



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

THURSDAY, 20 AUGUST 2009

CANBERRA

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

Thursday, 20 August 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 Debus, Mr Laming, Ms Rea, Mr Kelvin Thomson, 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

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Committee met at 12.26 pm

CURRAN, Ms Lynne, Group Manager, Office of Indigenous Policy Coordination Group, Department of Families, Housing, Community Services and Indigenous Affairs

HAWGOOD, Ms Dianne, Group Manager, Indigenous Remote Service Delivery Group, Department of Families, Housing, Community Services and Indigenous Affairs

SMITH, Dr Alison, Assistant Secretary, Indigenous Policy Branch, Office of Indigenous Policy Coordination Group, Department of Families, Housing, Community Services and Indigenous Affairs

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

CHAIR (Mr Debus)—I am happy to declare open this public hearing of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into community stores in remote Aboriginal and Torres Strait communities. I would like to acknowledge the Ngunawal and Ngambri people, the traditional custodians of this land, and pay our respects to their elders. The committee also acknowledges the present Aboriginal and Torres Strait Islander people who now reside in this area.

These meetings are formal proceedings of the parliament. Everything said should be factual and honest. It can be considered a serious matter to attempt to mislead the committee. I invite witnesses to make comments that will assist us in our inquiry, with the intention of making some improvements to the present government administration in relation to remote community stores. The hearing is open to the public and a transcript of what is said will be placed on the committee's web site. Today, we will hear from representatives of the Department of Families, Housing, Community Services and Indigenous Affairs.

Mr TURNOUR—I am sure that you have been following the transcript of the inquiry. Some of the issues that have come up are obviously some of the issues about licensing in the Northern Territory. Thank you for the follow up responses to some of those questions. I want to clarify in my own mind and for the committee something that we have talked about. Outback Stores are clearly identified in our terms of reference. How does FaHCSIA see their role in terms of the intervention? There are some shorter term issues there, but what is the longer term role of an organisation like Outback Stores in food security in Indigenous communities. That is a broad question, but if you have some thoughts around that I would be interested in them. And I would be interested if, digging into that a bit, specifically you could tell me about the current relationship. I know that they are an IBA organisation. We have had evidence from them about some of their sustainability issue with particular stores. They are looking to operate on a commercial basis. How does FaHCSIA see that transition, not only in regards the short term but also longer term policy issues around the sustainability of some of those communities and community stores? That is a simple question to kick off!

Ms Curran—We will try to take it in parts, shall we? I will go to OBS and its role first. It is currently within the IBA portfolio. Last time we spoke to you, Mr Turnour, we mentioned that it was going to be transferred into FaHCSIA. That has not been completed yet, but we anticipate

that that will be completed reasonably shortly. OBS, as you know, was established by the previous government to provide better food and nutrition options in remote Australia. With the intervention in the Northern Territory, it was one of the vehicles by which the government could support the income management in the prescribed areas in the Northern Territory. It has been reasonably successful in that role. It has grown from quite a small base to 27 stores. Going forward, it is clearly a matter for government what role Outback Stores has.

Like a small number of other retail outlets or networks that operate in remote Australia, it provides a sustainable platform for ensuring food security going forward. In our thinking, there are a number of elements to food security. There are both demand and supply elements. On the supply side, there are things such as financial governance and retail management experience. A network such as Outback Stores gives a sustainable platform for that to be delivered in remote Australia. That is not to say that there are not other mechanisms, but outside of ALPA in the Northern Territory, there was a very patchwork arrangement in those remote communities. We have been engaged in consultations on the redesign of the Northern Territory emergency response. One of the things that has come through in those consultations is that people generally feel that the quality and the supply of nutritious food has increased over the last couple of years in those communities.

Mr TURNOUR—In terms of the transition of Outback Stores into FaHCSIA, we have had evidence that in larger communities those stores are sustainable or viable—whatever you want to call them; effectively profitable. Outback Stores was originally set up on a commercial sort of basis. Clearly, there are issues about government intervention in food security and some of the smaller communities, particularly in the short term. There is a whole debate going on around the sustainability of those communities at the moment. How do you see the policy response that might be required where there are clear viability, sustainability and market failure issues that exist in terms of the profitability of stores in very small communities? There are also market failure issues to do with monopolies and licensing. If you take Outback Stores into FaHCSIA, how do you intend to differentiate those issues, particularly in some of those larger communities, where you are potentially in direct competition with community stores? Licensing has been clearly outlined in the COAG announcement recently as an Australia-wide issue. I know that there has been no policy decision, but clearly there have been some statements around that. When you have groups like Island and Cape and the stores in Queensland—and I am sure that there are other examples where there are commercial or government enterprises in some jurisdictions—there are issues to do with competition, equity and enabling entrepreneurship and new models to develop. When you have an entity like Outback Stores in those different areas, those might be problems. Those are some of the critical issues. Rather than this being like a Senate estimates committee with us trying to trip you up, I want to put this on the table and hear your responses to those issues.

There clearly must be issues that you are grappling with at the moment—how you deal with the smaller store problems as opposed to the larger community problems. Outback stores have been a response out of the intervention and some of the changes there, but we are also looking at the longer term issues in terms of the sustainability of stores in those communities.

Ms Curran—Perhaps I could go through the issues sequentially. On the first one in terms of the internal governance arrangements within FaHCSIA, we are very conscious that we will have to have and are in the process of developing very clear protocols. We have three functions in

relation to food security in Outback Stores. The first is the licensing arrangement, which is in the Northern Territory. That is based in Darwin. The second is the governance arrangements around portfolio bodies. That is physically separate from the food security policy function, which is also in Canberra. So those last two functions are in Canberra.

In my group, the Office of Indigenous Policy Coordination Group, we look at the food security policy objectives. So it is within my group that the work is happening with COAG on the development of that national food security policy. There is a different area of the department that looks at portfolio bodies in terms of the portfolio responsibilities around those entities. So once Outback Stores comes into the portfolio there are very clear protocols as to decisions made in respect of food security policy and how that might apply broadly and then decisions in respect of Outback Stores and its reporting requirements within the portfolio in terms of reporting to the minister and the governance arrangements around constitution and board appointments.

Mr TURNOUR—So that is still being worked through?

Ms Curran—It is still being worked through but it is structurally separate already in terms of the way that the department organises itself. So I am confident that we will be able to demonstrate that we are managing any perceived conflict appropriately.

Mr TURNOUR—I think that is critical. If we are talking about licensing across Australia and it comes to Queensland, clearly Island and Cape are running a very functional store at Aurukun. They are supporting a range of stores in the Torres Strait on Badu Island as well. They have come and seen me also in my capacity as a representative for that part of the world. We are seeing Outback Stores open up now in Hope Vale. I know they are trying to get into Yarrabah and there are some issues about the food store not being opened up over there. But clearly there needs to be some clarity around this issue. For example, there is \$29 million in Outback Stores. There are managers in that organisation who want to report and be profitable and efficient. We need to make sure the government is not providing them with a leg up against commercial enterprises and also community based enterprises. So I think it needs to be particularly clear. I suppose this is an issue that we have concerns about and have discussed—how that will be structured going forward.

Ms Curran—Perhaps it is worthwhile just spending a bit of time on that, and I will ask Ms Hawgood to speak about Hope Vale. The Outback Stores model is not so much about the ownership of the store—it is about going into the community on a management agreement. So the ownership of the store generally still resides with the community organisation.

Mr TURNOUR—We do understand that. There are other organisations that argue that as well. But if I am knocking on the council's door saying, 'I'm from the Australian government and I'm here to help you,' or if I am knocking on a community's door saying, 'I'm with a private business down in Cairns, Darwin or wherever and I'm here to help you,' clearly, particularly in these communities where government has tended to be the enabler, there are some competition issues there that need to be dealt with. The other side of the coin is that we have had evidence that some of these stores, whether it is ALPA, Island and Cape or others, have obviously been doing a pretty good job in those communities. I think there are some potential risks and concerns that the committee and the government could have in relation to those issues. So it is really important that we get some clarity around that.

Ms Curran—I will invite Ms Hawgood to comment specifically on Hope Vale.

Ms Hawgood—I do not have a lot of comments to make. Hope Vale council, as you probably know, were very keen to get Outback Stores in there. They approached Outback Stores themselves—it was not something that had come through discussions with us. So that was entirely their choice and they are very keen on that arrangement.

Mr TURNOUR—There is a \$29 million investment or commitment to Outback Stores going forward; is that right? What is the timeline for that investment?

Ms Curran—There was funding allocated to Outback Stores to support the intervention in the Northern Territory because the stores were a critical component of supporting income management in the NT. That was allocated in the initial appropriation. I think the funding expires next year, but I think it was allocated over three or four years. I would need to confirm the actual period over which it was allocated. That was to support the rollout of income management and the lifting of the bar in the Northern Territory through the intervention for the stores.

Mr TURNOUR—In terms of the integration of Outback Stores into FaHCSIA, do you see there being changes to their model of delivery in that they are looking at individual stores being treated as profit centres or not profit centres, depending on whether or not they are making money? Other models of government run stores—such as IBIS, for example—are clearly subsidising across networks to keep the same level. Do you have any thoughts on that? Is that a policy you will be leading within Outback Stores? How do you see that moving forward?

Ms Curran—There are a couple of elements there. I anticipate that when Outback Stores has moved into the FaHCSIA portfolio properly we will be looking with Outback Stores at its constitution and the purpose and objects of the company. Related to that, we would also have to look at the business model. One of the terms of reference of this committee is around the model the committee believes is the most appropriate, so the government's response to the committee's report is something we would want to address.

CHAIR—I just want to ask a more detailed question about the issues that you are raising. Some of the stores provide for a system of cross-subsidisation of less profitable and more profitable items. I gather that Outback Stores does not. What is your view of the future of that kind of policy?

Ms Curran—Of cross-subsidisation of particular product lines?

CHAIR—Yes.

Ms Curran—So shifting margins in respect of—

CHAIR—In particular to encourage the purchase of more healthy foods and that kind of thing.

Ms Curran—I think those sorts of issues are best resolved at a corporate level. From a policy perspective, we would be keen to see no excessive mark-up on nutritious food such as fruit and

vegetables and other healthy foods to the extent that the business practices of the store encouraged healthy eating so that there was some cross-subsidy within the corporate entity around fruit and vegetables or water in preference to soft drinks. But, at a policy level, we would not be prescribing that sort of practice.

CHAIR—Do you envisage in the future more active involvement of communities in the management of the stores?

Ms Curran—There are store committees in many, many communities to support the stores. I think that one of the issues that has arisen in the Northern Territory—and perhaps to a lesser extent in other communities to which you have been—is the capacity of people to be actively engaged in the store committees. ORIC is doing some training with stores. Part of the work that we would be doing through the remote service delivery national partnership and engagement with Indigenous people living in those remote communities through Indigenous engagement officers and work of that type is building the capacity of individuals to participate effectively in the store committees.

Different chains, for want of a better word, have different approaches to engaging with communities. I think they are all very conscious of the need to effectively engage with their community. It is sound business practice but it also grows the capability of the people to participate in their store.

Mr TURNOUR—You may need to take this on notice. On the transfer of Outback Stores to FaHCSIA, we have had evidence from Outback Stores about the identification of stores that are not financially viable at the moment. You must be doing some work in looking at the ongoing costs of government supporting those stores going forward. Would it be possible for you to take on notice to provide that as that in-confidence brief to the committee, as that might help us with our deliberations. The intervention is going on, and you are looking at picking up Outback Stores because of the issues around unsustainability or unprofitability particularly of smaller communities. What are the long-term issues if we make this policy decision and in three years time there is not the appetite for ongoing investment in those smaller communities from a food security point of view? Have you done any work on that and, if you have, could we get that as an in-confidence submission that we do not necessarily published but that will help us with our deliberations?

Ms Curran—We have not done work specifically of the type that you have referred to. What we are looking at is: what are the ways that you can provide food security to communities? Not every community need have a store. You can provide food security through a range of other mechanisms. It will be influenced by distance from another centre or a large commercial centre. It can be delivered through transport arrangements. Often, food security seems to be an issue in areas where, initially, I would not have thought it would have been an issue, but it is because the Aboriginal people do not have access to transport. Even though they might only be 60 or 100 kilometres from a commercial centre, the fact that they do not have transport means that access to nutritious food is a real problem, so one way to address that might be improved transport links. There is no simple answer. You have to look at the circumstances of the individual community, including distance from other areas, and what other facilities might be available to ensure access to food.

Mr TURNOUR—The question, though, in the short-term is about picking up Outback Stores to deal with the food security issue as part of the intervention, or in other parts of Australia potentially, but what are the longer term costs of that? That is not necessarily something you have clear in your head at this point in time?

Ms Curran—No.

Mr TURNOUR—You are clearly not going to take on these stores in small communities that Outback Stores have identified as being unviable and close them down, I would not have thought, not in the short term anyway. So then there must be an ongoing cost to run them at a profitable level. If you are doing any work on that I would be keen to have a follow-up submission on that, and also if you are looking at other ways of dealing with food security, such as providing transport or those sorts of links, particularly in relation to the smaller enterprises and the role that you see for Outback Stores going forward and the cost of that.

Ms Curran—One of the key things we are wanting to do is build the sustainable base for retail operations, not only in the Northern Territory but beyond that.

Mr TURNOUR—One of the things I have thought about is that you can take on Outback Stores and then put them into some smaller communities and subsidise them to run them in those communities, which is very much a government role, like the DATSIP stores in Queensland, where we get involved in that retail service. You may need to do that in the short term. The other possible way is to look at a tendering process where community or other operators can look at more entrepreneurial ways to deliver that service. They may need to get some support from a government intervention point of view in terms of funding in the shorter term, but part of the model would need to be how they are going to be sustainable in the longer term. That is another potential policy response. Have you thought about that or has any work been done on that?

Ms Curran—Essentially that is a policy decision for government: do you have the vehicle being Outback Stores or do you have a competitive environment? I think that there are pros and cons for both those approaches.

Mr TURNOUR—What are the pros and what are the cons?

Ms Curran—This will be a personal view. Outback Stores has grown from quite a small base. It now has an understanding about operating—at least in the Northern Territory and South Australia; it has a small presence in WA—so it knows the logistic challenge of establishing a supply chain. It has grown its management capability and it now has a workforce development program for working with Indigenous people. And it appreciates that, because the communities are all culturally different, no one size fits all. So there has been some learning over a short period of time.

As you know, ALPA operates in the Northern Territory. It has been established for a much longer period. It potentially is an organisation that, if you went to a tender panel, would be interested if it were within that region or perhaps more broadly in the Northern Territory. There is a question mark as to whether it would be willing or able to go national.

In Queensland, I am not familiar enough with what DATSIP stores would do but my sense is that they would not be interested in moving or perhaps do not even have the authority to move beyond Queensland.

So it would be a question of the size of the panel that you could draw on if the government were going to allocate funding through a tender process. A tender process would increase the cost, it would be administratively more complex and it is likely not to be terribly responsive.

Mrs VALE—Apropos of some of the questions that Jim has put, does your department develop policy at the request of, say, the minister, or do you come up with options when you identify an issue and then present those options to the minister? Some of the questions Jim has asked really go to the core of what we are looking at, and I am wondering how the nuts and bolts fit.

Ms Curran—We always like to try to give the minister options. Our preference is always to work with that. Well thought through options generally take time to develop and, to the extent that we can, we like to test them with stakeholders. That is the ideal policy development world.

Mrs VALE—In the real world we do not often have time to do that, do we? We live in more of a pressure cooker.

Ms Curran—That's right.

Mrs VALE—You have been very much aware that we are doing this inquiry. The viability of the community appears to depend on the viability of the store, and I thought some of the questions Jim raised really went to the core of why we are here. With regard to policy development and those concerns regarding viability of stores and what the answers might be, have you yet done any work on that or are you at the threshold of that work?

Ms Curran—The inclusion on the COAG agenda of the food security strategy is, I think, in part recognition of the importance of governments starting to consciously acknowledge that this is a significant issue. I know that you have received evidence about the importance of stores as an essential service. I would say that it is not so much the store itself that is the essential service; it is the access to food that is the essential service. How that is delivered will vary. I think an approach that is overly focused on the store infrastructure is misplaced. Outside of Indigenous communities, people will live in a small community. They may not have a store there but we do not regard that as being a food security issue because there are transport links or some other mechanism for providing food to that group of people.

Mrs VALE—Or even self-provision in some cases, like there was 100 years ago.

Ms Curran—Yes.

Mr TURNOUR—Outback Stores at the moment is a model that is not really profitable in some of the smaller communities, in terms of it not continuing to operate under the IBA—is that correct?

Ms Curran—Sorry, I did not understand the question.

Mr TURNOUR—In terms of Outback Stores and the role of the intervention, Outback Stores has become an instrument of government policy in areas where there is a food security issue. Some of the underlying decisions have not just been about profitability; they have been about delivering food security. Clearly, FaHCSIA wants to pick up Outback Stores and integrate Outback Stores into the department's response to the intervention to deliver on that outcome. You are saying that in some smaller communities people do not necessarily need to have the store to have their food security needs met. If we are spending a lot of money incorporating Outback Stores into FaHCSIA and we have these other models, in particular in some of the smaller communities, how do we propose to support that policy response? Is FaHCSIA going to get into the transport business as well as the store business?

Ms Curran—I hope not.

Mr TURNOUR—Do you see what I am getting at? We have made a decision to take on Outback Stores to intervene in this problem, but we are hearing that in some of the smaller communities the problem is transport. Who has responsibility for that?

Ms Curran—It does not necessarily have to be a government responsibility. It could be, for example, a business opportunity that an Aboriginal or non-Aboriginal corporation wanted to progress to establish transport links between communities within a particular region.

Mr TURNOUR—So why are we taking up Outback Stores then?

Ms Curran—Some of the communities in which Outback Stores is involved are a long way from anywhere else. There was no alternative. The community invited Outback Stores in or it was the case that a special administrator was appointed to the store and Outback Stores was appointed under those arrangements.

Mr TURNOUR—That is within the old commercial environment. Outback Stores, under that model, would have decided whether or not to go there, depending on whether they thought they could be profitable in the longer term. Clearly with them falling under FaHCSIA, you are now taking food security issues into consideration in the decision as to whether they go there or not. You are saying that in remote places where there are no transport issues, the government will intervene and potentially provide support. In areas that are closer, the government might say that transport or food security is the market's problem. I understand it when looking at it practically, but there are longer term issues. I am interested in some of the policy quandaries.

CHAIR—There is another way to think about it: is income management or food security the first priority?

Ms Curran—Because there is income management in the Northern Territory, the Outback Stores was in effect the vehicle to ensure that when we rolled out income management to a community there was actually food available in that community for the Aboriginal people to purchase. It supported the health outcomes but also meant that there was a reliable and good quality source of food. If I could go back to the issues Mr Turnour raised. It is a fundamental issue about the allocation of a limited bucket of funds. I think really that is the issue that you are going to.

Mr TURNOUR—I should stop pestering you. I was interested in your thoughts. I imagine in your advice to the executive, you will have to tease these issues out and put considerable thought into the options you put forward. I think there are some critical issues of fairness. For example, in the Torres Strait, people there are also paying large amounts of money for food and the stores operate in a commercial environment. On Saibai Island, for example, people are paying large amounts of money for food subsidised maybe through higher prices on Thursday Island. Yet in a very remote community in the Northern Territory, the government is providing the subsidy. I believe there is a range of equity issues with the intervention. Health and violence issues are important in the short term, but in the longer term policy response there are real potential inequities that could develop if the model is not well thought through.

Ms Curran—I acknowledge that point wholeheartedly—that there are some significant issues here that we need to work through. Could I just make clear that the subsidy is not provided to the community; the intervention funding for Outback Stores is provided to Outback Stores.

Mr TURNOUR—Yes, but in the end though they provide the service to the community.

Ms Curran—Yes, they provide the service to the community, but so far as I know they are not pricing differentially. They use a standard model, so the subsidy is meeting the shortfall between what the community provides and what Outback Stores are able to generate through turnover.

Mr TURNOUR—I can give you a critical example of the issue I am talking about. IBA have just rebuilt all of their stores over the last 10 or 12 years. That has come at a commercial cost and has been repaid through return on investment through the pricing of the food in those stores. Outback stores are provided with money to build infrastructure in communities and then paid for through the price of food in those communities. I am not saying that is the wrong thing to do in terms of a short-term policy response; what I am saying is that there are longer term issues about the sustainability of stores and fairness for Indigenous people in remote areas across Australia.

Ms Curran—I understand the point you are making.

CHAIR—Does that lead us into more detailed questions about licensing?

Ms Curran—We are the policy people. I know you have spoken to Mr Aarons and Ms Toyne about licensing. If we can help you in a general way, we will.

CHAIR—Can you talk generally about the advantages and disadvantages of a national licensing scheme, as you see it? They may well be your personal views in the end.

Ms Curran—I thought you might go to that question.

CHAIR—Do you think that licensing can help to improve food security?

Ms Curran—My personal view—I should not attribute these comments to my colleagues—is that licensing is one prong. It is important to think that licensing is not synonymous with food security. In our thinking, a food security strategy has four elements. I think I mentioned a couple before—financial management, retail management, a nutrition aspect and governance in the

store. If you are going to consider a national licensing regime, the two key reasons you would look at it are, one, to address the regulatory failure. At the moment you have a plethora of regulations at the state and territory level about associations or entities that run community stores. Unfortunately, in many cases, the existing state and territory regulations are not enforced. That goes to standards in respect of basic things about associations—there is no follow-up or compliance activity around financial statements or things of that type. More fundamentally, there is often very poor or no enforcement of OH&S or food safety standards. That is just as important for food security as having things on the shelves. That is one element and potentially one advantage of a national licensing regime.

Another advantage with a national licensing regime would be around addressing issues of market failure. In many small communities a store is a monopoly and monopolists tend not to act in the best interests of consumers, and so a licensing regime would provide some protection for consumers in the community. If you have it on a national basis, there is consistency nationally in terms of remote communities and so all consumers in those remote communities would enjoy the same protections. Hopefully, over time, the objective would be to raise the standards of those retail management and governance practices in remote Australia.

There is a lot of talk about: ‘Why have a national licensing regime? Why not have something more akin to complementary state legislation?’ Perhaps one of the reasons that you might like to consider that that is not appropriate is the displacement effect. History shows that, when we try to have consistent state and territory legislation, some differences always arise. If some jurisdictions have a tougher regime than other jurisdictions, I think we could expect that there would be movement from one jurisdiction to another of unscrupulous or poor operators—if I can put it in those terms.

Mrs VALE—Are state jurisdictions any impediment to government policy implementation?

Ms Curran—You should not be asking a Commonwealth official.

Mrs VALE—I will take the answer.

Mr TURNOUR—The other point to consider in relation to a state based system is an organisation like Outback Stores that operates across state boundaries. Such a system would increase the compliance burden on it and other operators that want to operate across state boundaries. But it would obviously be cheaper in terms of the provision of the stores if it were one system across the country.

Ms Curran—That is right. The only other advantage of a national licensing regime is that it gives you a platform for capacity building at a community and store level. It is a platform that you can build on.

Mrs VALE—Do the processes and procedures allow you to do that building? Do they provide building blocks?

Ms Curran—Yes.

CHAIR—An issue which continues to arise—although I have not been present when it has been discussed—is that, when licensing is proposed, it is in a context in which some of the larger operating stores are known already to have quite good practices for ensuring that they meet certain standards of management and of store dietary policies and those kinds of things. There is an assumption that those larger organisations will to a most significant degree be able to enforce standards according to criteria that you would agree to or accept. But then there are smaller stores, some of which have been historically operated by unscrupulous people whom we want to wipe out. Then there are other stores—and I think there was evidence to this committee from Maningrida—that are not part of a large network but are of significant size and, indeed, success and that are operated by a community. They appear to be significantly worried, probably with justification, that they are going to be put through enormously difficult and complex bureaucratic processes with a licensing system, unless we all think of a way that they can be protected from that circumstance.

Ms Curran—That goes to the issue of what are the assessable matters—

CHAIR—And the precise nature of the licensing system: who it is that is licensed and who it is that is accredited.

Mr TURNOUR—These are issues around the licensing of the manager as opposed to the owner. In a corporate model there is corporate licensing, and the manager moves on. It is a simpler system. But, if it is a community or an individual model and it is a large with good policies and procedures, our understanding is that the manager is still the licensed person. If they move on, the store then has to go through the whole procedure of having another person licensed, whereas in an outback store, for example, it is a much simpler system for them to replace that person, given the way that licensing is structured under the current legislation.

Ms Curran—The issue of whether you license the owner or the operator—

Mr TURNOUR—But can you deal with that on a corporate as opposed to a community basis? Because they are different, aren't they? If the corporation is licensed, their policies and procedures are licensed and therefore if the individual manager moves on I don't think there are the issues that there are with an individual store.

Ms Curran—Yes. Unfortunately, I am not across the detail of the licensing arrangements in terms of the administration practices in the NT. My understanding is that Maningrida's store is well run. I am sure you have had the discussion with the licensing team, but in terms of those assessable matters that are currently in the legislation, it would not matter that Maningrida's is a small or a large community store. They would still be assessed against those criteria and they would not be adversely impacted or disadvantaged by the fact. A larger chain also has to meet those assessable criteria.

Mr TURNOUR—I think the issue that has been raised with us is that, if you are a corporate store, whether it is ALPA or Outback Stores, you get licensed and when your manager moves on you put a new manager in. But if you are a community store you get licensed, you are dealt with and, if the manager moves on, you have to go through that bureaucratic process again because you do not have a corporate licence; you have an individual store licence. The issue of competitive neutrality between those two different store models has been raised with us.

Ms Curran—One possible way of addressing that is to tweak the corporate licensing model so that you would actually have to have some sort of process around the replacement operator.

Mr TURNOUR—I understand why you want to license the store manager—to clean up unscrupulous operators or whatnot—but from a capacity-building point of view, which you touched on as well, taking the responsibility away from the ownership model, whether that is the community or an individual private enterprise, and putting it with the store manager really puts a lot of power and control in relation to that issue with the store manager. I wonder whether from a policy point of view we would be better off looking to potentially license store owners, whether that is a community or the like, if they demonstrate they have clear policies and procedures—OH&S, governance and all that sort of thing is sorted out—so that they do not get caught up in the bureaucracy of relicensing managers every time. Do you see what I am getting at in terms of the longer term capacity building issues, particularly in relation to individual or community run stores?

Ms Curran—I think I understand. That also then goes to the role of the store committee and what capacity can be built within the store committee. Over time what you might want to have is a local person from the community managing the store.

Mr TURNOUR—I suppose in the end, if you just license the manager and a non-Indigenous person who may have just come into the community takes on the responsibility for the delivery of the government policy around licensing, the owner of the store, which may be a community based organisation, is really not being empowered to take responsibility for raising the standards that we are putting in place in terms of licensing. We are leaving all that responsibility with the manager rather than saying what the responsibilities of the owner of the store are as well as those of manager. Clearly we are saying: ‘Outback Stores are the owners. We’re giving you a corporate licence and therefore we see that you are responsible in that way.’

Ms Curran—Yes, except Outback Stores is rarely the owner. It goes in on a management agreement. But I understand the general point that you are making. In fact, Ms Toyne is here, if you want to ask her.

Mr TURNOUR—I think we have been over some of this ground before.

Mr LAMING—Is this something that can be fixed with regulation, or is it legislation that would make these small changes to these arrangements—or, for that matter, the elephant in the room, which is Mapuru? Is this something that can only be fixed with legislation, or do you see a way that, through ministerial direction, small changes could be made around these discussions we are having today?

Ms Toyne—I will answer Mr Turnour’s question first, and then I will go to Mapuru, because I did answer the questions the committee put on notice about that. In relation to who holds the licence, we went through some of that discussion when you were in Darwin. It is difficult and it is something that we are actually contemplating at the moment within our licensing team in the stores unit in Darwin. There are some situations in the licensing regime at the moment where there are joint licence holder arrangements, where it is both a manager of a store—that is, an independently appointed manager—and a chairperson for the owner of the store or the store committee. That is where we feel that they have some involvement in the day-to-day

management or significant decision making in relation to the store. So it can happen and it does happen. We look at the capacity of the store committee to be involved in that when we make those sorts of decisions about who is appropriate to hold the licence.

Mr TURNOUR—In terms of the incentive to build the capacity of local people, if they have X, Y and Z then we would obviously like to see the chairperson of the committee being licensed as a way to move to greater capacity and control of stores in the community.

Ms Toyne—Absolutely. We very much like to work with store committees. We are working closely at the moment with ORIC and the Northern Territory government to build those relationships with the store owners, through the training and through the case management part of our workload. We meet with the committees and with communities to talk to them about the store. Sometimes community members think their store might be great but they do not know about the operational aspects of the store that we may see problems with. It is really important for me and my team to talk to those store committees and store owners about some of the issues and some of the actions that might need to be taken to build their understanding of what it takes to run a really good store. We are not doing that across the board at the moment, but we are certainly doing it in certain communities where we have been invited to do so.

CHAIR—If we had a national licensing system and its only point was to make sure that appropriate regulations were enforced, in your view would there be some regular system of point of sale monitoring as part of the enforcement mechanism?

Ms Curran—Point of sale monitoring in terms of what was sold?

CHAIR—Yes. There is not any point, is there, in having a national licensing system which just exists and is not enforced anyway? It seems to me there ought to be some kind of system in which there is serious monitoring going on if you are going to justify all of that. I was just wondering if you agreed with that apparently common-sense conclusion.

Ms Curran—Ms Toyne can talk about what is happening in the Northern Territory under the licensing regime. We are looking at a range of things. You are looking at governance, retail practice, financial management practices within the store and what is actually sold in terms of the food.

Ms Toyne—The point of sale stuff is interesting. We have often thought about trying to collect some information and evidence from stores that we license in the Northern Territory to see whether we have made a difference through licensing, income management or the intervention as a whole. It is actually quite difficult. A lot of the point of sale systems were quite antiquated before the intervention commenced. An early part of the intervention was upgrading a number of the point of sale systems. In some cases there was literally a register and handwritten receipts, so there was actually no data capture going on in. Obviously now there are some more sophisticated systems but sometimes, particularly in those stores that are independently run and managed, there is no capacity to use those systems to their fullest to actually have a good sense both within a store and across a sector or a region of what is being sold and how things are being done. Sophisticated point of sale systems are good but they are only as good as the user, like any computer system. You can use them to improve a lot of what you see in stores and to get a lot of good evidence about what is going on. We just have not done that yet.

Mrs VALE—I think we still might have a few good stories to tell you.

Ms Toyne—Quite possibly.

Mrs VALE—Thank you very much for the evidence that you gave up in Darwin. I personally found it very helpful, and the way you delivered it was very comprehensive. This might be a good time to raise one issue that I am concerned about. It probably does not come within your remit, but I presume you are aware of Yarrabah. It is a community in Queensland that does not have a community store at the moment. I just wanted to flag that with you because some of the women there are concerned about their food security. If they do not have transport to get to Cairns they virtually have to humbug food from relatives. I just wanted to raise that with you.

One of the things I wanted to ask, and one of the things we found on this inquiry which I was quite stunned about and never thought of before, is the kitchen functionality that is available to Indigenous mothers and grandmothers. It was alarming to realise that some of them have got nothing, sometimes just a spoon and a pot, so one-pot cooking is a prevalent way that they do cook. Also using the community stores like their own pantry because they cannot store stuff at home, which we all know is the most expensive way of using your budget. They say it is far better if you can to have a big weekly shop. We know that the more you go to the shop the more money is spent. It seems that there is very little capacity for Indigenous mothers in remote communities to actually store food. Some communities did have refrigerators but the vast majority did not have any refrigeration, so their store was used in that particular capacity. Is there any policy development you are looking at about whether it is a government role to provide that for people if we are going to provide them houses? Is it the next step to provide them functional kitchens? I would like your thoughts on that. Is that a bit too much to ask?

Ms Hawgood—No.

Mrs VALE—Is there a policy response or a program you are working on regarding that?

Ms Hawgood—I think it is a very good point. There is a program currently called Fixing Houses for Better Health which to some extent goes to that. It focuses on health hardware within houses, including within the kitchen. Obviously with the new investment going into housing across remote Indigenous Australia there will be a need to accompany that with some additional support for people in terms of the equipment that is needed to have a good kitchen and how to use that. Some of that might go to even things like money management, some of which comes through formal income management but some of which also comes through a number of programs that FaHCSIA has that are specifically related to voluntary money management but often focus on things like helping people to work out their budgets, including how to purchase whitegoods through their budgets, and then some support around how you make best use out of those whitegoods. So there are some things around already that I think probably need to be harnessed and focused around the roll-out of the new houses.

Mrs VALE—I think they need to be relooked at and fortified, to be honest. In the AP lands we found that between zero and 20 per cent of the houses had any kitchen functionality at all, and an average figure in over 7,000 Indigenous households was only seven per cent. It is all connected, isn't it? We are looking at community stores and we are looking at food security, but exactly what resources do mothers and grandmothers have to prepare food.

Ms Curran—We said that was a critical component of the demand side, that you cannot increase the demand for nutritious food unless you have got the facilities to prepare it.

Mrs VALE—We also found that the nutritionists who had worked for the Territory government obviously had created a huge impact, but again the degree of impact that they can create is dependent upon what facilities and functionalities are available in the kitchens.

Ms Hawgood—It is the bigger picture, absolutely.

Mrs VALE—It is huge. Then we are getting tied up with a housing issue, and that is a horrendous problem. It is very hard to isolate one particular issue because of the interconnection. I am grateful to think that that is a focus that you are looking at.

Ms Hawgood—There is a recognition that that is an absolute focus and that the connections are critical.

Mrs VALE—The only other thing I wanted to ask about is the CDEP earners. We found in community stores they were reluctant to take on extra work because penalties seem to apply if they worked over 28 hours a week. I am not sure if this is your particular area to be concerned about, but they also have no WorkCover if they do seek to earn extra income. Is the CDEP being phased out or is it in a state of flux? Is there a rethink going on about it? Is it going to apply to some communities and perhaps not others?

Ms Hawgood—There is a CDEP reform process happening, which has meant that CDEP in more urban and regional areas has ceased. There are some changes in remote Indigenous communities but CDEP generally remains in remote Indigenous communities. There will be some new components to it, though, much more of a focus on CDEP being used as work experience, looking for opportunities for CDEP participants to get additional training so that they are ready for job opportunities that may come into the communities, for example through some of the new COAG investment in housing and other areas. So, yes, there is some reform happening but in remote communities CDEP will remain.

Mrs VALE—Have you made any assessment of the potential impact of the changes in CDEP in some of the more remote communities? You see, the ability to have some capacity building seems to have been really a focus of CDEP in some communities, especially when it comes to employing young people in stores. We actually heard that in some of the remote stores that we went to the CDEP was just vital to training young people to work in the stores and if that CDEP went, that young person would not have been able to have that training within the community store.

Ms Hawgood—There would still be that opportunity through work experience placements. The community stores as the employer could ask for people from the CDEP on a work experience placement. That will not cease.

Mrs VALE—Is work experience in a set timeframe, if you doing CDEP as work experience?

Ms Hawgood—I think it is the same amount of hours but I would have to come back to you to confirm that. If I can take that on notice and come back to you.

Mrs VALE—But it is an area that is taxing the mind of your policy units here?

Ms Hawgood—The information I have just got is that the work experience hours can be up to 37.5 hours a week.

CHAIR—I have a specific question that had interested some members of the committee concerning government business managers. Do you issue protocols on appropriate engagement when government and other visitors come to communities? This has been an interest of one particular member. More generally, do government business managers have access to discretionary funding that can support stores?

Ms Hawgood—I am not sure what formal protocols existing government business managers in the Northern Territory might have, but certainly under the new remote service delivery national partnership, which will see the government business manager role expanded from the Northern Territory to the other remote service delivery priority communities in other jurisdictions, the intention is to establish protocols around visits by people from other agencies or organisations into the communities. We want to try very clearly to make sure, in response to complaints from communities about the number of public servants and others who frequently come into the communities, that the government business manager really does become the single channel into that community and that if there is a need for visits from other government departments or other organisations, they are being arranged via the government business manager so that the community is aware of what is happening and why and has some say in that. Certainly that is our intention with all of the 29 remote service delivery communities. In relation to the discretionary fund, I know that in the Northern Territory there is a small discretionary fund, a local priorities fund. I am not sure how that is being used in relation to stores.

Ms Curran—It is quite a small fund. It is \$10 million in 2009-10, so it would be available for a range of activities in the Northern Territory. In response to the questions on notice that you put to the licensing team in Darwin, Ms Toyne has provided some information about assistance given to stores in the Northern Territory.

Mr TURNOUR—I wanted to go back to Ms Toyne about that. In relation to the hub and spoke model you have effectively given a very detailed response there but your last line says:

Each part of such an operation i.e. both the hub and the spokes would need to be individually assessed to see whether it meets the requirements specified in the Act.

So it sort of says, yes, but we are going to go and look at every individual part. Obviously, the idea of the hub and spoke is that there is a central hub that may possibly meet the requirements and some of the spokes may have different functions but link back to the hub. How does that meet with the intention to license it? Are there any problems with the act, regulatory or legislatively, that would need to be addressed to maybe fix some of those problems?

Ms Toyne—We have not actually licensed a hub and spoke model in the Northern Territory yet. We have not actually come across one that exists and operates that meets the definition of a community store. Whilst we have an answer to you, we have not been able to test how the hub and spoke model and the licensing system would work in reality. Quite clearly, even hub and spoke models can be different. If it is just a distribution point that is your hub and it does not

have a shop front but you sell goods out of your spoke area, not just store goods, then you are going to want to assess where you are selling the goods from no matter where the supply centre is and what conditions it sits in. There has been one proposal that we have seen from Laynhapuy homelands, but it is certainly very much in its infancy, which suggests it would have a hub and a spoke but the spoke may not actually sell goods at the point of sale it might just hold the goods. You would have to look at each case on its merits and ask whether it was actually a store that was selling goods to people in the community. It is difficult because we have not tested it. Clearly, there is a way that we can do it. I am just not sure yet how it will be done. The distribution supply model is the one that we have heard about but again there is not one in operation yet in the Northern Territory.

Mr TURNOUR—The issue is with the licensing that currently exists or licensing that may broadly exist in the future. It is about the ability of licensing not to restrict more entrepreneurial or innovative ways to overcome issues around food security. Obviously, where people come up with good ideas where they can use a distribution method, they have good supply chains and they need to use their BasicsCard maybe at the delivery point which is not the shop, we need to find out how we can make all that work.

Ms Toyne—It is very difficult.

Mr TURNOUR—When you say it is difficult is that difficult from a legislative point of view? You could look at it and say, ‘Yes we think this works, but the issue is that we cannot give the licence because we are restricted by the legislation.’

Ms Toyne—Certainly, we are not out to stifle innovation and the way we have administered the licensing scheme is not to do that. If it is the community store, it is a community store and we look at that. We are aware of many different models of operation. The delegate himself has actually issued licences to things that you would not think of as traditional community stores yet they meet some very basic criteria in relation to the assessable matters such as that they do sell, for the size of the community for example, an appropriate range or type of food in their store but they may not have the full range and type of food in their store. We have taken some of those factors into account. At the moment maybe where legislation is a little difficult is that we do not have the power to exempt a store or an operation from the licensing regime. Everything in the Northern Territory in a prescribed area that is a community store as defined by the act is covered by a licensing regime. We have not had too many in the Northern Territory that we have not been able to cover with licensing or have not been able to work with them to figure out a way to assess them against the assessable matters or to potentially issue them a licence if they can meet those assessable matters.

Mr TURNOUR—At the moment though in terms of the issues with the COAG agenda you are obviously looking at the way the licensing is run, and obviously this is a relatively new process, to continuously improve it. So you are at the moment continuing to look at it to make sure that you can deal with some of these issues which have been raised.

Ms Toyne—We certainly feed back to our policy arm in Canberra some of the operational issues that we might identify from time to time.

Mr TURNOUR—Have you recommended any changes recently?

Ms Toyne—Not recently, but I have just been on leave.

Mr TURNOUR—But you have at times recommended changes?

Ms Toyne—I have at times provided my policy arm with some examples of where things are working and examples of things that might be difficult but not impossible. Certainly I provide comment from an operational perspective on policy advice.

Mr TURNOUR—I just have some follow-up questions on the issue of the BasicsCard and the ALPA card. I suppose it is something that this committee will consider in terms of the licensing issues and some of our recommendations so if you have any further information that you think would be useful to provide us in relation to that then I would encourage you to do that. I am thinking particularly about the fact that innovative models need to be able to be tackled. I am not sure whether if you say you can start exempting things then people are going to start lobbying you to have everything exempted. There are some issues around that I imagine you would probably want to consider.

I know you gave some evidence on this, and I am not completely clear in my memory of it, but when we were up in Arnhem Land following on from your evidence we did go to ALPA stores and issues were raised in the community about the BasicsCard and the ALPA card. There was some confusion which clearly existed in that community around those two cards, and I think there were some changes happening already in relation to that in terms of trying to streamline that. I do not know whether you could provide us with any advice on where that is up to. I think there were some consultations going on at the time. I wonder whether there is any advice you could update us on in relation to the BasicsCard process. ALPA had a card out as well and there was confusion within the community. Effectively with ALPA they needed to load up their card—whereas the BasicsCard came in ready—so it took a day to get to the ALPA card. People would front up and could not pay for their stuff. So, again, people were discouraged from using an ALPA card because it took them a day longer to get access to the money effectively. I wonder whether those issues are being dealt with and what you are looking at in terms of having some consistency around cards into the future.

Ms Curran—Ms Toyne might have some further information but the whole BasicsCard process is with the Department of Human Services so I am unable to provide any update, unless Dr Smith or Ms Toyne are.

Ms Toyne—No, we were aware of some of the earlier implementation issues that may have been around with both income management and initially the ALPA food card, and then with the advent of the BasicsCard. I guess from an operational Northern Territory emergency response perspective people can choose where they allocate their funds to. So they can allocate to the store; they can allocate to an ALPA food card, if indeed it exists in that community; and they can allocate to the BasicsCard. So they can choose that themselves. ALPA has had this food card for quite some years. They have trialled it and used it. I guess if there are issues with the implementation of that card, or how it operates and the transfer of funds, then we would probably take that up with ALPA and see if there is something they can streamline within their system.

Mr TURNOUR—I think they are. One of the other issues was that there were some definite benefits to the ALPA card compared to the BasicsCard because a photograph of the person came up and there were a whole lot of community issues. There were also issues in that that money was then tied to that particular store whereas with the BasicsCard you could use it across a range of different stores. From a policy point of view I think this would fall within FaHCSIA, wouldn't it? The service delivery is undertaken by the Department of Human Services or Centrelink but the policy framework would still fit within FaHCSIA, wouldn't it?

Ms Curran—No, it goes to Human Services as part of the BasicsCard. We work closely with them—not my group but another part of the department does.

Mr TURNOUR—I suppose the issue is about some of the benefits that the community have identified in terms of the ALPA card and whether there is an ability to transfer them across to the BasicsCard—the photo ID and some of those issues. Anyway I just wanted to raise that as a follow-up issue.

CHAIR—I thank the witnesses for appearing today.

Resolved (on motion by **Mr Turnour**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 1.40 pm