but there is quite a scope within that for individual choice when it comes to thing like non-nutritional food.

**Mr King**—The only thing that the Basics card stops you buying in our stores are cigarettes. And it puts the onus of saying no back onto the operator, because it is not linked to the point of sale. And it only has a pin number. We have all heard about what goes on with pin numbers and debit cards.

**Mrs VALE**—Yes, I know. That is why I like the idea of the photograph being embedded.

**Mr TURNOUR**—Just picking up on that, in your experience would a Basics card with photo ID be helpful?

**Mr King**—Yes.

**Mr TURNOUR**—I know that you have gone through some things to do with this in your submission, but I did not read in that anything about the issue of non-transferability. Your FOODcard is effectively only available for use in one particular store. Is that correct?

**Mr King**—It is only usable in the store that it is issued in. We can migrate it across stores. That is probably the next development phase. But with all the changes and everything, we wanted to start it simple to begin with.

**Mr TURNOUR**—I understand that you have a five-dollar deposit on your card. If you lose it, you have to pay that. But you get it back if you hand it in. Is that right?

**Mr King**—That is true, but we actually got some money from the government when Centrelink started using the card as the mechanism for income management. We got some money to not charge that, and we are still using it up. So we effectively have not charged since the trial people to get the cards.

**ACTING CHAIR**—Just to wrap that up, does that mean that the Basics card has significantly undermined your FOODcard? What is the fate of that card?

**Mr King**—Yes, it has, but we are not bothered because it is our card. We will give it some time for the dust settle and for things to turn over, as they do out bush, and then we will start the education process and show people what the card can do and let them know that it can be voluntary. They can have Centrelink payments paid into it. If they are employed, they can have direct payments made into it, or they can go to the ATM at the shop, take out the money and say, 'Put that on my FOODcard.'

**Mr TURNOUR**—But you have a model that, say, Outback Stores could look at if we wanted to move transition over time to a more voluntary process of income management within communities through your FOODcard. Is that effectively what you are saying?

**Mr King**—Do you mean Outback Stores Pty Ltd?

**Mr TURNOUR**—Yes.

**Mr King**—Yes. They actually have access to it now because they are using the same operating system that we are—Grocery Manager. It is a matter of ticking a box on their computer system, doing the education and implementing it. They can have exactly the same system at whatever the licence fee is. When we did all this with FOODcard we had a vision that it could be used at any store in any remote community in Australia—in fact, anywhere that has that operating system.

**ACTING CHAIR**—As we say farewell to freight and supply issues and move fully onto store management, we have heard no real, articulate proposal that would increase the amount of fruit

and vegetables that are consumed through a store. The ideas that have been floated include free freight or freight subsidies, but we are trying to find some way that would actually lead to more fruit and vegetables going out the door and into homes where the families need them the most. Have you got any sense that there is any form of intervention through freight that would increase the amount of fruit and vegetables that would be purchased?

**Mr King**—We have been doing freight-free fruit and vegetables now since the mid-1980s and every year it has improved consumption. It works, and it will work. We would like to get to a point where we are subsidising meat, poultry and freezer and grocery food items as well, but we have to earn income to be able to do that. You cannot earn it from the stores because you cannot put it back into the stores. It has to come from divesting and diversifying our income from outside.

I grabbed some figures just to give you some examples. In the last 3½ years our fruit and vegetable consumption—we do not like to work with percentages of store sales because you can manipulate that to any percentage is like; we are talking about dollars through the register—has increased by 75 per cent. Store sales in relative terms have increased 55 per cent. Therefore, fruit and vegetable consumption has increased. You have to take into consideration price increases, and you can allow that fruit and vegetables have increased higher than the rate of CPI, but still there is a real increase there and there has been over time. I can remember that, before we had a nutritionist to give me all these sexy numbers, we always looked at what we were purchasing and what we were selling.

**Mrs VALE**—Is that dependent on your ALPA FOODcard? Your ALPA FOODcard is really nutritionally specific, isn't it?

**Mr King**—Absolutely.

**Mrs VALE**—Could those increased figures in fruit and vegetables have been contributed to by the FOODcard? Was your ALPA FOODcard operational at the time?

**Mr King**—It is over 3½ years, and the FOODcard is only a couple of years old. There was a bit of a spike when FOODcard was introduced. In the figures that have been given to me there was actually a big spike at the end of 2007. That happened because a store manager decided that he was going to be the best fruit and vegetable merchant in the business and let everyone know about it. Competition between store managers broke out and drove our fruit and vegetable sales up. We have never been able to replicate it. We would like to, but we have not. For our store managers, fruit and vegetables are out of their comfort zone,. We actually have to drive them to take a punt and to really have a go at it. What they tend to say is, 'I know that I can sell $80,000 a week every week,' but they do not say, 'I am going to order $12,000 more this week and see what I can do.' They are not actually driving their potential, and that is an operational issue that we are trying hard to address.

**Mrs VALE**—That is the question I was going to ask you on the basis that you actually said in your initial introduction that your managers have an enormous amount of power to affect community nutrition. That was one of the reasons I wanted to ask you: by what measures and means do they do that? Do you actually have any training that you put in place to ensure that?

Was it just a one-off manager deciding that he was going to be the best fruit and vegetable salesman?

**Mr King**—It was just that guy making that decision. We have operations managers who look after between four and six stores and we have a nutritionist out there. Their job is to make sure that the managers are complying with our systems and procedures, and that includes our health and nutrition strategy and buying fruit and vegetables. They are out there pushing the guys to have a crack at things and to improve. But when it comes fruit and vegetables, because it is fresh and you either have to sell it that week or, in general, bin it, they are notoriously very conservative. But whenever we have our managers conference and teleconferences we always talk about the power the store manager has simply by stocking things and deciding what to order. If we go into a store and look at what is being ordered and it is just the same thing every week we will say, 'We want you to increase that'—whether it is through fruit and vegetables or meat or whatever—'by 20 per cent.' If there are leftovers, they can find out where they are rather than just staying in their comfort zone. The point-of-sale system will tell you what you are selling and if you are getting more demand than what you can sell but it cannot tell you what you can sell if you are running out every week.

**Mr TURNOUR**—Just picking up on that very quickly, you said that you have struggled with this. Have you thought of any other incentives that you could provide to store managers to drive this, if you are saying a store manager can have a significant influence?

**Mr King**—Money—I think it always comes back to that. Training and the sale of fruit and vegetables are in the manager's annual appraisals. If they are constantly getting hammered on fruit and vegetables, they will not get a pay rise, or, if they are on a bonus system, their bonus will be reduced.

**Mr TURNOUR**—Do you make the sale of fruit and vegetables and the ability to reach those nutritional benchmarks part of your assessment in terms of financial bonuses within stores?

**Mr King**—That is correct. We look at compliance with the health and nutrition strategy and also our training.

**ACTING CHAIR**—Just to clarify, when you talk about freight-free fruit and vegetables, you undertake to have a shelf price that reflects the price you have purchased the fruit and vegetables for and the freight costs are basically spread over the remaining stock.

**Mr King**—Yes, that is right. We just have a straight margin. There is no freight factor within that cost structure.

**Mrs VALE**—I think Jim asked a question earlier about the differences between yourselves and Outback Stores. You obviously have a very strong supportive role with your managers, with training and everything. Do the Outback Stores have the same supportive role with their managers? As you are a director of the Outback Stores, could you tell us what kind of support Outback Stores give their managers?

**Mr King**—They have a similar model. They call their operations managers 'area managers'. They have a group operations manager. They do offer that support and they have a nutritionist

and a trainer. It is the same sort of stuff. In the beginning Outback Stores, because of the quick expansion, probably went for store managers who were less experienced. In fact, they were quite happy to take people with no retail experience and train them. I think that has been difficult for them because you need to have those basic retail skills and then build on them. You really do. You have to remember where they are operating. They have to be able to operate with a fair degree of autonomy.

**Mrs VALE**—And in isolation.

**Mr King**—Yes.

**ACTING CHAIR**—Just drilling down, we appreciate this focus on fresh fruit and vegetables, which has been an area of significant interest to the committee. What we do not have but potentially could collect from your data using your card is household based data. We have this pooled data for communities, but within a community there can be families that very rarely buy fruit and vegetables, and that has significant social health costs. With household data—and we have not found that anywhere yet; we will talk to Menzies later today—can we start, potentially through your system, to identify families which are not going to buy fruit and vegetables even if you take off freight costs? If that is a problem, and I do not know that it is, what is the role for free fruit and vegetables under certain circumstances to ensure that every family is taking something home?

**Mr King**—I do not think that our chairman would like to see free fruit and vegetables, because where does that stop and where does it start? It goes back to dependency. If you just keep giving things away to people there is no value on it. It is a witj and therefore it is not valued. Reverend Doctor Gondarra, do you want to talk about that?

**Rev. Dr. Gondarra**—Most of contemporary society understands or is being told that the Aboriginal people of this country share and give. The word for giving in Arnhem is 'witj'. They see people working in a store who may be taking a very important role as a manager or assistant manager and they wonder how that store is going to survive and make a profit, because their wife, daughter, son, nephew or whoever might come into the store and say, 'I want money.' We are not stupid. We use the word 'malu'. Malu is a special word. It is the revenue, the profit, and that profit is owned, by law. The people who work there know what is inside the business and what is outside the business. In a contemporary society people need to know that; that is very clear.

I used to be an executive officer of the largest Aboriginal organisation, but my son or daughter could not come to me and say, 'Dad, give me money. Give me something from the organisation.' That breaks the law. In our society we do not do that. But in a contemporary society people say that Aboriginal people live with the word witj, gift. It is not a gift. If I give something, a gift, something is always given back. That is the custom; that is the tradition. If you are given something you give something back. But you do not do that with malu, the revenue from making a profit in business.

I am a consultant. I work with ALPA but I am also a consultant. I run my own business. It has been going for the last seven years. I work. I bring in money for my company. I pay tax and I pay myself but I do not give witj to my kids. I only get money because I am working, and I am

being paid by my accountants. I do not turn around and sign a cheque and put it in my pocket. That money belongs to the company, and the board controls it. The board gives me direction that I have to go by to get that money. Contemporary society needs to know that Aboriginal people have tradition and that in our tradition we use the word malu, revenue, which is different from what you give as a gift for a birthday. The money in the store, money in the company or money anywhere else is different from what you give for a birthday.

**ACTING CHAIR**—Understood; thank you.

**Mr King**—We operate in a really employment rich environment. We have a certain number of positions and all these people on unemployment benefits, pensions or whatever, but our biggest challenge is to get staff. If they are getting this gift there is no real impetus to get them to work.

**Rev. Dr Gondarra**—Also, the Aboriginal staff has been an inspiration to us. They have put in effort and worked very hard. You can see them in reception working, and, looking at them, you admire them—they really want to learn so that one day they can go out and do their own business. So, as I said, before, ALPA is not only there as a service to the people but also as a beacon, a light, showing Aboriginal people how to run their own affairs in the future. So it is a part of educating them.

**Mrs VALE**—I have one question about your sourcing. You say that you source products from local warehouses but there is a cost for this. Would you like to explain the cost and why there is a cost?

**Mr King**—The big players, Coles and Woolies, have these massive distribution centres down south and they basically run three, four or five trucks a week up for a store. They pick it down there, they put it on a truck, the truck comes up and backs up to the store, and there is the stock from that particular load. We have many different stores, and we turn over as a group $70 million. When you think about it, that is one-and-a-bit Coles stores. So we buy from local distribution centres or warehouses. There is a cost for having those warehouses in Darwin or Alice Springs. There is the rent, the staff and the servicing of our communities—they fly to our communities to understand our business, to meet the managers and to look after them. There is a cost involved in that. Our warehouses cannot provide product to us at anything like the cost to Coles and Woolworths. They do not have the volumes. Metcash does not have the volumes that Coles and Woolies have; therefore, they are not able to source the product, get it up here and then provide us a local warehouse, with all the service that goes with that, without there being a cost to it.

**ACTING CHAIR**—I have some short questions around health promotion and work on the floor. Is there any provision for sending your staff up to work in Coles and Woolies to gain skills in retail on the floor in large shopping centres, or do you ever have shopping centre executives or people with training backgrounds coming down and working on the floor for periods of time?

**Mr King**—We have had an MOU with Coles since 1996 or 1997. They always welcome our staff going in and doing some practical work experience in their stores. The fact is that most of our Yolngu staff do not want to leave home, do not want to leave their family. In saying that, we have had takeaway ladies attend food-handling and hygiene courses, which have been really good. We also sent a couple of young fellas, when we opened our first bakery at Milingimbi, to

work at the bakery at Coles in Palmerston. They came back doing all sorts of weird and wonderful things, but it was really good for them. We have also had a couple of Coles people come out and do some work experience in our stores. They think they do it hard, being remote in Darwin, until they have a look at what we do out there.

**ACTING CHAIR**—Do you think the Noel Pearson model of orbiting into a Woolies in Nhulunbuy or somewhere like that has any potential or is severely restricted by the reluctance to leave the community?

**Mr King**—A bit of both. We have got our own training. We are an RTO. We provide the same certificate qualifications as Coles and Woolies. It is the same course; it is national. We can do a lot of it within the context of our own stores on the job, which is really important, and within their own community, cultural and language environment. One thing we have learnt over the years is that the Yolngu to Yolngu training—Aboriginal to Aboriginal training—is so much better than non-Indigenous to Indigenous training. It works so much better and you get the underpinning knowledge there rather than just the mechanics of what to do. They understand why they are doing it.

**ACTING CHAIR**—Being trained in the broader environment, with translatable skills into other locations, and there is some benefit to the fact that—

**Mr King**—There is, yes. Things like food handling and hygiene, great. We do not have the skills in the bakery area. Some of our staff have gone to Coles fruit and vegetable courses, and they were really good. They are really top-shelf stuff. We do not have the expertise in those areas, so it is good to tap into that. We are talking to Coles; as they ramp up those courses this year, we really want to be considered for some positions.

**ACTING CHAIR**—I have four quick issues. Is there anything being done to address the difficulty for senior diabetics in large households that have to basically eat and drink communal food? Is there any proposal for diabetic-friendly cooking, catering, selling for-profit models?

**Mr King**—We carry a range of diabetic products. It is in our core range. But we have to keep a constant eye on it because usually the diabetics don't like it. Under guidance from the clinic, we will buy it. From time to time, when we have got a proactive clinic, they will come and get product and they will do a display so that they can actually show diabetics what we have in the store. If they ask for things we will have a crack at them, but when they go out of code constantly because no-one is buying them it makes it difficult to continue.

**ACTING CHAIR**—Are you the supplier for Meals on Wheels in the communities?

**Mr King**—Some stores do that. And we do the school nutrition program in some communities as well.

**ACTING CHAIR**—Lastly, young mums are not necessarily familiar with cooking a broadened range of hard vegetables, for instance. Is there ongoing education around food preparation for women, and has there been any thought of including young men in that kind of training?

**Mr King**—Not from us. However, some of the schools are running cooking classes. Some of the clinics are doing things with young mums. When our nutritionist goes out there he works with our good food person in the store to produce new product and show people what to do with it. The nutritionist also works with clinics, schools and outstations when they are interested. He is happy to go out there and work with them on things like the education of young mums and young men and kids that are learning to cook at school.

**ACTING CHAIR**—Is there any active substitution of the SKUs away from trans fat based oils, away from non-polyunsaturated spreads?

**Mr King**—We do not deep-fry anything. We have Combi steam ovens in our stores; we phased out deep- fryers some time ago. There are a couple of little pockets, little consulting stores, that still have a few of them. We phased them out a long time ago and we now have the Combi steam ovens. They tell me the chips are not quite as good, but they are close.

**ACTING CHAIR**—Healthy pies and sausage rolls?

**Mr King**—We have our own pies produced for us in Queensland, called the Outback Pie. They are made from lean meat and low-fat pastry. We have been doing that for several years now.

**ACTING CHAIR**—In relation to the preference for label and premium quality products, how many people would be happy if all of your lines were replaced with plain label products that were all 20 per cent cheaper? What is the trade-off for price versus quality label? There are some complaints that that is not as good?

**Mr King**—It is really hard, because in some communities Black and Gold just does not sell and in others it rockets out the door.

**ACTING CHAIR**—Is there any understanding of why that is? Is it label literacy and the fact that there is not an illustration of the foodstuff on the package? Is there any feedback from community?

**Mr King**—Sometimes when a product goes into a community somebody does not like it and the word spreads. We had one particular product that somebody said was dog food, and it was not dog food; it was actually quite a nice, thick soup type product. We had to do tastings to try to turn that product around because somebody had labelled it dog food. In our range we always try to have the budget and the premium, so people have an alternative. If they want to buy the Black and Gold and the product is available in Black and Gold, it is there.

**ACTING CHAIR**—I have two more issues. Dr Gondarra, would you have a rough estimation of how many of your households have a working fridge?

**Rev. Dr Gondarra**—Probably 9 or 10 per cent of people have a fridge in their houses; most of the people do not have a fridge. Because of the new building that is going to go up, people are being encouraged to have fridges in their homes. Sometimes people use the fridge of a neighbouring house.

**ACTING CHAIR**—The extension of that is that we have noticed a great deal of small packaging being used because it is a one-off shop, one meal at a time, which is extraordinarily expensive. It is $6.40 for 100 grams of cryo peas, when you cannot buy two kilos of frozen peas.

**Mr King**—The alternative view to that is that it is the unit price. If someone has $5 in their pocket and it is $3.50 for the small packet, they are going to buy it. Also, some people want to buy just for themselves or for their part of the family that is in that household. So, with things like breakfast cereals, which are so expensive these days, we are transiting away from the larger packs to the smaller packs because it keeps them under $6. There are two views to it. I see your point, but when you are talking about people that have a very low income base, the unit price, not so much the kilo price or the per hundred grams price, is often the driver.

**CHAIR**—Thank you. That is very important. Finally, has any consideration been given to the potential to stock bush tucker or local lines in the store?

**Mr King**—As part of our health and nutrition strategy, the board wants more traditional foods in our stores. We have got some kangaroo stew and we use baked sweet potato in the takeaway, because that is close to yams and things like that. We are on the lookout for more all of the time. The board really wants to encourage people to get out there and find it, hunt it; but at the same time they understand that over the last 30 years there has been a transit away from traditional foods because the supermarket is easy—the food is in a packet. We were only talking about that this morning. When we have our strategy meetings with the nutritionist, this sort of discussion around traditional foods can take up hours. It is something that the board is really keen on, but to get it in a retail sense—to farm it, to go out and shoot it and clean it up with the laws that we have—by the time it gets to the store it is really expensive. We have frozen reef fish about that size and we have to sell them for $14. By the time it is caught, processed and put into the store it is $14 for a fish like that. So they are very expensive, except for things like kangaroo stew, which is in fairly plentiful supply.

**Mrs VALE**—Your ALPA food card is pretty impressive in the fact that it is nutritionally focussed. I would like to say congratulations, Dr Gondarra and Mr King; it is a very fine initiative and we are really trying to focus on getting good nutrition to Indigenous families.

**ACTING CHAIR**—In closing, we heard submissions earlier in the inquiry saying that the removal of CDEP had significant viability impacts on running stores. Many of them had no idea that you were running stores yourselves without even relying on CDEP. That in itself is a credit to you. Thank you for how much you have been able to help the committee with your submission today.

**Mrs VALE**—Dr Gondarra, thank you for your leadership.

**Proceedings suspended from 1.34 pm to 2.23 pm**

**BRIMBLECOMBE, Dr Julie, Post-doctoral Research Fellow, Menzies School of Health Research**

**CARAPETIS, Professor Jonathan, Director, Menzies School of Health Research**

**ACTING CHAIR**—Welcome. Would you like to make a brief statement before we proceed to questions?

**Prof. Carapetis**—Thank you very much for the opportunity to present to this very important committee. You have received our submission. What we have actually prepared is a very brief summary, which we will hand out to you now, which hits on the major points that we want to make and I will take you through that. I will make the opening statement and Dr Brimblecombe, who really is the expert on nutrition issues in remote communities, will be able to provide a lot more information in question time.

Our submission hits a number of areas—in particular, the importance of diet to health. Being from the Menzies School of Health Research, our focus in almost all of these matters is: where do we get beyond anecdote to real evidence? We know that diet is critical for health. We know the corollary that poor diet is responsible for a substantial proportion of the ill health and the burden of disease that Indigenous Australians suffer and, therefore, addressing the issue if the food that Aboriginal people have available to them, the food they purchase and the food they consume has to be a major strategy in closing the gap. We have outlined some of the figures around the role of poor nutrition role in the overall disease burden. Poor nutrition is thought to be responsible for about 16 per cent of the overall disease burden, and insufficient consumption of fruit and vegetables is responsible for a substantial proportion of that.

The next point that we have to deal with—and it is one of the big messages we can take away from this—is the concept many people have that if good quality affordable food were available to Aboriginal people they would still choose to eat an unhealthy diet. This is an absolute myth that needs to be busted. There is evidence available already that if good quality affordable food is available it will be purchased and consumed. Julie's research has looked in detail at the cost and the energy density of foods consumed in one Aboriginal community—and I draw your attention to the figure on the handout. It plots the different foods consumed in remote communities according to how much energy is in the food and how much you have to pay to get that energy. The foods shown at the bottom and to the right are essentially the healthy foods, whereas the foods at the left and to the top are much more energy rich—and they are largely responsible for some of the chronic disease and obesity problems that we see. The key point is that the healthy foods are expensive and the unhealthy foods are cheap. This is something that has been shown in many developing countries and poorer populations around the world. People use their available dollars to get the maximum calorie intake that they can. Aboriginal people by and large are eating what they eat because that is what they can afford. So there are issues about availability and there are issues about quality, but the issue of affordability is one we have to bring into the equation.

On the other side, we have dealt with the issue of the role of community stores. We believe that the stores do have a major role to play. There is evidence that store manager practices and

attitudes can directly improve the quality of the food supply and increase the turnover of healthy foods. We are advocating a so-called whole-of-store approach. We have listed at the top some of the dot points that relate to this. It is about making sure that the foods are available, that there is in-store promotion and consumer education, that there is good store infrastructure—and that may need to be subsidised for things like refrigeration—and obviously that there is improved transport and delivery of food to the store. There are examples, such as Outback Stores, where this sort of approach is starting to work.

We also believe there is a role for store licensing in a largely non-competitive environment. There has to be a level of government intervention to ensure that consumer rights are protected. And then we get to the issue of the affordability gap. I return to the question of whether the current approach by the Australian government addresses the inequity in food security, availability and potentially quality but does not necessarily address the issue of affordability. We are currently doing some work to determine the cost of meeting dietary recommendations for people in remote communities, based on current store costs. Certainly our preliminary analysis confirms the finding that a healthy diet costs more than the current diet and that people spend a very large proportion of their income on food—a much larger proportion than would be spent in non-remote communities.

We have briefly addressed the issue of income management. We are a little bit concerned that, in the reports so far on whether income management has been successful, there is a reliance on anecdotes and interviews with store managers. With the quality of data that you really need to assess the effectiveness of the intervention, that may not be sufficient. We have some preliminary data that suggests people are spending more money in stores and that they are spending more money on whitegoods and non-food items, but early indications are that spending on tobacco and, in particular, fruit and vegetable has not changed as yet. That is the sort of data we need more of to really look at what this is doing to individual food consumption patterns.

Our recommendations are firstly that the government should consider the establishment of a monitoring and evaluation system that provides timely feedback to store managers and communities on the quality of the food supply and data to evaluate the impact of government initiatives, such as income management and store licensing, that go beyond that issue of anecdote and interviews. There should be consideration given to strategies to subsidise the cost of healthy foods that are of direct benefit to the consumer such as subsidising freight, capital improvement grants and even income subsidies to be spent on healthy food. We should focus on store managers in terms of improving training, continuing education and support and potentially the establishment of a national store manager register and the store licensing initiative should be continued with an emphasis on supporting and strengthening community participation in a store enterprise.

Finally, we would certainly suggest that Menzies may be able to offer something to this process, particularly around our expertise in the monitoring and evaluation system that we have already developed relating to the stores. We currently have National Health and Medical Research Council funding to test the feasibility of using key indicator data to support communities to improve their food access and food supply. We believe we could use this expertise more broadly to evaluate the impact of interventions on food supply and food security. Thank you. That is our opening statement.

**ACTING CHAIR**—Thank you very much. Julie did you want to say anything particularly around the RIST work that you have done and the mechanism that you have set up for evaluating different food groups passing through community stores?

**Dr Brimblecombe**—This all started off when I was working with one particular community in north-east Arnhem Land. We were working on an intervention to reduce the risk of diabetes and heart disease with this particular community. It was obvious that diet was a problem and one of the key causes of the poor health of people in the community. Talking to people in the community they were certainly aware that poor diet was contributing to their poor health status and people were very much aware that they needed to eat more fruit and vegetables but raised the cost of fruit and vegetables, the poor availability and other social issues as being the key reasons for not doing so.

We took an environmental approach looking at the barriers to people being able to access a healthy diet and worked very closely with the store in trying to improve the food supply. One of the key issues we observed in the initial stage that we were in the community was that for three or four days before the barge arrived with a new delivery of food there would not be any fruit and vegetables available in the store. Sometimes that was the case with bread as well.

Before we worked in the community there had also been a lot of nutritionists who had passed through that particular community and, obviously, the nutritionists with the department of health had been actively involved in remote communities in promoting health, but were very much working in a data vacuum. There is a lot of activity happening around nutrition promotion, a lot of activity around store based promotion of foods but very little feedback about the consequences or the impacts of these types of activities on the sales and turnover of healthy foods.

We saw that this was very important and with point-of-sale data being available in stores it now provides a lot of opportunity to assess the quality of the food supply as well as to evaluate interventions in communities. Amanda Lee in the 1980s developed what is called the store turnover method and I am sure you have probably heard from Dr Lee about this particular method. It is based on the premise that the store is the main food supply in remote communities and so therefore gives a very good picture of the dietary intake of people in the community. The traditional way of doing the store turnover is very resource intensive because it was based on using invoices, but it was able to provide very important information.

**ACTING CHAIR**—Why didn't you simply use what was coming into the store in bulk, rather than invoices?

**Dr Brimblecombe**—That is exactly what it was. The invoices provided the information about what was coming into the store. It was not the receipts from the sales of food. With electronic sales data being available, we were able to develop this tool. We were commissioned by the Remote Indigenous Stores and Takeaways program to develop an automated monitoring tool. We had already been analysing store turnover and had found that a very powerful tool to feed back that information not just to the store manager and the store community but also to the community. As a result of being able to provide information such as, 'Over this period of time, fruit and vegetable turnover has not changed,' or 'There are some problems with these key foods,' we started to see changes in the actions the stores took to improve the food supply.

Basically, we were commissioned by the Remote Indigenous Stores and Takeaways program to develop an automated tool, which we have done. Do you want me to elaborate on that?

**ACTING CHAIR**—Some of that data was provided to us in Broome. But that data stopped in March of 2008. I understood that there were some methodological concerns that you might have with data collected since then. We want to get an update of what has happened since March of last year. With your focus on evidence, can you start to peel away whether it was the arrival of a dietician or the change in the layout of the stores was leading to a change? Which particular intervention? From the data presented to us in Broome, we could not see much of a change over the duration of the study that was presented to us.

**Dr Brimblecombe**—I am not aware of what that study was in Broome.

**ACTING CHAIR**—It was the RIST data.

**Dr Brimblecombe**—Okay.

**ACTING CHAIR**—But they were only able to give us data up to March 2008. Firstly, to my understanding, it looked like things had not changed in those five time periods particularly significantly. Secondly, I could not work out what intervention was purporting to lead to a change because the dietician was there right through and out the other side. There was nothing looking at what happened after the dietician left to see whether the dietician was a dependent variable or not.

**Dr Brimblecombe**—Okay. I can make two comments on that. The first comment is that we were commissioned by the Remote Indigenous Stores and Takeaways project to develop the automated tool, which was not used at the time of the implementation of the RIST project. It is a product of the RIST project. Since we have developed it, it has been trialled by Outback stores. There are a couple of nutritionists in Western Australia who are using it, as well as some nutritionists in Northern Queensland. Together with ALPA, we have used it for research purposes. The data that we collected as part of the RIST project was from six remote community stores. We collected the data over a three-month period in 2006. Then we used that data to determine what the key indicator foods that needed to form the basis of a simple monitoring tool were. The idea there is that if these foods are monitored and activities occur to influence the turnover of those foods then that is how you will achieve your biggest nutritional outcome.

**ACTING CHAIR**—So your tool is basically aggregating by weight, by volume or by price exactly what is being sold at the store, so it is one step better than Lee's model, because you are eliminating waste and produce that is thrown out or never sold. But you are simply measuring what goes through the checkouts. But as we said, you cannot disaggregate that down to a household level yet.

**Dr Brimblecombe**—That is true, yes.

**ACTING CHAIR**—Is there any data that you are able to show us from that tool being applied at this point or any lessons that you have learnt from it?

**Dr Brimblecombe**—We have used that tool, together with ALPA, for a number of research studies. One of them was an evaluation of the ALPA FOODcard. We have extended that study to do an evaluation of income management. We have found it to be a very useful tool, in that it is a very quick tool to use. The sales data is provided by the store manager electronically. We upload it into our system. Within 20 to 30 minutes, we work through a number of steps to process that data. From that, a report is generated. We have not used that format of the report in the research that we have done, but we have done an analysis of that data. We have used the tool to manage that data that we then have analysed. We have found it very useful.

We are planning to have a workshop in September to bring the different users together to talk about how we might be able to improve this tool. We plan to use it as part of the NHMRC food systems project that we are developing at the moment. On a quarterly basis we will collect the data from the store and then be able to feed back to the store and the community on those key indicator foods. Like any tool, it is only as good as how it is used. The idea was for this tool to be used at the community level to feed back to the stores and the community information about the status of their food supply.

**Mr TURNOUR**—I want to pick up on the Acting Chair's question. I understand how fantastic the tool is. But do you have any outcomes from the use of the tool that you can tell us about? Have there been any particular interventions identified through the use of the tool that would improve the supply of fruit or vegetables or improve diets in the community? You said that you have used it with ALPA and Outback stores and others. Even if you do not have any particular final analysis, can you give us some idea of the important things that the tool has told you, without telling us about the tool? Does that make sense?

**Dr Brimblecombe**—Okay. I suppose it is a little bit premature. Like I said, we developed this tool for the purposes of the RIST project but also for our own purposes.

**Mr TURNOUR**—But in developing the tool, you must have put it into communities, which is what you have told us. What have you learnt? It is black box, if you like, to somebody like me. In the end, we want some information out of the black box. What information do you have about what the important variables are in a community in terms of trying to improve the intake of fruit and vegetables? From the information gathered by the tool, what increases or reduces the intake of those?

**Dr Brimblecombe**—In developing the tool, we got data from six communities. We used that data. We did a full nutritional analysis. From that, we determined what key foods needed to be monitored. As a result of that work, it was very clear that there was a lack of fruit and vegetables in people's diets and sugar—table sugar—and soft drinks were big contributors to people's energy intake. Those were two key foods that need to be monitored in stores so that it can be seen whether or not things are improving. As a result of that work, Outback stores have now included the turnover of fruit and vegetables as a percentage of store sales, not including tobacco sales, as a KPI as well as the turnover of sugar, confectionary and soft drinks. Like I said, we are ready to start using that tool. We have not used it to evaluate ongoing interventions, but we have used the process to do two major evaluations. I have also had some information from a nutritionist who has been using the tool in WA in monitoring the turn over of fruit and vegetables every quarter over a period of time. There was a group of stores that had their own transport delivery system. Another store association came in. That transport delivery system was no longer

viable. What they picked up by using this tool was a reduction in the take up of fruit and vegetables in that quarter.

**Mr TURNOUR**—Just picking up on something that Professor Carapetis talked about, effectively you are sort of suggesting that there has been a lack of data and evidence up until now on the impact of licensing and other changes that have happened in stores through the intervention. Is that correct?

**Prof. Carapetis**—There has been an over-reliance on anecdotal interviews with store managers.

**Mr TURNOUR**—The is a review of the intervention going on at the moment—I cannot remember where the report is up to in relation to that. But your view is that there needs to be a lot more evidence based approach to this and using tools like the one that Dr Brimblecombe has been talking about is an important part of that.

**Prof. Carapetis**—Correct. I take the point that the deputy chair raised about how what we are still measuring is what goes through the turnstile and what we are not yet measuring is what happens in people's homes and goes into people's bodies, if you like. It would be relatively simple, as I understand it, to adapt the tool to determine purchasing patterns of individual people or households. I would still be a little bit reluctant to then infer from that that is what that household is actually eating, because of the practices that happen in Aboriginal communities—someone who buys food may not be, as they would be in suburban Darwin, buying it just for their household—but there is certainly that ability to take that next step down. There is a proposal, for example, in the Northern Territory to move to a regular Northern Territory household survey on a number of issues, particularly relating to social issues. There is no reason why that sort of survey could not be adapted to look at consumption patterns for a period of time.

**ACTING CHAIR**—Is it possible, Julie, that this tool was able to help us with identifying particular micronutrients that were deficient in some communities? There was a reference to that. Was that something the tool picked up?

**Dr Brimblecombe**—The analysis that we initially did on the data that we had from the six remote community stores was able to pick up on that, because we did a full nutritional analysis. The tool was not designed to do that; the tool was designed to be a simple tool that would measure the turnover and sales of food so that could be reported back simply. Certainly the nutritionists were very interested in being able to do a nutritional analysis of the food supply, so we actually have made a version of the tool where that is possible. It just means that in maintaining the database there needs to be somebody who is managing that database to be able to link all the new foods that come into the database to the nutritional composition tables in order to be able to do that kind of analysis.

**ACTING CHAIR**—So with those three great pillars that we are looking at, price, range and quality—and 'price, price, price' is the message we are getting—do you see some role for Menzies to potentially look at where we can do substitution for less healthy options with equivalent healthy options and use the tool to evaluate whether there is a willingness to shift and change purchasing practices? Is there a potential here, through the tool, to actually be promoting,

through nutritionists, what are reasonable alternatives and have them evaluated—so moving from 50 per cent polyunsaturated, trans-fatty margarines to really healthy margarines? Can we start to encourage, through your body, those kinds of changes at school level—your body being Menzies, of course?

**Dr Brimblecombe**—Yes. Certainly with the second part of your question, when you are talking about recommended oils and things like that, the tool can be modified, basically, to monitor whatever types of foods you are interested in. We have based the design of the report on being able to report on those foods which were the main contributors to fats, sugars, fibre and things like that. So, yes, the tool can be modified. If you are interested in comparing the turnover of polyunsaturated, recommended margarines to that of margarines that are not so recommended then you are able to do that with the tool. It just means that you obviously need to have somebody who is managing that database and who is able to group all of those foods according to whether that margarine is a recommended margarine or not.

**Prof. Carapetis**—But that is easy to do as well, even without the research arm.

**Dr Brimblecombe**—Yes.

**ACTING CHAIR**—Just extending from that, I do not want to be too forward leaning on the idea of household disaggregated data but, in response to the question, if people are cooking for people outside the household then that in itself is an important bit of information. If nothing is being purchased for a particular household, here is your first early warning sign that we have a problem in a household. I am particularly bullish about this, but I am just wondering whether that is shared or whether you have additional concerns about starting to disaggregate communities. Of course, in the end what goes through Woollies in mainstream Australia is not a representation of the health of people who live around the Woollies that we are looking at, is it? There are completely different health outcomes even though they are all shopping at the one supermarket. So how can we start to break this down by household? I would have thought it is a rare opportunity in Indigenous communities to start to identify the 35 or 85 per cent of households that are truly being disadvantaged through purchasing practice.

**Prof. Carapetis**—I agree. I do not know whether Julie has any comments on whether other research, not necessarily our research, really gives us a good sense of what determines household consumption practices as well as purchasing practices, but it is a very important area of inquiry and it is one that, whether through this tool or other tools, we need to be investigating. I could not agree more. Have you got any evidence around it, Julie?

**Dr Brimblecombe**—This tool as it stands at the moment would not allow that kind of analysis. The only way that could be done is with a system like Grocery Manager, where you would be able to track the purchases of individual customers. I do not know if that would give you any more information than what an analysis of the community food supply would provide, because of the issue that Jonathan raised where the person who is doing the shopping may not necessarily share it just with their household. In the NHMRC study that we are developing we want to look at some household level data, and we particularly want to look at food security as well as dietary diversity at the household level.

**Mrs VALE**—This is something that I found it difficult to get a handle on. Purchasing food is one thing, what is available is one thing, the quality of it is one thing, having it available in the stores is one thing, but then there is how it is purchased, taken home and prepared for families. I was stunned to realise that a lot of these Indigenous homes do not have what we would consider really basic cooking facilities let alone anything as sophisticated as a refrigerator. Some are reduced to even one-pot cooking. That is fine, and that is traditionally how all families have eaten at some stage, but has your research given you any insight into what goes on inside family homes? It is very difficult for us. We cannot ask to go in. It would be trespassing on people's privacy.

**Dr Brimblecombe**—Yes. I have had the privilege. I worked with one community over a long period of time and have very close relationships with that community and so I was able to make those types of observations, which really confirmed that people are very limited in what they are able to prepare in the house because they may not have a stove that works or because there are a lot of people who live in the house. If you cook a meal, you may be expected to share it with everybody in that place. There is some interesting work that does not just look at one community but looks at a number of Aboriginal communities that has been done by Dr Paul Torzillo and his team. It showed that only six per cent of the households surveyed had functioning kitchen hardware.

**Prof. Carapetis**—It is the health habitat study. I can commend it to you. It looks at all health infrastructure in houses. What they did—and what some of the work around housing that Menzies has also been able to do—is go beyond this issue of privacy and intrusion by working with communities, individuals and families. There was a prolonged consultation process involving going to communities, employing local people to conduct house-to-house surveys and to go through a standard checklist of health infrastructure in houses, such as electrical safety, functioning toilets and things like the ability to store and prepare food safely. They also took with them plumbers, electricians and others to try and fix as much as they could on the spot. They visited thousands of homes around the country and found remarkably poor infrastructure in most of them and that a lot of that could be dealt with on the spot. In particular, the thing that really stood out was that, as Julia said, six per cent of houses had functioning, normal healthy food storage preparation infrastructure, which is abysmal.

**Mrs VALE**—What was the name of that report?

**Prof. Carapetis**—Health habitat.

**Mrs VALE**—Do you have it here?

**Prof. Carapetis**—Yes.

**Mrs VALE**—Great. As you can understand, it is well beyond the purview of a committee like this to try to ascertain that ourselves, so we are going to need to rely on good, reliable information. I have one more question on the health community workers that the government sends out from time to time. Are you satisfied that they are communicating good nutritional guidelines to Indigenous people? Do you have any feedback on whether there are any cultural impediments to being able to explain good nutrition and are you satisfied that our health workers

are really communicating very well, especially at the grassroots level, and that the messages are getting through?

**Dr Brimblecombe**—I think one of the comments that Dr Djiniyini or Alistair King made was on the importance of communication and the conveying of health messages from Aboriginal people to Aboriginal people. I think that the health providers that are going out to communities are obviously of a very high calibre and are very able to convey health messages, but the resources are limited.

What we really need to put a focus on is training of Indigenous people as community workers. In the Northern Territory government's Department of Health and Families there is one Indigenous nutritionist. There needs to be a large emphasis on training of community people who can sit down with family, who can empathise with and understand the situation that people are in and do that type of work.

**Mrs VALE**—When we have seen local Indigenous women taking a leadership role in providing nutrition for children particularly, it has always been the young mothers or the young school teachers. They appear to have been very effective, especially in providing lunches or breakfasts. But there have been others, of course—and this is it, isn't it? Part of this great question is the variability of certain situations right across the board with so many different communities that have different levels of understanding and different levels of resources. We have come across some that are very much less than what you would hope they would be.

**ACTING CHAIR**—Without harping too much on data gathering, with this debate about price versus quality versus range we still do not know the price elasticity of doubling or halving the price of bananas—what it does to banana purchases. Do you have something on that? There are almost no proxies for quality, but does adding range or shelf frontage to fruit and vegetables increase turnover and purchasing? You could do a crossover and remove them and see what happens. We have none of that data, do we?

**Dr Brimblecombe**—No. I totally agree with you that there is a real lack of data around all of those things. You asked a question before about cross-subsidisation and whether or not this tool would be able to evaluate those kinds of activities. It would definitely be able to do that. We need to have evidence on price elasticity, on cross-subsidisation, on what types of nutrition promotion activities in a store really make a difference, not just for fruit and vegetables but for healthy food purchases.

**ACTING CHAIR**—To add a point that has not been made here but has been made privately, if you cross-subsidise and make unhealthy foods more expensive, because people are so inelastic in their desire for Coca-Cola, Coca-Cola will be purchased from the main town and brought back and they will do all the rest of their shopping while they are there, so you can only increase the price of unhealthy food so much before you start undercutting your own turnover in a remote community store. Is there any comment on that view?

**Dr Brimblecombe**—Yes, I agree with that. It cautions us against being so hasty and trying to put these kinds of interventions in place before doing some trials and collecting the evidence to see whether or not they are effective.

**Mr TURNOUR**—In your submission you talk about a 'whole-of-store' and food systems approach. Would you expand on what you mean by that in a bit more detail, please?

**Dr Brimblecombe**—What we are referring to with a whole-of-store approach is the organisational change that needs to take place in order to achieve good nutritional outcomes. For a long time, people have believed that improved education and nutrition promotion specifically within stores influences purchasing patterns, but we know, from a lot of work that has been done in the eighties and the nineties and has been published, that this whole-of-store approach is really needed. We have talked about the powerful influence of the store manager over the quality of the food supply—not just that but store infrastructure. All the different components of the organisation or the store need to be addressed in order to improve nutritional outcomes. The model that Outback Stores is based on is a similar model to the one ALPA has been working in. They are looking at better systems for accountability, better training for store managers, trying to improve the training of the workforce in the store—addressing all of those different components.

**Mr TURNOUR**—Thank you; that is helpful. Professor Carapetis, in your submission you talked about arguments for subsidisation in certain circumstances by government to support food security in smaller communities or in certain communities. Can you give us some advice on how, if you are sitting in the government's chair, you go about developing a policy in relation to deciding where you do that and how you go about doing it? It is one thing to argue for it and it is another thing to design a system that works in relation to meeting those needs.

**Prof. Carapetis**—I do not know that we have done that level of thinking around how it is going to be implemented. The question is: what can we do at a place like Menzies? We can certainly provide the evidence that cost makes a difference, and so on the surface it makes sense to subsidise the healthy foods and make sure that people in remote communities have something that they can afford, but—

**Mr TURNOUR**—But we have heard evidence today that welfare has been disempowering to people and that the gifting or subsidising of food is another form of providing something for nothing.

**Prof. Carapetis**—Again, Julie would best be able to speak on this, but it seems to me that the sensible approach is that when someone walks into a store should be able to purchase healthy food at a price not dissimilar to the price they would expect to pay in a non-remote setting. We are not necessarily talking about dealing with the individual; rather, we are talking about the availability of food in that community.

**Dr Brimblecombe**—What is important to note is what we refer to as the affordability gap. Through models like Outback Stores or ALPA improving retail practices and the whole operation of stores, there should be savings because of improved store efficiency, and that can be reflected in reduced prices. But we also have to recognise that these stores are very remote, so there will always be the additional cost of freight in getting food out to the stores and, as ALPA mentioned, getting engineers out to fix machinery and that type of thing. There are all those additional costs because of remoteness.

The other gap in affordability is that, even if prices were to be reduced to a certain extent, there is a question over whether the people will be able to afford those prices. The majority of

the people are on welfare and receiving a low income. That is where we talk about the economics of choice theory: when you have little money you will always go for the cheap filler foods. Even with store licensing having an impact on the quality of the food supply, even with good models like ALPA and Outback Stores in place, there will still be a gap in what people can afford. That is why we have to look at subsidising food to a certain extent. But I do not think it should be a handout to people. It should be through the subsidising of freight or minimising the price of food.

**Mr TURNOUR**—I understand from some of the evidence that is around that the health outcomes for Indigenous people living in major centres are not much different from the health outcomes for people in remote communities. It goes to the issue of people surviving on a welfare payment which is less than the income earned by someone who has a job and lives in a mainstream community. I am just being a devil's advocate, but are we solving the problem by subsidising food in remote communities? People on welfare who are receiving the same income in the major cities and centres have similar health outcomes and eat similar diets, so are really achieving anything?

**Prof. Carapetis**—Firstly, I would challenge the view that health outcomes are similar in remote settings and urban settings. We know that health outcomes for Aboriginal people overall are poor, but within the Aboriginal population there is a gradient and the health outcomes are worse in remote settings. Secondly, unlike the people in remote settings, the people in urban settings have access to a supply of affordable high quality food. In terms of perpetuating the welfare state model, which I think is an issue that needs to be dealt with, we need to get away from the concept of providing subsidisation through individuals. Instead, regardless of income, anyone should be able to go to the store in a remote setting and buy high-quality food at an affordable price. I think that is how you get away from the issue of welfare dependency. Does that go to the question?

**Mr TURNOUR**—Yes, that is how it follows in terms of the response. But there is still the issue of income level and the affordability of your diet depending on where you live. I take on board your comments, but it has been put to me that we have poor health outcomes in Indigenous communities in our major centres as well.

**Mrs VALE**—I will just ask Julie a question regarding the ALPA FOODcard, which is confined to nutritional food. Do you have any comments on that and its effectiveness in encouraging Indigenous families to eat that particular good-quality, nutritional, wholesome food?

**Dr Brimblecombe**—I think it was very effective. We did an evaluation of the FOODcard; we subcontracted a group of Yolngu women in a community to do interviews with people and talk to people about how they found the FOODcard and what the benefits of that were. It was very difficult to assess whether it impacted on the sales and turnover of food at the store level, because at the time that we did the evaluation there were only about 100 users of the FOODcard. The FOODcard rolled out just before income management started, so it was very difficult to assess the impact of the FOODcard on store purchases. However, through the evaluation and through the women doing the interviews, there was a lot of positive feedback about the FOODcard in terms of people being able to buy healthy food in that it did restrict people's food

choices. But certainly the rollout of income management basically contaminated that true evaluation of the impact of the FOODcard.

**Mrs VALE**—I am not asking you to commit yourself if you do not want to but, if you ruled the world, would you like to see the BasicsCard more constrained or directed to nutritional food in what can be purchased on it?

**Dr Brimblecombe**—I think one of the real attributes of the FOODcard was that it was a voluntary budgeting strategy and that people therefore chose to use it and were therefore very happy with the restrictions that came with the FOODcard. When income management came into place, the only means for people to be able to expend their money that was managed was through the FOODcard, and people were very dissatisfied with that arrangement and the restrictions because they had not volunteered to use it.

**ACTING CHAIR**—Thank you very much for addressing us, for the submission and for the most exhaustive bibliography we have received on any submission in the entire inquiry.

**Prof. Carapetis**—If there is any follow-up information required, we are very happy to address whatever we can.

[3.07 pm]

**HAVNEN, Ms Olga, Head of Indigenous Strategy, Australian Red Cross**

**SADLER, Mrs Kathy, Acting Executive Director, Australian Red Cross Northern Territory**

**ACTING CHAIR**—Welcome. Thank you very much for your submission, which we have read. I think we can really get straight down to a few questions, but you may want to give us just a very brief introductory statement, particularly around FOODcents, which will be new to many of us on the committee. Would you like to do that before we proceed to questions?

**Ms Havnen**—Sure. Perhaps Kathy Sadler might answer that particular question given that she has recently delivered some of the training around the FOODcents program and has much more of that direct program experience.

**Mrs Sadler**—You would like an overview of FOODcents? FOODcents is quite a wide program that has been used in many settings in Australia. It initially came from Western Australia and has been used extensively by the Red Cross in WA, and recently in the Northern Territory we have undertaken the training and are starting to deliver it in the Northern Territory. FOODcents is a modulised training package looking at budgeting issues, nutrition issues, kitchen safety issues and general household issues for families. It is directed at groups of people that may be having difficulties with managing their money and providing their families or themselves with wholesome food in their environment.

The Red Cross has picked up this package to deliver in the Northern Territory because we see we can pick pieces out of it that will be relevant to the community that we are working in. There are quite a few services being delivered in many communities. Being a modular training package, if somebody is already delivering nutrition information then we will not deliver that; we will look at doing kitchen safety or doing the budgeting side of the program.

**ACTING CHAIR**—The three areas, if I am correct, that you really focused on is community gardens, breakfast programs and, of coarse, FOODcents. If I am missing something, let me know. Could you address those three areas as they pertain to Indigenous and community stores? Were there to be some recommendations that you wholeheartedly supported, what would they be around community Indigenous stores?

**Ms Havnen**—I might respond to that. Just by way of background, before I commenced work with the Red Cross I spent six years with the Fred Hollows Foundation and initiated a stores program there in the Katherine East region. So I have a fairly extensive practical level of experience, I guess, of working with Aboriginal communities and stores.

It is in that sort of context that I would make the following observations about community stores and Aboriginal nutritional needs. Much of it was already touched on by the submissions made by the previous speakers, so I will not cover that ground. But I do think there are some current elements which are not being thoroughly considered. One is that I am glad to see that there is a focus on nutrition and consumption of healthy foods by Aboriginal people, but a lot of

it tends to focus on healthy foods as opposed to other forms of food supply—namely, tinned food, dried foods and so on. I think there has been a complete neglect of thinking about the value and importance of bush tucker and how much people actually might rely on that, particularly in coastal communities, for food supply. That needs to be encouraged, supported and facilitated. We know from some of the available research that has been undertaken previously in Central Australia some years ago that people who have a high reliance on bush food tend to have much better health outcomes. Those things are really important.

I would make a couple of other quick points. One is that we tend to focus on nutrition education for adults, particularly women. That fails to recognise the incredibly high level of personal autonomy of Aboriginal kids. If we are really going to change people's diets, change their behaviours and change their food preferences, then we had better start thinking about how we encourage kids to eat healthy foods.

**Mrs VALE**—Could you elaborate on that—on the autonomy of Aboriginal children? Are they far more selective about what they eat instead of accepting what their mothers give them?

**Ms Havnen**—To be fair, most kids in most households, young children particularly, are pretty good at deciding what they will eat and what they will not eat, despite the best efforts of parents. Kids are also pretty good in terms of pester power. They are quite unrelenting in asking, demanding and wanting particular sources or types of food products, whether it be confectionery, soft drinks or whatever. As kids get older, you cannot make the assumption that children necessarily eat within a nuclear family and household group. If all you are going to get at home with your own family might be the regular three-course meal you would expect in mainstream suburban Australia, kids will vote with their feet and they will go somewhere else where they know they will get what they want.

**Mrs VALE**—Yes, understanding the family dynamics within a household is something that we are struggling with, to be honest, Olga. We cannot trespass into family households at all. We are really going to have to rely on some of the evidence that has been gathered by organisations like the Menzies Foundation. If you have any information on that, on the basis that your organisation has had a very hands-on experience when it comes to delivery of nutritional information and support, that would be most welcome. Kathy, you mentioned helping out or going into kitchens. Did you give cooking lessons? How did you actually get across that—helping Indigenous people prepare western style food but perhaps with very little western style facilities to do it, from what we gather?

**Ms Havnen**—If I could go back a step, we need to understand what is actually happening at the moment in the context of what has happened in the past. A critically important point that should not be overlooked or underestimated in terms of its impact was that in the ATSIC days the very first thing that happened, unfortunately, under the Howard government were a round of budget cuts. They were quite substantial. There was $400 million cut from the ATSIC budget over a period of four years. That required that board to make a decision about which programs would not be funded. Unfortunately, the decision was made to essentially cut funding for women's programs. That went to the heart of the funding for women's centres, where in communities—

**Mrs VALE**—When was this? Was this back in 1996?

**Ms Havnen**—Yes.

**Mrs VALE**—Just so we have an idea of the time frames.

**Ms Havnen**—So I think you have to go back and understand the consequences of that particular budget cut for people in remote communities. As I say, it cut the women's programs. Those programs essentially provided services around food and nutrition, cooking classes and homemaker skills—a whole range of really valuable and important education and learning. For a long time, that has been lost and fragmented. It is really pleasing to see that some of those programs and services are now being reintroduced, but we are kind of going back to rebuild the very things that were there previously. I think that has had a dramatic impact on communities.

With respect to how you deliver this kind of education and teaching for people, it is very much an act of participatory learning. I think you can be quite creative about how you encourage that. I strongly advise that you do not go down the path of 'chalk and talk' and drumming it into people that 'we know what's good for you'. You have to respect people's right to a sense of human dignity and decency in the very real difficulties they face through sheer poverty.

**Mrs VALE**—I am interested in what you have been doing with the breakfast program and how you implement that. In some Indigenous communities that we have been to, we have found that the young mothers have a very active role in delivering breakfast or lunches for the schools. They have a very close association with the schools. They encourage school attendance on the basis that there will be food there. Could you elaborate on what the Red Cross is doing.

**ACTING CHAIR**—And could you answer that in the context of Indigenous communities and, in particular, whether that undermines the purchase of healthy products from the store. If you get fruit for breakfast, morning tea and lunch at school, why would you buy fruit for the rest of the household?

**Mrs Sadler**—The breakfast club works in unison with the school. It is very important that the breakfast club works closely with the school, because it is aimed at increasing the participation of kids at school. The breakfast club also covers the zero- to five-year-olds in preschool. That is important as well. As to the view that 'if they are provided with fruit at these venues then why would they get it elsewhere', we found that most children were not getting fruit and did not experience the opportunity to get fruit. So we were not substituting for what they were already getting; we were actually introducing the opportunity for them to include it in their diet. Also, many of our breakfast clubs only run during the school term. The lessons and patterns that they form during the school term will play out when they are on holidays. They will be asking their parents or carers at home for nutrition similar to what they get at the breakfast club. They will be looking for fruit and cereal first thing in the morning.

**ACTING CHAIR**—Is there any evidence of that?

**Mrs Sadler**—There sure is. There is evidence that many of the programs we ran during the school term were influencing shopping habits. We also work with the stores quite closely, so the products we get from Sanitarium are sold in stores. During school holidays, people purchase that. They have been requesting it from the stores.

**ACTING CHAIR**—I know that we still have representatives of the Menzies School of Health Research in the room as well. It would be interesting to know whether fruit and vegetable sales increase when there is not a breakfast program at the school.

**Mrs Sadler**—We have introduced fruit to the menu in the past six months. We have been accessing as many products as we can through the local stores. Previously, logistically we did not have our heads around getting it through the local stores. We did not have the relationships with them. Also, there was not a push from outside and from government to have the stores geared up to provide nutritious food. So we have got on the bandwagon with other groups and we purchase as many products as we can through the local stores. We have become customers of the stores. That gives us the right to have more engagement with the stores. That has been only in the past six months. We are looking to see how we can further that relationship.

**Mr TURNOUR**—What would you say to the argument that you are effectively taking on what should be the family's responsibility to provide breakfast for the child?

**Ms Havnen**—Nationally, Red Cross has 270-plus breakfast programs across the country. A large proportion of those breakfast in the school programs tend to be in areas of high disadvantage and with high level of need. It is unfortunate that in a country as wealthy as ours you have kids who go hungry. It is not as though we are providing this for Aboriginal people only; there is a much wider community need. I note that some of the questions which were raised with the Menzies School of Health were about food subsidising and the provision of breakfast programs in the schools taking away responsibility from parents. My view is that kids are incredibly vulnerable and we need to ensure as much as we can as a society and as a community that their wellbeing, their growth and their opportunities for development are absolutely maximised.

The other point that I would like to make very strongly is that in fact the most vulnerable bunch of kids in our communities are those aged from about six months to three years. That is the group that really struggles with nutrition and development, and yet we have not had any focused attempts to provide a subsidised food supply or additional supplementary feeding for pregnant women and for those young children and infants.

**Mrs VALE**—We have not, especially when it comes to the transition of breast-feeding mothers and little toddlers. That is something to which I have not found very good answers in this whole inquiry, to be honest. When Jim finishes, I would like to ask whether you have any initiatives in place to look after that particular age cohort.

**Mr TURNOUR**—The reality is that the Rudd government has some trials running on that. There is one in Wuchopperen in Cairns where we are doing a before birth and after birth home visit program. It has started, but there are some real difficulties in building the relationships and getting mothers engaged. It can be seen as an intrusion. But I take that on board. We need to focus on early childhood issues as well. That goes to the issue of what happens to kids when they are on school holidays if you are doing the breakfast club at school.

**Ms Havnen**—That is right. All of that is absolutely relevant. The capacity to continue some of those breakfast programs outside the school term is really important. In some cases it is possible

to do that because those programs are delivered not at the school but perhaps through the women's centres or in other locations.

Coming back to the nutritional health of women, infants and children, it is probably worth drawing your attention to a fairly extensive and well-established program in the United States, which is funded by the federal government, called the Women Infants and Children's Program. It specifically targets populations from low socioeconomic or disadvantaged communities, including first nations groups. That program has been well established for decades. It continues to grow and to be expanded. My view is that governments obviously see this as something that is critically important and good value for money, or return on investment, because babies that are born at a decent birth weight are able to thrive and grow well in their early years and they are probably less likely to be predisposed to chronic diseases later on.

**Mrs Sadler**—Within our FOODcents program there is opportunity for us to talk directly to specific groups about specific issues. We funded Healthy Living NT last year to produce some documents on specific foods in the most commonly used languages in the Top End specifically for mothers going from breastfeeding to weaning babies onto food, because it is an area where there is a particular lack of knowledge and a particular vulnerability for the babies. With FOODcents we can look at those specific issues within a community. We go to a community, talk with the stakeholders about food and nutrition and look at the specific issues where we can educate people and assist them in broadening their knowledge.

**Mrs VALE**—Once upon a time there was a failing to thrive program, wasn't there?

**Mrs Sadler**—Yes.

**Mrs VALE**—What happened to that? Is it still operational or has it been overtaken by other programs?

**Ms Havnen**—In the Northern Territory there was a GAA—growth assessment and action—program conducted primarily through the health clinics in remote communities. I am unaware whether or not that particular monitoring is still being conducted but I suspect it probably is, and that data would be collected by the local health clinics, whether they be Aboriginal community controlled health services or Territory government clinics. The available data that we have in the Territory suggests that rates of failure to thrive here amongst Aboriginal children would be on a par with if not worse than most developing countries. That is pretty scary.

**Mrs Sadler**—There are skinny kids programs in Central Australia and in the Top End that are conducted through the health clinics. They still collect that data and it is available to us. There are programs looking at those specific issues but the knowledge need is so wide. It also comes from different sources, using the store to give out that information and also the clinic and peer education. They all work together to reach all those hard to reach people.

**ACTING CHAIR**—There are three proposals that have been put to us that I would like to get your view on very briefly. I know that they are often complex. The first one would be redeemable fruit and veg or breakfast vouchers that are provided to kids if they attend through the school term to redeem at the store during the holidays, which would potentially be funded. So what you are looking at is the continuation of healthy food over holiday breaks. Do you have

any view on whether that is overly administratively onerous or beneficial for continuity of nutrition?

**Ms Havnen**—It would be highly beneficial. Keeping the system and the process for that reasonably simple is probably going to be the biggest challenge, but something that perhaps should be trialled and tested and let's just see how it works.

**ACTING CHAIR**—The second one might be that we see 10 per cent discounts offered for large purchases in some community stores. Is there the possibility of having a kilo of free fruit and vegetables over and above what you purchase if you spend $50 in the community store?

**Ms Havnen**—I think that is probably a bit tricky given that people are on such limited and low incomes anyway. The dependency ratios within Aboriginal families probably are at such a level and such an issue that it is probably not possible.

**ACTING CHAIR**—The last one is the preparation of fresh meals in the form of take-away but it would be curries, stews and healthy meals which are sold for $5 to $10 at a small location next door to the store two to three or four times a week as a quasi-private sector operation that spins off from the store. There is the potential there for men to buy meals and snacks and for women to come and participate in the cooking, preparation and, of course, the sale.

**Ms Havnen**—I suppose people have the right to choose and make those choices for themselves. Fundamentally, I would not be opposed to it. I suppose it is a question of price and availability and the quality of what is being provided and sold. At the end of the day it comes down to the affordability of nutritious and healthy food. The fact is that Aboriginal people have the lowest incomes and face the highest cost for healthy foods. That is having a significant impact on people's health and wellbeing. It seems to me to be ludicrous that we do not seriously consider the notion of some sort of subsidy scheme for healthy foods. This operates in other countries. It happens in Canada; it happens in Alaska. People who live in geographically isolated and remote locations ought to have the same access and availability to healthy foods as anybody else.

**Mrs VALE**—Do you know whether Indigenous families have opportunities to have boiled eggs which are highly nutritious and relatively inexpensive? We only came across one community that had its own poultry farm and its own eggs. The same community also had its own community gardens; obviously, there was an ongoing tradition within that community of growing vegetables and keeping chickens. It is amazing how many communities probably could do that if they had the knowledge, skills, understanding and perhaps some support. They would need support to put in fencing and do basic things, but I cannot see that it would be hugely expensive to help people to establish those kinds of resources. Is there any encouragement do you know? Even if plain ordinary boiled eggs, which are a great food source, could be available or encouraged or is it something that people do not like?

**Mrs Sadler**—Generally, people love boiled eggs. Aboriginal people enjoy good food as much as anybody else. I think availability is an issue. Providing eggs is a huge transport issue. To get them out to the store is quite difficult. They are very perishable. There are a whole lot of issues there. The idea of a poultry farm is a good one but the logistics would be quite prohibitive due to the weather and the climate that we live in. Again, it is about getting it into a structure that

people can appreciate and see value in, and then providing sustainability for that structure. I cannot see why that would not work. People are looking for self-determination, and sustainable food outcomes are really an important part of what people are trying to achieve. The same goes for many of the initiatives that you are looking at such as creating a food outlet like a takeaway store where you might buy cooked curries and so on. People would prefer to have decent housing and areas where they can cook their own food for their own family group and choose what they would like to eat. That situation is sustainable, ongoing and creates a sense of community whereas an initiative for takeaway food is not where you should be heading in the long-term. It would only be a stopgap measure.

**Mrs VALE**—I think we are getting to the big issue of the kinds of facilities that are available in each household, which appear to be very meagre when it comes to preparing food.

**Mrs Sadler**—Much of the training we provide for people is around one-pot cooking, which is what you are talking about, because that is realistic. As well, we teach how to cook in a wok because a wok can remain outdoors. We have to work within the conditions we have, but adequate housing is a major hurdle for people being able to eat properly. Even if the store has improved, if the housing has not improved then there is only short-term improvement.

**ACTING CHAIR**—Thank you. On a final note, there is nothing paltry about poultry! I do note that boiled eggs are now available in the mainstream shopping centres and are sold for four times the price of fresh eggs. Thank you very much for appearing. We actually met with the Red Cross in Broome as well, so the Red Cross have been well represented. Thank you very much for your work.

[3.31 pm]

**GRANDE, Mr Joseph, Administrator, Jarlmadangah Burru Aboriginal Corporation**

*Evidence was taken via teleconference—*

**ACTING CHAIR**—Welcome. Joe, you are probably not new to this, but as you are probably well aware these are formal meetings of parliament. Everything that you say, I am sure, will be factual and honest. We appreciate the comments that you are making and the effort that you have made to assist us with our inquiry. We have read your submission, which we appreciate very much. We might go straight to questions, but before we do would you mind giving us a one-minute overview of your community store? How long has it been in operation and what do you think is unique about its performance and its service to the community?

**Mr Grande**—Jarlmadangah is 230-odd kilometres from Broome and 130-odd kilometres from Derby. The community set up the store back in 1999 or thereabouts. Through the CDEP, the community built a shed which was to become the store. We lined it and put in a fridge and freezer, and a coolroom set up. It was all done through the CDEP and our community. That is why I would have liked to have come to your Broome inquiry to show you the pictures of the community members actually building the store. Our community have always operated and managed the store with my assistance. I am an accountant and I am project manager and coordinator of the community. We run the store with me based in Broome. I do most of the community administration from Broome. Whilst I have been with the community, I have been able to get the best prices for the community in terms of bulk buying off the shelf from Coles and Woolies. We have done that since 1999. We tend to steer away from major distributors because the cost of getting products off the shelf from distributors is far higher than what we can get off the shelf from Woolies or Coles. At the time, it was Action and so on, but down the track they were all taken over.

I go up to the community every fortnight, or someone will come down on the off-fortnight, and the only thing we get from distributors are the veggies—which are all prepacked and priced—eggs and frozen meats such as sausages, mince and chickens. We get all that sort of thing from distributors, but most of the groceries and dry goods we get straight from Woolies and Coles. I have been able to establish a relationship with Woolies, in particular, where I just walk around with the manager or one of his offsiders and they just scan off the shelf the quantities that I want. So if I say I want 10 cartons of milk they will give me 10 cartons of milk and it gets sent up on the next delivery. Previously I picked everything off the shelf and it created problems for them because obviously stuff would go missing off the shelf and they would have to repack and it created internal administration problems with their ordering system. We have had a relationship with the Woolies manager in Broome, in the last three or four years in particular, and it works pretty well. We just walk around on, say, the Monday and the next delivery is on the Wednesday. We pick it up on the Thursday morning and it is out in the community that day. The further benefit of that is that usually he gives me the specials for the following week the week before, so I am able to go through that and most of the time we are able to sell stuff at our community store for the same price as community members would pay if they drove 260 kilometres to Broome or 130 kilometres to Derby.

**ACTING CHAIR**—If I could just interrupt there: we can hear you very clearly just in the last 30 seconds. I think you are probably a little closer to your mouthpiece and we can hear you very well. Could I ask a couple of quick questions. What is the population that use the store?

**Mr Grande**—Roughly 100 people within the community. The community is 94,000 hectares. There is a cattle station and there are a couple of other outstations within the community.

**ACTING CHAIR**—What is the annual turnover?

**Mr Grande**—Roughly $250,000.

**ACTING CHAIR**—And I just wanted to establish: is there a fresh fruit, vegetable and dairy delivery once or twice a week?

**Mr Grande**—Every fortnight we pick up our delivery.

**ACTING CHAIR**—And most of that is prepacked and frozen?

**Mr Grande**—A lot of the produce is prepacked. There were a couple of issues. If you get bulk apples, for example, in a box, people handle them and it is not very hygienic. You have to have weighing facilities. It is best to have it prepacked by the suppliers prepack it and work on a smaller mark-up on fruit and vegetables.

**ACTING CHAIR**—What is your price, in cents per kilo, for freight? What are you charging to freight it that 120 kilometres.

**Mr Grande**—We sort of get away without paying freight. Because I have got to go up and down anyway, the cost of freight is borne by me being an administrator to the community.

**ACTING CHAIR**—Are there any nearby communities that would benefit with economies of scale by working with you for freight or purchasing, or are you quite geographically isolated.

**Mr Grande**—There is another community close by. They are over the hill, about 30 kilometres by road. They tend to do a lot of their bulk-buying through distributors. There is a significant difference between our community and the next community, where they are buying from a distributor and we are getting it off the shelf when it is on special or at the right price anyway.

**ACTING CHAIR**—That was my next question. For a basket of goods, would you say that your price is about the same as their community and the same as nearby communities, or would your customers say that you are a bit more expensive?

**Mr Grande**—I would say that we are a lot cheaper, because we have had community members from the other community coming to us, because they know they get a better price.

**Mr TURNOUR**—You sound like you have got an entrepreneurial way of providing food to a small community, so congratulations for that. I gather from your submission that CDEP is the basis of the construction of the store. You are paid as an administrator, from what you have said.

What other government support do you have in the store, whether it is through CDEP or other measures, that is effectively a subsidy on the operation?

**Mr Grande**—Very little. Basically the store just runs on a profit and loss basis. We have only made one loss in the last 10 years, and it was only a small loss. Basically we are subsidised by CDEP wages—by people working in the store on CDEP for their hours. The new changes are going to have a major impact on how we deliver that service, particularly the time requirements of CDEP and work experience and so on. That is going to be a challenge for us. There is another issue if CDEP has gone outside our community. One of the biggest things that we do is, when people come into the store to buy something, they usually do it on a background system because they do not carry the cash. They find the authority to take the money from CDEP wages or from other wages of people in the community. That money gets put straightaway into the coffers of the store, so it enables that turnaround of money to keep the store running and pay for the supplies.

**Mr TURNOUR**—You sound like you are effectively still running a book-up type system.

**Mr Grande**—Yes, we do. We still actually have a book-up system which has been—

**Mr TURNOUR**—If we were to move nationally to a store-licensing framework, that could significantly impact on what you are currently doing, by the sound of it.

**Mr Grande**—Yes.

**Mr TURNOUR**—You said it turned over $250,000 a year.

**Mr Grande**—Yes. That is just stores. We do not have fuel outlets. The community members have to drive 30 kilometres to the next community for fuel or wait till they get to town or have some drums. Our turnover would increase if we were able to have a fuel bowser. We have tried to negotiate one of them through an SRA agreement. We have not been successful there.

**Mr TURNOUR**—You said you had a hundred people there. Is that correct?

**Mr Grande**—That is correct, yes.

**Mr TURNOUR**—A hundred into $250,000 leaves only $2½ thousand a year per person that they are spending on food through your store. They must be getting food from other places as well.

**Mr Grande**—It is mainly a core group of people that are in the community. You have a lot of floaters within the CDEP system. Obviously there are kids and all that sort of thing as well. There are a significant amount of purchases through our committee forum. The schoolteachers generally do not buy from our store because they go to town and buy goods in town.

**Mr TURNOUR**—So how many people are, in reality, shopping at the store?

**Mr Grande**—There are possibly 60 families.

**Mr TURNOUR**—So you have got 60 people booking up stuff there.

**Mr Grande**—Sixty individuals.

**Mr TURNOUR**—Sixty individuals that are booking up stuff at the store. That sounds like an entrepreneurial way to deliver services to the community. Thank you very much.

**Mrs VALE**—Joe, do you have a committee that helps run your store?

**Mr Grande**—There is a governing committee, which is executive. We have quite a few members. Basically they make the decisions at the monthly meetings that we have within the community, the community executive meetings.

**Mrs VALE**—Is there much consultation with the wider community when it comes to what is going to be available on the shelves? For example, if a young mother wanted some baby formula, how would she go about making her needs known to your store manager?

**Mr Grande**—She would either just talk to them directly or in our store we have a whiteboard that has a suggestion list that gets transferred to me and, when I do the buy-in, I will make sure that that item is on the list.

**Mrs VALE**—I see. So they do have an opportunity to express their needs. Do you have opportunities to source fresh food and vegetables from local community gardens or do you actually have to have everything freighted in?

**Mr Grande**—We have quite a small community vegie garden. One of the other activities that we have got in one of the smaller communities, which is roughly 15 kilometres away but part of our CDEP organisation, part of our community, is the plan to start a market garden in the coming year.

**Mrs VALE**—Are they? Do you have any access to poultry or eggs—

**Mr Grande**—We have some chooks in the community but generally for that sort of stuff with fresh produce within the community, we just distribute it.

**Mrs VALE**—I see. Right.

**Mr Grande**—One of the key times is mango time when mangoes are ripe up this way in November. We just get all that in. We do not try to make money out of it; we just try to get it in there so people have got another option and another source of vitamin C.

**Mrs VALE**—I note that your report says that you are very much aware of nutrition in food and good quality food. You also say that you limit the sale of some items that are harmful to the community's health. What products have you actually limited like this in the past? What would have been the reaction of the community?

**Mr Grande**—Basically, when we first set up we would have a very regular purchase of lollies, soft drinks and what have you. We just limit that to just once a run and when it runs out,

it runs out, and that is about it. We work in with our clinic and our community health worker. She is also a community worker who is heavily involved in bush tucker and all that sort of thing.

**Mrs VALE**—There is good access to bush tucker?

**Mr Grande**—Yes, we have a lot of bush tucker and a lot of our people collect that. Another thing too is that in terms of the question that was asked before about the low turnover amongst the people, they are very strong in their culture and they still go out hunting for bush tucker very regularly on weekends. They are on the Fitzroy River and they catch fresh barramundi and cherabin. We run a cattle station and we have got fresh meat there. So the meat we buy in is usually just mince or lamb chops or sausages. Generally we are able to sustain a lot of that within the community.

**Mrs VALE**—So you are self-sufficient as far as your meat supplies are concerned?

**Mr Grande**—We are not totally self-sufficient but there are options for us with fresh meat.

**Mrs VALE**—That is really good. How long has the community been running the cattle station? Is that something that has been traditional?

**Mr Grande**—Since 1987.

**Mrs VALE**—Is it run by the Indigenous community?

**Mr Grande**—Yes, it is run by our cattle company, and that is basically ownership of the station by two of the communities which make up the majority of the Mount Anderson property where the cattle station is that I am from.

**Mrs VALE**—Do you have an opportunity to train up young people to help run that cattle station?

**Mr Grande**—Yes, that is always on the go. It has been very hard the last few years because we have actually run shorthorn and the market has not been particularly favourable to Shorthorn. They are all after Brahman. We have got some Brahman that we introduced a few years ago but obviously it takes a while to build up your stock in that regard.

**Mrs VALE**—How many head do they run?

**Mr Grande**—Roughly 3,000.

**Mrs VALE**—That is a considerable herd.

**Mr Grande**—It is only small in terms of what—

**Mrs VALE**—I suppose in terms of your part of the world, yes, it is, isn't it? Overall, Joe, how would you rate the health of your community?

**Mr Grande**—I would say that it is about average.

**Mrs VALE**—Okay.

**Mr Grande**—We run tourism as a business here and one of the key things is the cultural side where they go out and hunt for bush turkeys and other bush tucker.

**Mrs VALE**—So there is good variety and good quality.

**Mr Grande**—Yes.

**Mrs VALE**—Thanks, Joe. Thank you for the evidence for the committee.

**ACTING CHAIR**—Thank you very much, Joe, for making the time. Even though we have moved through from Broome yesterday, thank you for the trouble you have taken to provide that important information for us for our inquiry. All the best, good-bye.

**AQUINO, Ms Danielle, Nutrition Development Coordinator, Fred Hollows Foundation**

**LORRAINE, Ms Alison, Women's Development Coordinator, Fred Hollows Foundation**

**McLAUGHLIN, Ms Joy, Manager Indigenous Program, Fred Hollows Foundation**

**McLEOD, Ms Tania, Senior Coordinator-Governance, Fred Hollows Foundation**

**ACTING CHAIR**—We have already had a formal welcome from the Larrakia nation this morning. Note, if you have not done this before, that everything said today has to be factual and honest as it is considered a serious matter to attempt to mislead the committee. We appreciate your comments, which will assist us in our inquiry into making improvements to community stores around the country. What is said today is open and public, and the transcript is available upon request. Would you like to make a brief introductory statement before we turn to questions?

**Mrs VALE**—I am the federal member for Hughes, which is in southern Sydney, in Sutherland Shire and near Botany Bay and the Georges River. My electorate takes in the western part of Sutherland Shire and eastern Liverpool near the Royal National Park. Our Indigenous people are the Ngunawal people in the Gundungurra.

**Ms McLaughlin**—I will make a brief introductory statement and then, because I have only been working for the foundation for three days, I will let my colleagues deal with the questions of the committee because they know the details. I would like to start by acknowledging the Larrakia people as the traditional owners of the country on which we meet and thank the committee for the opportunity to speak today.

While the Fred Hollows Foundation is best known for our sight-saving work internationally, in Australia our focus is broader and it is on improving the health of Indigenous Australians and improving Indigenous Australians' life chances by working on health issues. Our approach is based on community development, human rights and addressing the social determinants of health. We work always in partnership with Indigenous communities and organisations.

Nutrition and food supply have been a major focus of the foundation since the Indigenous program was established in 1998. We mentioned in our written submission that one of the first pieces of work the Indigenous program did was commissioning CAEPR, the Centre for Aboriginal Economic Policy Research, to do a national nutrition scoping study in the Nyirranggulung region east of Katherine. The study documented structural impediments to good nutrition and talked about the capacity to monitor any impacts that would arise from an intervention to improve nutrition in the region. It was done in partnership with the Jawoyn Association Aboriginal Corporation, which at the time was establishing a regional health service.

While we did the scoping study in 1999, many of the results are still relevant today, with many of the impediments to good nutrition identified in that study highlighted again throughout this inquiry. While some progress has been made in a number of communities, overall people living in remote communities continue to live with a lack of variety of food, with poor-quality and

unhealthy food, with high-cost food, with a lack of appropriate infrastructure both in the store and at home, with store managers with minimal training in retail or cultural awareness and with poor store governance. Since the CAEPR scoping study in 1999, the foundation has continued to support food supply and nutrition initiatives within the Nyirranggulung region in conjunction with our partner organisation—Sunrise Health Service—and the Jawoyn association. Our current programs in relation to nutrition and food focus on women's development, child nutrition, and governance and horticulture. These programs have arisen from community identified needs, but they also contribute toward the objectives of the COAG national Indigenous reform.

To come back to our submission, I will finish by reinforcing our original key recommendations to the committee. These recommendations were that the Australian government should dedicate resources to fully implementing the recommendations of the RIST—Remote Indigenous Stores and Takeaways—program, NATSINSAP and Food North that government should establish a national strategic network of key food supply stakeholders, strengthen and expand supports for store committees, support communities where the commercial store model is not viable, fund independent evaluation of various store models, expand the licensing of community stores and encourage Outback Stores to establish more flexible contracts with communities. Since our submission, we note that there has been some positive movement at the national level to address food supply and food security in remote Australia. We note that at the recent COAG meeting there was agreement to expand the stores licensing and to develop a national remote Indigenous foods security strategy, and the foundation welcomes those changes.

The comprehensive National Aboriginal and Torres Strait Islander Nutrition Strategy and Action Plan—NATSINSAP—was released in 2000 and provides a framework for addressing food supply and food security in remote Indigenous communities, and it also offered key strategies for improving food supply and food security; however, little funding was ever allocated for the implementation of that plan. Consequently, few objectives have been achieved. The proposed national remote Indigenous food security strategy will do little to close the gap of inequality in health and wellbeing unless it is accompanied by real investment for its implementation. Likewise, the expanded stores licensing program will need a well-designed and -resourced framework for monitoring and accountability to maintain the integrity of the program.

In relation to the specific terms of reference of the inquiry, the Fred Hollows Foundation emphasises that remote Indigenous communities are diverse and, therefore, a range of models need to be considered based on identified community needs. There are benefits and challenges of all models currently existing in communities. Fundamental to determining which model should be applied is communities having the control to make fully informed decisions. We acknowledge this is a complex and challenging task, but to really improve health and wellbeing it is necessary for communities to have the power and resources to make decisions not only about their store but about the full range of services and activities occurring in their communities.

**ACTING CHAIR**—Thank you. You have hit the nail on the head in a whole lot of areas that we desperately wanted to learn more about. It is interesting that some of the issues we have struggled with all around Australia have come out very specifically in your summary and your submission. We are probably going to have to jump around a little bit to pick up on each of the

things you have discussed. Feel free to jump in. I do not expect everyone to each answer one question; feel free to divide that up.

I wanted to take on your statement that we needed to evaluate different models of community stores. My sense is that in mainstream Australia we do not expect populations to work our what model of supermarket they want. Are we asking too much of Indigenous communities to have them basically design and decide upon community store models? We already have five of them operating in the Northern Territory—a sixth one if you include shire councils taking control of stores. Some would argue the reverse, that running a supermarket is pretty basic: you need to work out what people want and you need to make sure they have control over what goes in, but running a store is a fairly simple process of supply and demand. Why are we not streamlining rather than evaluating different series of models?

**Ms McLaughlin**—I will make one comment and then hand over to the others. I think they key difference when you say that we do not expect people in mainstream Australia to decide on the model for their supermarket is that people who are dealing with stores in other parts of Australia are (1) in a situation where they have choice and (2) in a situation where they have power and control over their own lives. Aboriginal communities are in a very different situation. They have no choice. They have 'the' store. They cannot take their money and choose to shop at a store that suits them better. There is also an inherent value, in a determinant of health sense, in people having control over their own lives and their own communities—something Aboriginal people in remote communities lack in areas in which other Australians have it. Stores are one opportunity to give them control.

**ACTING CHAIR**—You have noticed that around the country we have the hub-and-spoke principle. Communities have a usually highly driven Indigenous individual who is highly motivated and capable of doing it locally. The whole store can run independently and very successfully and, as the capacity drops away in the community, there is simply more need to repatriate capacity back into the hub. Until the point where a community is in complete dysfunction, you cannot really rely on the community to do anything in running the store. Is it simply determined by level of capacity? Is that the only variable? Is it that, in effect, running a supermarket should be far simpler and more streamlined than it actually is but we ended up with all these models of various sizes that actually disadvantage communities, because they are out doing something completely different that leads to high freight charges, reduced quality or lack of range, because they do not have the benefit of some commonality?

**Ms McLeod**—You need to have a philosophical approach to stores. You need to have a look at an Indigenous approach to the store as not just a store in that community. It is a gathering place. It is a place where people can practise their governance, meet and talk about what happens in that store and what they sell. They also do a lot of services and community activities through the store, so you need to change your mindset from the non-Indigenous thinking of what a store is to what an Indigenous person living in a community thinks. Those communities were historically ration places and now they are stations. They fought hard to get that land back and to have the right to have that land. They fought hard to get a store building. It would have been 40 or 50 years ago where we work. They are very proud of running their store. They do seek to improve their knowledge, practice and skills in running the store, and more support should be given in that regard.

**ACTING CHAIR**—I accept that history. I just need to be sure that you can tell me that what you have just stated exists in every community—it is a focal point and it does have history. That is actually a consistent and non-independent variable between communities. What I want to know is if you can truly tell me that two equally sized, equally remote communities are going to want completely different governance structures. Are they not all going to want as much community control, involvement and empowerment as the community will allow? Is that not just a simple principle?

**Ms McLeod**—You can simplify it, but it is not simple. It is very complex. You need to go back in history—it does not just start from now. Each community is different.

**ACTING CHAIR**—Because it is complex, am I compelled therefore to start evaluating different models in different communities or to listen to the community and implement the model that matters—the model they want?

**Ms McLeod**—Yes.

**ACTING CHAIR**—That is what you are saying.

**Ms Aquino**—I think that particular recommendation that we made came from the terms of reference of the inquiry to ask about exploring the effectiveness of those different models. Where we are coming from is that we can comment anecdotally about the effectiveness of those various models, but as a whole there have not been contemporary evaluations. ALPA, for example, did have an evaluation fairly early on in its life but more recently there has not been something to see how we are defining effectiveness. Is it around food supply? Is it around nutritional outcomes? Is it around community capacity? That work has not been done consistently across the different models. If we were to truly answer that particular term of reference, we are not really sure. I guess that is where we are suggesting the evaluation should come from.

**Mrs VALE**—The Chair is quite right. Every community that we have been to focuses on how important their store is to them. It is not just a source of food; it is also a very important meeting place and cultural area. It provides the social hub of the community. Indeed, some of them have actually said that they would like to see tables and chairs and a covered meeting area outside the front of the store so they can sit there with protection from the weather and have a chat and maybe a cup of tea or coffee or maybe the mothers could get some relief from the little children or something just by being together in a community meeting group.

One of the things that I note your report recommends is a review of the Northern Territory intervention. Their licensing monitoring report actually does highlight an improvement in the nutritional foods available in the stores. Would you like to see the nationalisation of licensing for all remote communities? Would you like to see that sort of monitoring put into place and a licensing system to ensure the quality of the improved health and nutritional foods that we can actually now determine is available in the stores?

**Ms Aquino**—Yes. I think there should be an expanded system in place to have a monitoring framework of the remote stores on a range of levels, certainly around community control and capacity and nutritional outcomes at the stores as well.

**Mrs VALE**—It is one thing to have a well-run store and to have good produce available and good quality and consistency of quality, because in the past sometimes there might have been fruit and vegetables available but you would not eat them. It seems that the quality of the food has greatly improved on what it was. When you talk about community capacity, perhaps we can even get down to the nitty-gritty and talk about household capacity. This seems to us to be a huge gap. We heard evidence that six per cent of households in remote Indigenous communities do not have anywhere near an operational kitchen and being able to buy food and bring it home and prepare it in some way is just such an onerous experience for the young mums that might be there. In your particular area, have you been able to have access to individual households, because as a committee we cannot. It is not something where you can say, 'Hey, we want to come in and have a look at your kitchen.' You just do not do that sort of thing. I was just wondering if you have any information that you would like to give us, because we would be so grateful for guidance on that.

**Ms Lorraine**—As a public health nutritionist that has been working in the Territory for nearly 10 years, we were just commenting this morning how the mere fact that this inquiry is happening and that so much of the spotlight is on food supply is a welcome relief for nutritionists who have been working in this area. For years we have been collecting data from the market basket survey. What has obviously formed a large part of the push that has gone into this movement and momentum coming to a head has been the fact that we have been working in the area for so long. Part of our duty statement for years has been to promote and increase the fruit and vegetable consumption and to upskill people on how to cook stir-fries and all these things. We would turn after having a consultation with someone and look at the food supply and availability and just shake our heads. We knew that that was not the place to be working. Now is the time for some of those strategies and for that focus to be broader and to see what else is happening in the communities.

My work focuses on women's centres, where there is the capacity for people to cook food for the community and a high level of skill in cooking and producing the food. But how wonderful is the question—and that we are now coming back to those issues! We are now saying, 'Okay, there is food in some stores.' We still have a long way to go, as you would know from this inquiry, but the mere fact that the spotlight can go on that now, that food supply in some areas has reached the point where we can focus on promotion, is a wonderful point for us to be at. We would like to acknowledge that, too. But you are exactly right—we need to look at those other things. That opens up a gamut of housing issues and a complex array of health concerns, but at the same time addressing food supply is the key to doing that.

**Ms McLeod**—Late last year the Fred Hollows Foundation did a project report for FaHCSIA on food models for two different communities, Urapunga and Manyallaluk. In those consultations we did household audits. We could get that report and forward it to you.

**Mrs VALE**—We would be very grateful for that.

**ACTING CHAIR**—Just extending from the point you are making, it seemed that for a decade or more we were simply measuring the problem, just looking at the difference in price. That was the extent of the basket survey. Would it be correct to say that it was the intervention and the subsequent funding for community stores that, for the first time, showed a demonstrable increase in range and, potentially, quality of fresh fruit and vegetables in stores?

**Ms Lorraine**—The movement towards that started pre the intervention. The NATSINSAP put that on there, and RIST followed up food monitoring tools that Menzies had worked on and Outback Stores had commenced. Obviously, the intervention boosted the level of input that Outback Stores could have, but I felt on the ground level that the movement started prior to the intervention, with an enhancement.

**ACTING CHAIR**—What has also been noted here today is that it is all aggregated community data, which in itself submerges household variation in consumption. That is a big problem. We still have not got a solution to that. We do not have any data yet on price elasticity—if I halve the price of bananas how many more bananas move out of the shop and into households? We do not have any proxies for quality and we still do not know whether, if we double the shelf frontage for fresh fruit and veg, sales increase. So we still do not have basic research done. Who should be doing it?

**Ms McLaughlin**—I would suggest that organisations like the Cooperative Research Centre for Aboriginal Health, which certainly has a remit in the area of the determinants of health, would be an appropriate organisation to do some of that work. They are pretty well respected in the field. There are various academics who are involved in Aboriginal health research; any of those could do that work. But the question is: how do you get that to happen? The CRC is funded by government, so government has some capacity to influence its direction.

**Mrs VALE**—Alison, you spoke about some of the mothers. People from your department visit people in the women's health centres in some of the remote communities, but we have been to some remote communities that do not even have a women's health centre. I just do not know how women in those communities prepare food for their families.

**ACTING CHAIR**—We do not know how the men do it, either.

**Mrs VALE**—No, but I bet it would be the women who would be doing it for the men.

**ACTING CHAIR**—I would rather eat the women's food than the men's.

**Mrs VALE**—Yes. We would be very interested in having a look at that report, I think. It has been hard for us. We cannot trespass; there could be seen to be an element of shame if we went into people's homes. That has really been a hard thing for us to get around. Do you have a focus on child health, especially on children at the time they are transiting from being breast fed to being weaned and given that early-stage food? There seems to me to be a huge gap in how that happens.

**Ms Aquino**—There certainly is. At the moment I am working on a major project with a number of Aboriginal medical services, the NT government, Queensland Health and the East Kimberley Aboriginal Medical Service. We are looking at a way of more effectively supporting and counselling mothers to facilitate that transition from exclusive breastfeeding into complementary feeding. We are looking at some models that have been used widely by the WHO internationally. This project is based on community consultation that we conducted in 2007 with eight communities in the NT to look at where and how mothers are accessing information about infant feeding and what their current practices are—for example, are babies being exclusively breastfed and when are they starting complementary foods? That report

confirmed what we anecdotally knew—that is, that babies are being breastfed for a very long time—which is great—but the starting of complementary foods is not at the most appropriate time and the quality of those foods are poor. We are using that information to put together a new way of counselling and supporting mums to make those decisions around infant feeding.

**Mrs VALE**—I have one more question on this. When it comes to feeding children we all know how difficult it can be to even get our own children to have spinach, beans and leafy salads and stuff when they have not developed or do not want to develop a taste for it. We were told in evidence here today about how we should not underestimate the difficulties and the independence of Indigenous children not to want to eat healthy stuff. Have you experienced or seen in your exposure to Indigenous families this reluctance of children in remote communities who really need the vitamins and nutrients that are available in a narrow food source for them?

**Ms Aquino**—I guess my experience of that is that children in Indigenous communities do, from my perspective—and I am non-Indigenous person—seem to have a lot of autonomy and are given a lot of agency to make decisions. I am not an anthropologist or a researcher in that field, so I defer to other mothers and Indigenous mothers as well.

**Mrs VALE**—It is something that we were told that today.

**Ms Aquino**—Certainly environment is a big factor in what children will respond to eating. If they are growing up in an environment where they are exposed to lots of people eating lots of healthy foods, they are more likely to get offered them early. I think if we can create it as a normal, healthy thing—that everyone likes eating spinach—that is the way to go.

**ACTING CHAIR**—The difficulty we have with this is that we have no evidence before us that will give us the comfort to know that halving the price of fruit and vegetables, subsidising the freight or giving it out for free is going to make an ounce of difference. Is there any evidence anywhere, before we basically make no recommendations in that area? Everyone knows that if you give it out, turnover increases—we will assume that if you give it out, it gets eaten—but how do we do that through a business model and make it sustainable over a territory?

**Ms Lorraine**—From the initial data that has come from the Outback Stores nutritionist, and which has been released, it is clearly evident that sales have increased since supply has arrived there. Through the food monitoring tools that are available to monitor that, we can have data that will reflect that. Anecdotally, on the ground, it walks out of the store and out of the women's centre. People want that in the meals and wheels and they want it in the school nutrition program. People cannot order enough of it to get it out there. As opposed to taking lollies for some reward, it is oranges cut into quarters for these Indigenous children. That is obviously anecdotally, but I really think the demand is there.

**Mrs VALE**—That is primary evidence.

**Mr TURNOUR**—I have a two-year-old and I do not know whether they would take the quarter of orange of the lolly. I think they might take the lolly.

**Ms Lorraine**—That is exactly right, but that is from a perspective where it is not offered and it is not pushed. The quarter of an orange is as rare as a lolly. That is the difference that you see from an on-the-ground perspective. The demand is there. That is for sure.

**Mrs VALE**—That is encouraging.

**Ms Lorraine**—It is.

**Mrs VALE**—There is just one last question from me. Do you see the ALPA program of the ALPA FOODcard, which was very much focused on healthy, nutritional food that could be purchased on that card—I am told that their research showed a definite increase in the amount of nutritional food that was purchased by families in their communities—as a positive? Do you have any comments to make on that initiative at all?

**Ms Lorraine**—My understanding of that program is that that was actually a community initiative that was taken up by those women, and they identified that as a solution to help them deal with that problem of financial insecurity. Of course, under those circumstances that is going to be something that is wanted, needed and identified by the women as a way of dealing with that. So it is ideal to have that voluntary capacity. If people have come to that place and that program and want that, that is fantastic. If that then translates to other areas where other people think that that is an option for them then that is fine. It is another situation of having something enforced.

**Mrs VALE**—Did Tania have something to add to that?

**Ms McLeod**—Yes, I am just going back to Andrew about the freight. Do you know—I do not—if freight to Indigenous communities ever been subsidised?

**ACTING CHAIR**—This is my first chance to make a submission to my own inquiry! My understanding is that there are some situations where I think ALPA does not add the cost of the freight onto its fruit and vegetables but averages it out over the remainder of what it freights in. So they just put on a fixed mark-up and do not actually put the freight on top of the fruit and vegetables.

**Ms McLeod**—No worries. So wouldn't it be good to test a fully subsidised system and have a long-term approach to seeing how that pans out as a recommendation?

**ACTING CHAIR**—If you would support that then we would like to accept that recommendation from you.

**Ms McLeod**—It is just that it has never been done or tried.

**ACTING CHAIR**—That is right. The strongest support that we have been able to find is for a potential cap on freight costs. We know that it is 35c per kilo to get it from the south to Darwin, and then out from there it should be a maximum of another 40c per kilo, and then additional remoteness does not punish the community any further. That is one proposal, but we are looking for suggestions, and that recommendation has not been universally supported by those who have come to this inquiry.

**Mr TURNOUR**—For example, ALPA were saying today that they do not charge a freight on fruit and vegies, so they are saying that in those communities they do not have a freight cost; they only put the mark-up on other things. There have been other concerns raised about whether, when you put a freight subsidy in, you actually see it translated into the cost in the end or whether it gets sucked up by some of the middlemen—the freight company—or in the supply chain. Those are some of the issues that have been raised around that particular issue.

Just going to your submission, you raised some issues around Outback Stores, ALPA and community stores in general. One of the issues that you raised is the expansion, the speed at which Outback Stores are expanding, the quality of store management and the ability to maintain that level of good-quality store manager. Can you expand on that, on what experience you have had in relation to that and on the importance of a store manager from your perspectives?

**Ms Aquino**—I have had limited experience with the Outback Stores model, sitting mostly in maternal and child nutrition and less in food supply. The early evaluation that was done of the ALPA model certainly highlighted how important a role the store manager has in influencing the types of foods that are available in the store, the way the store operates and the way they engage with the community. Given that Outback Stores is a fairly new organisation that all of a sudden had this very rapid growth under the NTER, we want to highlight our concern: how do you keep up the supply and training of very good-quality store managers? That is certainly what Outback Stores is trying to provide: a system of ensuring that there are well trained, culturally safe store managers in communities with good administrative support. Given the rapidity with which it grew, we were concerned that maybe it was not yet possible to tell whether that has been sustained. Are all the store managers who are coming out through that model as good in quality as the initial ones, where there was a smaller, closer knit team? We do not know. I certainly do not know.

**Mr TURNOUR**—Just picking up on that, if the Outback Stores are supposedly going to communities where they are being invited in through the consultation process and because there is a particular need, is it better to have a system and a model that assesses whether the store manager is really meeting the needs of the community rather than having a range of different community stores where there is no real understanding of the controls and systems that are in place? Does licensing deal with that anyway? When you start licensing stores an external party goes in and makes those assessments of individual community stores. Tania might want to comment. I can see her nodding down the end there.

**Ms McLeod**—It would be good to have a suite of models for the community to choose from but have them within a framework where they are licensed. You can do that. I think that would give the community a bit of choice. We work with communities with no stores, so we understand how hard that is. Where some of these models are not profitable or appropriate for a community, there could be something else that they could use. But they should all be monitored and evaluated to see how successful they are.

**Mr TURNOUR**—We have heard today of a homelands model that does not really fit with the licensing framework. You get a grey area where licensing through a legislative process provides an entity with information on what to do to meet the requirements but that then can stifle some entrepreneurship, particularly in smaller communities or smaller groups, to meet particular needs. If they are getting a basics card, that limits the way they operate and limits their ability to

enter into a smaller community. You have given three examples in your submission: cooperatives, BushOrders and satellite stores. You say that licensing is good because it can provide a variety of different models but we can make sure that they are all doing the right thing, but then licensing also has its limitations because it does not allow for people outside the model. They might not meet everything that is required for a licence when they are trying to do something entrepreneurial to meet the community's needs. Have you got any advice for us on overcoming that challenge?

**Ms McLeod**—When you are evaluating, the basic things to consider are governance, financial management, what is coming in and out of the store and training. If you want to be entrepreneurial, you should still have those basic things in place. Whether store licensing might have too many points to meet needs to be looked at by the appropriate people. I go to basics because the people who are working within these systems need to understand what is going on and what the process is. The more complicated it is, the more people will walk away because they are a bit confused. Keeping it simple and going across the major points that you need to know to run the store and to evaluate should be the best way to go.

**Ms McLaughlin**—I support that. I do not think the two concepts are mutually exclusive. I do not think licensing should or must prevent innovation and new approaches. From the perspective of the foundation, the reason we have support licensing is that we think things like good governance, good financial management and good quality of food and stock in the store are fundamental things that communities need to be healthy. We support licensing for that reason, but I do not think it needs to stifle innovation.

**Mr TURNOUR**—Yes, that is what I mean by entrepreneurship—the ability to be innovative in the way you tackle a problem. The other concern, from a policy response point of view, is how, with a government intervention, you provide fruit and vegies and meet the other health requirements of a community without at the same time taking away the community's, individual families' and individuals' responsibility to innovatively look at meeting those needs from the income that they derive either through their transfer payments from governments or through business opportunities. We say, 'We've got tax package provide fruit and vegies,' so we go in and subsidise them. There is an issue there in terms of dependency and the paternalism of that, as compared to trying to build capacity, innovation and entrepreneurship within smaller communities so they can meet those needs themselves—whether it is through BushOrders, through somebody going into town every couple of weeks, or through, as Joe described, doing a deal with Woolies where they bulk buy and the like. They are some challenges for us from a policy response. Do you have any thoughts on that?

**Ms McLeod**—Yes, I do. You should compare the Indigenous sector with other industries or sectors that are subsidised within our country—pastoral, mining, construction, fuel or whatever. Who else gets subsidies and rebates, what are the effects of those subsidies and rebates and what is the difference between that and the Indigenous right to food?

**Mr TURNOUR**—I suppose it goes to the issue that we have an intervention and welfare reform happening in Cape York Peninsula and these places because we have not seen the problems with children, the malnutrition, the violence and the alcohol and drug abuse in those communities to the extent that we have found them in remote Aboriginal communities. I take on board what you are saying, but the reason that we are really focused in this area and trying to

find a solution is to tackle those issues and make sure we do not continue to create the paternalism that created that in the first place, in a lot of instances.

**ACTING CHAIR**—Just echoing what you are saying, we have to come away from this leg of the trip with virtually no enthusiasm from those who have come to this inquiry about some of these models, which looked very exciting to us on first blush. For instance, those who came from Laynhapuy Homelands showed very, very little enthusiasm for these sorts of options. If they are not interested in these kinds of models, I cannot understand how you will elicit any interest for them. Intrinsically—I am thinking of communities of 100 to 200—there must be demand for, basically, a co-op that has no refrigeration whatsoever and simply stocks hard fruits and vegetables and canned materials but saves you a $1,400 return trip to Nhulunbuy. The model to us seems absolutely intuitive but there is no appetite for it. So I am asking you: have you found any groups that want to contemplate these models? We have not met any yet.

**Ms McLeod**—For our report we went to two different communities and went through all the models. We did the pros and cons and went through the process with the communities. But you are right—the main thing they want is a community store. You can talk about the models, and they did consider and have a look at them, but we went so far and things just stopped. Then there were other things introduced. So, while we went through the whole process, the communities with less than 100 wanted a store because they could go there without having to pay taxi fares. So, yes, you could be right, but no one has gone all the way to testing models or asking the communities what they would like to test. The main aspirations of those people were to have their own store, where they could be on the store committee, employ people in the community to run it and all that stuff.

**ACTING CHAIR**—So, for those who do not have a viable store, they have a commercially completely unviable desire for something which effectively the private sector cannot provide.

**Ms McLeod**—Yes.

**Mrs VALE**—Tania, you said that you had worked with communities that did not have a store. Are they the ones that you are saying have articulated to you that they would like a store? That is one question. The second question is: does the particular geographic location where communities exist assist them to survive as a community without a store? I mean the circumstance, if you like, of where you find yourself placed amongst resources—whether you are on a river—and how you can actually support your family with bush tucker or access to fishing. How do those communities without stores, which obviously must be living in a far more traditional way—

**Ms McLeod**—Remote.

**Mrs VALE**—Very remote, yes. Could you perhaps give us some information?

**Ms McLeod**—One of the communities that we worked with now has a store, and it is run by Outback Stores. The other one has—

**Mrs VALE**—What size would that community be?

**Ms McLeod**—Under 100 people. There are probably about 10 to 12 houses. They did have a store prior to me commencing my role in the governance, but that was closed for about four or five years. Now they have a store.

**Mrs VALE**—They invited Outback Stores to come in?

**Ms McLeod**—Yes, Outback Stores were requested, I think, by the government business managers to talk to the community.

**Mrs VALE**—How do those other communities with no stores where you have worked survive?

**Ms McLeod**—The community that does not have a store at the moment is quite remote, and it is isolated for four to five months of the year by two rivers. How the people get their food is that they need to get on a boat and cross a pretty rough, crocodile-infested river to get to the main community. It is a privately owned shop—just for a distribution centre.

**ACTING CHAIR**—Which community is that?

**Ms McLeod**—This is at Urapunga, which is 30 minutes from Ngukurr. They still do not have a store.

**Mrs VALE**—That is in the Northern Territory?

**Ms McLeod**—Yes, that is in the Northern Territory, in Arnhem Land.

**ACTING CHAIR**—Close to where we were yesterday.

**Mrs VALE**—Okay, good. So they do actually access Western-style food; they do not support themselves by hunting, gathering and traditional food sources?

**Ms McLeod**—They may, but when you have the river all around you you cannot go far because the vehicles would not last. They are trapped, so whatever they have around they will eat, but they have to get on a boat and get the proper fruit, vegetables and other stuff they need.

**Mrs VALE**—How long has that community existed in that location?

**Ms McLeod**—The people have been there for a very long time, and they have had that community recognised for over 30 years. They were given back some of that land where the two clans live on Urapunga. That would be about 30 years ago.

**Mrs VALE**—Thank you.

**ACTING CHAIR**—Thank you very much, everyone. We appreciate your submission and also the detail you have been able to provide us with this afternoon.

**Ms McLaughlin**—Thank you. We have brought that deed we mentioned, which we can provide. I was just checking whether it was public.

**Ms McLeod**—I am not too sure. We have not had feedback from that department.

**Ms McLaughlin**—I will check on the status of that report. If we can give it to you, we will give it to you immediately, but if we cannot release the entire report then we may also be able to pull out some of the relevant data on the issues you were raising. We will let the secretariat know as soon as possible.

**ACTING CHAIR**—Thanks very much. That would be great.

[4.55 pm]

**REID, Mr Stuart George, Manager, Meertens Chartered Accountants**

**TAYLOR, Mr Austin, Managing Partner, Meertens Chartered Accountants**

**ACTING CHAIR**—Welcome. I remind you that these are formal proceedings of parliament. We ask that everything you say is factual and honest. It is a serious matter to attempt to mislead the committee. Everything you say does assist us in our work to make improvements around the government's administration of community stores. Everything you say today becomes public and transcripts are available upon request. We have read your submission and the media release. Would you like to make a brief introductory statement about the reasons for addressing us today?

**Mr Taylor**—Thank you for the invitation. Meertens is a specialist insolvency and reconstruction firm with two offices in Darwin and Adelaide. We have extensive practical experience dealing with stores in financial difficulty. I am presently the administrator of the following stores: Pirlangimpi on Melville Island, an ALPA store; Beswick, Barunga and Bulman in Arnhem Land which Outback Stores manage; and Barunga Council at Elliott, where I formerly operated the store and closed it. I am the former ORIC special administrator of Mimili Maku, which is in the APY Lands. I introduced Outback Stores, in conjunction with the community and ORIC, to manage that store.

We have seen stores at various stages of their life cycle—before they are in trouble, when they are in trouble and when new managers are needed. We have negotiated management agreements in conjunction with the various store committees with both ALPA and Outback Stores. We support community ownership of stores and the ALPA and Outback Stores management models. We understand the nutritional policies of Mai Wiru, Hollows and others. We see that policy as laudable policy but not an answer to the management of stores. We strongly support the further development of stores and are heartened to think that the committee also agrees that they are an essential service in these communities. Well-run stores are more than just a store; they provide significant local employment and they are real jobs, as I noticed ALPA talked about today—and Outback Stores say the same.

These stores should have a takeaway and they should have a bakery. They sell fuel. They are often the financial services centre. They have the only ATMs in communities and they provide EFTPOS facilities. They should make a profit or a surplus; they should not be run on a break-even basis. They need to have reinvestment. In two of the communities we run the club, which is the alcohol outlet—at Pirlangimpi and at Beswick. We have experience with ALPA running Pirlangimpi's club and with Outback Stores at Beswick. These clubs function well and are profitable, and the community takes great pride in ownership and the stewardship of the alcohol issues associated with them.

**ACTING CHAIR**—Where are the closest alcohol outlets to those two communities?

**Mr Taylor**—Pirlangimpi is on Melville Island. It is the only alcohol outlet in the community. The nearest one would be Milikarpiti and then Nguiu over on Bathurst Island. In Beswick, the

nearest alcohol outlet would be Katherine. Barunga does not have an alcohol outlet, and that store is very close to Katherine and suffers as a consequence of that closeness. Barunga was interested in developing a club, but there have been philosophical issues with the NTER and also with Outback Stores in that regard. Both ALPA and Outback Stores have issues with selling alcohol; but, where they have inherited a club, they do.

In our experience the major difference between Outback Stores and ALPA is that ALPA is 100 per cent Indigenous owned and it has a significant amount of street credibility when it is invited into these communities. Outback Stores are a fine operation; however, in our experience on the ground they suffer from ignorance and from a taint associated with the emergency response. People see them as coming along as part of that, and it makes life a little bit difficult for them at times. They need to do a bit more explaining than perhaps they might otherwise need to.

The other really interesting issue is that Outback Stores provide financial support for the stores as part of the Northern Territory response. They can only provide that in the Northern Territory. So, for example, in Mimili, which was in the APY Lands, Outback Stores were running that store but they had no financial capacity to support that store, even if it was support in terms of restructuring the store to get it to be viable. As it turned out with Mimili, a way was found around the problem, but it was not at all easy and it took some time.

ALPA have no desire, in our experience, to provide financial support to stores or to restructure them. They are very choosey about the stores that they take on. As you heard today, they have a set of criteria and they stick to the knitting very closely. It is because, as we understand it, they are not prepared to risk their capital and the success of what is a very substantial business propping up a non-viable store.

I am happy to talk to the committee about our experiences on the ground with the store committees, the various operating models and the financial train wrecks that some of these stores are.

**ACTING CHAIR**—Thank you. If I could kick off, we sketched out some work in Broome yesterday, where a basket survey was done by one of the local cultural health groups, a NACCHO funded organisation, and they were able to look at baskets of prices according to remoteness of the community. From that we derived a structure that effectively, just on a graphic, indicated the diminishing size of a community and the increasing remoteness of a community, with both causing potentially an increase in costs per unit and making running of a store less and less efficient as you become a smaller community and a more remote one. They are able to plot different communities on there and show that some were above the line and some below. Obviously it is a bit more of an aggregated market here in the NT than it is in WA, where you are all over the place doing many different things and applying different models and there are a whole lot more solo stores to be found. Is there any way, from your perspective, we can start to identify and have an early warning of stores falling into distress long before they collapse and lead to significant social pain?

**Mr Taylor**—I think there are a variety of things that can be done. You have the government business managers, who are closely associated with the activities in these areas. You have all the fine people in FaHCSIA and elsewhere that are providing program funding agreements to these communities and understand what is going on on the ground. You have ORIC. I know the

committee has heard from Anthony Bevan, the registrar, about the governance training. ORIC is very actively involved in these issues as well. The issue with ORIC is that not all of the stores are Aboriginal corporations. As the committee is aware, you get incorporated associations, companies, trusts and all sorts of things. There are a number of ways that you can identify impending doom. Probably one of the simplest ways is to talk directly to the creditors. The independent grocers, Metcash, supply a large number of remote community stores. If they are not getting paid they know there is a problem and they stop supply. They just will not put food on the truck if they are not getting paid.

**Mr Reid**—Another issue might be the lack of statutory reporting. If there are a number of years where they have not lodged financial statements or the like, that can provide evidence of lack of proper governance and that can be a cause for concern. So by the time you actually go in there and get a proper handle on what the financial position is then you can just discover, as you said, a basket case.

**Mr TURNOUR**—Thanks for coming along today. In your opinion, what is the role of government in community stores? Are they an essential service, are they a commercial operation? What is your thinking, your experience?

**Mr Taylor**—We think they are an essential service but they should be sustainable as part of that process. We think they can be sustainable in the right dynamic. You correctly identified remoteness and community numbers. There is a real problem with non-viable stores that are small. We saw one in the Kimberley where there are 80 people in the community during the dry season and everybody moves out during the wet. It had a store and it was just not viable. Those stores are just doomed to be financially propped up forever unless somebody can find a way around the problem.

**Mr TURNOUR**—How is that store being propped up?

**Mr Taylor**—Through Outback Stores.

**Mr TURNOUR**—But they are supposedly running a model where they are supposed to be commercially viable. They are getting support through the federal government and through the Northern Territory intervention.

**Mr Taylor**—We know nothing about the internal operations of Outback Stores but we do know that they have funding certainly within the NTER to support stores financially. Outside of that, it is difficult. What often happens with Outback Stores is that their management fees are not paid. Outback Stores charge a fee to manage these stores. If the store is not viable, Outback Stores is incurring credit with all the suppliers. It pays the suppliers but does not pay itself.

**Mr TURNOUR**—I am aware of some of these issues that you have touched on. I suppose the issue then comes down in terms of how you get a government policy response to the grey area of where you are stifling innovation and the community's ability to meet their own needs through effectively providing government support, and then when a community is 200 or 300 they do not get any support because they have got a store that is commercially viable and the whole issue of access, equity and fairness associated with that. Have you got any comments on how we deal with those issues?

**Mr Taylor**—We have seen in Arnhem Land the bus operation that has just started there. I do not know whether you have caught up with that. The Northern Territory government has a bus running from Beswick through Bulman and Barunga into Katherine. It starts very early in the morning so that people can get into Katherine from the communities for work and then go back in the afternoon. People can do their shopping on the bus. It has got a refrigerated component in it. That is one way of dealing with it.

**Mr TURNOUR**—But that is a bit different from somebody living in an isolated community out the middle of nowhere of 80 people where you do not get a bus to work anywhere.

**Mr Taylor**—I would suggest to you that I do not think those communities are viable for a store. Irrespective of whether it is in Indigenous community or a non-Indigenous community, if you have got 80 people there, you cannot expect to have a supermarket. It is just that simple.

**Mr TURNOUR**—So the expectation that they continue to ask for a supermarket effectively comes to the sustainability of longer-term viability of the community.

**Mr Taylor**—Yes.

**Mrs VALE**—In your experience of dealing with this unique area of retail, do you have any messages you would like the government to know? This is being recorded and will be reported upon, and we very much value your guidance.

**Mr Taylor**—In our view, the ALPA and Outback Stores models are appropriate and should be supported and have continued support. You see some very strange things in these remote communities at times with these stores. I know the committee has heard all about this before, the nepotism that you see there and all the issues that you see. Some of these stores are run appallingly because good people will not go to these remote areas and you get this boom-bust cycle with these stores. We think that having well-trained, well-resourced store managers like ALPA and Outback Stores is a very good idea. The IT side of it, they both have Grocery Manager, which is an industry standard package, which dovetails in with the ALPA food card that the committee heard about. As I am sure you have heard, some of the stores are just terrible and it is a good thing that ALPA and Outback Stores are addressing these issues.

**Mr TURNOUR**—And you would support a continuation of licensing in remote community stores?

**Mr Taylor**—I am not sure that necessarily licensing is the answer. What happens as part of the licensing process is that there is an inquiry into the financial status and standing of the store. I think that is the value that is obtained, not necessarily the licence per se.

**Mrs VALE**—It is the process, is it?

**Mr Taylor**—It is a process of having an independent person. In the case up here I think Deloitte did a lot of the work where they seconded professional accountants who went out and looked at these stores.

**Mrs VALE**—I suppose the licensing does offer a very clear and transparent benchmark.

**Mr Taylor**—That is true.

**Mr TURNOUR**—I suppose the issue, though, ALPA is a different story but Outback Stores are getting support from government to provide services into some non-viable areas at the moment. The issue is about when they are expanding into direct competition with other operators who may not be getting any government support. The issue is around government intervention through licensing to ensure that stores are meeting their obligations rather than necessarily providing a subsidised system to a corporate model, whether that is like Outback Stores. Do you see what I am getting at? Concerns have been raised in terms of, for example, in Queensland where there are other people operating a corporate model and Outback Stores having government support and then coming into communities and seeming to be potentially competing against stores that do not have any government support.

**Mr Taylor**—It gets to the issue of competitive neutrality and such other issues. But some of these stores that are privately run, and I cannot speak of any in Queensland, are run very badly. They do not have an appropriate food mix, there is no food for children in some of the stores. They are full of high sugar cola.

**Mr TURNOUR**—Is the appropriate way if they can turn around and say, 'Well, if you gave me the subsidy you give to Outback Stores on improved my operation.' Is the appropriate way to address that through a licensing framework which says, 'You are not up to scratch and therefore you are not going to get a licence'? You effectively said you did not necessarily think that licensing is the way to go, Outback Stores is the way to go. If Outback Stores are getting government subsidies to deliver an improved store service in certain situations through infrastructure subsidies for refrigeration improvements and those sorts of things and these other community stores do not have the option to access that, is that an unfair playing field?

**Mr Taylor**—On one view of it it might be, but on the other view the policy outcomes in terms of nutrition and the benefits that accrue to the community from having a well functioning store I think outweigh those considerations.

**Mr Reid**—That situation would probably apply in the larger areas like an Elliott, where there are three or four businesses and they can do that. But typically the communities that we have dealt with have just had an Indigenous owned store enterprise without any real competition other than the less remote, where the major population centres can provide the competition.

**ACTING CHAIR**—Our understanding is that 86 of 92 community stores in the prescribed area are now licensed. When you say that there are still privately run stores that are of concern, they are unlicensed?

**Mr Taylor**—The licensing is only part of the NTER. For example, in the APY land the stores are not licensed.

**ACTING CHAIR**—I might have missed this, but you would support the extension of the process leading to licensing throughout that region.

**Mr Taylor**—Yes, I think that the sound financial functioning of these stores is absolutely critical. These are essential services and they need to be run properly. The inquiry that goes with the licensing is the benefit, in my view, not necessarily the licence per se.

**ACTING CHAIR**—Together with Grocery Manager you are fairly confident that within those 86 stores currently being licensed there are not glaring degrees of corruption, mismanagement, embezzlement, standover tactics—all the things we used to associate with community stores?

**Mr Taylor**—I cannot speak for those stores. I do not know. We can only speak for the ones we have seen. I do not know about the others.

**ACTING CHAIR**—Were you seeing that when you arrived at some of these stores that were already licensed and in theory should have been okay?

**Mr Reid**—Some of the stores we have been into have already been licensed but we have not been involved in the actual process of how they go about making the assessment, so it is hard for us to say whether they should have formed a different conclusion. Certainly they have been licensed stores but they have had financial difficulties, which has led to our appointment.

**Mr Taylor**—So I do not think the licensing is necessarily a guarantee of financial viability.

**Mrs VALE**—Sometimes it can be the exigencies of the moment, and how people respond to them at any given time.

**ACTING CHAIR**—Thank you very much. We appreciate your time out of your busy schedule.

Resolved, on motion by Mr **Turnour**:

That the committee authorise the publication of the evidence given to us today, including publication of the proof transcript.

**ACTING CHAIR**—I thank everyone for their attendance at our hearing. I declare the meeting closed.

**Committee adjourned at 5.16 pm**