

**NEW ENQUIRY – REMOTE COMMUNITY STORES IN ABORIGINAL AND
TORRES STRAIT COMMUNITIES – MEDIA ALERT ISSUED 4TH DECEMBER 2008****INTRODUCTION – FOOD SUPPLY**

WA Buying Services (WABS) is a an independently owned, co-operative buying entity, centred on co-ordinating the purchasing needs of Aboriginal Communities, Schools and Workshops, to achieve bulk discounts

WABS has supplied remote aboriginal sites for over a decade and therefore has the specialized knowledge and experience in understanding and dealing with the difficulties faced by the Aboriginal Communities and other remote sites.

WABS currently service fourteen remote community stores in the North West of Western Australia, having accumulated a significant purchasing power through our list of preferred suppliers, therefore obtaining maximum discounts for our clients.

WABS has patented and registered a unique on line purchasing catalogue (available only to registered clients) which is a user friendly, “one stop shop” enabling the managers to save valuable time in sourcing goods, comparing prices etc. One shop, one order and WABS arranges the freight to the nominated company and checks to ensure that goods are received in time for the designated truck.

The purchasing catalogue is supplied and supported seven days per week free of charge and can be utilized via a computer without internet service if necessary.

Our services are specialized and personal to all our clients. Being a small company, with minimal overheads, we endeavour to maximize discounts on all products with emphasis on the healthy alternative lines i.e. fresh fruit and vegetables, lean meats, diet drinks etc.

The WABS Suppliers include such major companies as Coca Cola, Tip Top Bakeries, Dorsogna, Classic Meats and our local IGA CashnCarry.

Purchasing directly through the CashnCarry outlet enables WABS to obtain significant discounts through fortnightly specials, pallet buys etc. The personal service offered to WABS via CashnCarry includes alerting our staff to out of stocks, deleted lines etc (unlike the IGA Main Warehouses), in time for substitution of core line products. Obviously this method avoids the communities out of stocks on vital food items.

All suppliers work in conjunction with WABS to minimize pricing without reducing the standard of produce. WABS constantly review the pricing structures and the standard of produce.

The discounts offered are significant, with WABS bread pricing being the cheapest available in WA and the meat supply (having initially discounted pricing), allows a 3.5% discount on invoice to our clients only. These discounts have been applied to WABS clients through our continued loyal service and due to the fact that credit control issues are overseen by our company.

W.A. Buying Services
ABN 37 0759 80 826
PO Box 346 Hillarys 6923 Western Australia
Phone: (08) 9403 7865 Fax: (08) 9402 1174
E.mail: karen@wabuying.com.au
www.wabuying.com.au

WABS not only supply the best quality, healthy alternative foods but also provide the communities with all non food items, purchasing wholesale goods direct from manufacturers i.e. furniture, white goods etc.

It is obvious that the greater number of stores enlisted within our buying services, increases the purchasing power and therefore increases the discounts to the remote stores.

The staff at WABS have also worked in conjunction with Robyn Bowcock of the Kimberley Health Department to offer our clients the recommended healthy alternative grocery lines highlighted within our catalogue.

It is difficult to broadly outline our company as WABS not only provide a unique purchasing facility; it also employs personnel to manage various remote stores. In this we provide a working manual of the manager's responsibilities and monthly financial reports, together with a support programme to involve the local community residents to be employed in the store, where possible.

WABS was responsible for the lotteries grant to install the point of sale system currently in operation at the Jilgoor Store, Burringurrah. Until recently WABS accepted responsibility for repaying outstanding store creditors, via payment plans, in order for the store to continue to trade and the community to receive vital fresh groceries, plus the fuel bills to be settled. Jilgoor Store was significantly reducing the outstanding creditor payments and our suppliers were happy with the payment plans in effect at that time. Unfortunately a new CEO was employed at Jilgoor and WABS was basically advised that its services were no longer required. This subsequently cut off supply from Perth which was transferred to the local Farmer Jacks, now owed a considerable amount of money with no hope of repayment without assistance. I believe the CEO in question, left the community a few weeks later !!

WABS is now communicating with the Indigenous Affairs Minister of WA (Minister for Health) and the Regional Manager of the DIA Murchison Gascoyne Regional Office on this matter.

I would point out that Jilgoor is just one of many remote sites that WABS has previously assisted and brought back to solvency.

OUTBACK STORES MODULE

Personally, I am unaware of the total number of stores in WA, currently being assisted by the Outback Stores Programme. However, as I was advised that Outback Stores were in situ at Balgo Store, Marwuntu, I telephoned the manager to introduce myself and our company with the offer of assistance in purchasing requirements. I found this person very abrupt and who showed no signs of wishing assistance in reducing the cost of goods to the store. I believe, this store is now purchasing goods through Alice Springs which would, I believe, entail fruit and veg passing quarantine regulations and almost certainly a higher cost of goods on the grocery lines. Following this telephone conversation, I contacted various stores and managers who have come into contact with the Outback Stores Programme only to receive very negative reports.

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COMPETITION

WABS was previously trading as Aboriginal United Buying which was part of the Aboriginal Economic Development (AEDO), set up by the Government and which received funding to assist remote Aboriginal communities in both supply and management.

In 1996, alterations in Government Policy towards funding of private companies came into effect and AEDO was sadly wound up. Former employees of AEDO, upon repeated requests from clients, set up an independent company (now WABS) to continue providing its valuable services.

As a company we were, and remain, highly passionate concerning the health and economics of the communities and therefore continue to trade without funding and with profit only to cover wages and our minimal overheads.

In my view, smaller operations such as WABS are far more experienced in dealing with the difficulties faced by the aboriginal communities and have only their well being at heart.

There are undoubtedly larger bodies of which I am well aware of, entering these communities, which possibly are in financial difficulties or requiring management personnel, offering their services at extortionate rates with the promise of financial assistance in the short term but which will eventually require repayment. These bodies are utilizing managers which are now suffering with outstanding creditor payments not being settled, purchasing stock locally at ridiculous prices and having none or very little time to explore the avenues of buying groups such as ourselves. Having successfully dealt with a number of these communities in the past, we find it very frustrating that these communities are now suffering. Unfortunately, due to the minimal resources to hand, we are unable to travel to these communities and assist in reducing their time, grocery bills and outstanding creditor payments (without the need for outside financial backing).

FREIGHT ISSUES

Freight issues are of great importance to those stores which are, for example, on the outskirts of Halls Creek. Currently these stores purchase fresh fruit and veg from Perth (dry grocery lines from Darwin) which is transported by Nexus Freight Perth to a depot in Kununurra. The goods are then collected by QAL transport (from the NT) and carried directly to the stores, leaving the produce with a very decreased shelf life. In an endeavour to reduce the transportation costs to these stores, WABS, together with Peter Howell (MD of Nexus Freight) completed a proposal in 2006 to all stores within that area in order to consolidate the freight and therefore reduce transportation costs dramatically (copy of proposal attached – stage 3 refers). Obviously, all stock would then be purchased via Perth and thus receive the benefits from WABS. Unfortunately a commitment was not forthcoming from these stores, mainly due to the constant management changes.

Nexus Freight provides an excellent service to the WA Stores notwithstanding the effort of the Nexus drivers to reach the designated stores during the wet season.

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It is imperative to the health of the communities and the economic viability of the store to ensure continued supply of fresh goods is maintained. Thus we feel that freight issues are of extreme importance and in urgent need of the Government's attention.

In my opinion, it is companies such as WABS and Nexus Freight, with the specialized knowledge of the health and economics of the remote sites, which should be working with the Government to resolve these issues.

END OF SUBMISSION

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Further to various discussions, the RIST conference in Adelaide, the local telephone conference etc, we suggest that Nexus has been somewhat pro-active in working towards resolving transport & logistic problems in relation to ongoing supply of freight services to the abovementioned communities.

We see a three stage requirement en route to the final solution.

The **first stage** is in place, in that continuity of supply is assured until end of September

The **second stage** will be resolution on the part of the communities to consolidate their freight requirements with one or another carrier, and bulking up their purchases to ensure an economical solution.

Whilst some may feel it prudent to stop at that point, I feel a decision of that nature would be irresponsible, and ultimately will lead to a repeat of disintegration of service and commitment on the part of service providers.

The **third stage**, therefore, must be a commitment between the four communities and a transporter to provide services over a long term – that transporter to provide modern, suitable, serviceable and reliable equipment on a regular replacement program – with sufficient guarantee in place to expend the necessary capital with confidence.

You are all aware of my thoughts; I have made no secret of them, and I fully understand that you may choose to differ. Equally, you are aware of my thoughts on bringing an outside player into the WA market, and the reasons why this shouldn't happen.

Second Stage

Accordingly, I am now pleased to submit the following second stage solution, operational from end September 2006 until 30th June 2007; thereafter subject to change as required by circumstances.

For the three southern communities the service is based on dedicated trailer(s) being loaded in Perth, topped up in Halls Creek if required (dependent on space availability), then being towed by¹ to the communities for eventual unload.

In this way, temperature and minimal handling integrity is maintained as best as possible.

Each trip will encompass delivery to the three community stores for fruit & vegetables (only). Anticipated volumes would indicate week one to Balgo with a fruit and vegetable drop at Mulan and Billiluna; week two to Mulan and Billiluna with a fruit and vegetable drop at Balgo.

We reserve the right to advise you which departure day best suits our operation to allow us to operate in the most efficient method, bearing in mind that we will have at least one trailer completely out of our fleet system at all times, and to ensure best connections with freight from Darwin and/or Broome – which freight volumes we would hope would be kept to a minimum.

To cover all eventualities, provision must be made for additional vehicles and other combinations to service the stores. I have made provision for most scenarios below.

Please note that all quoted costs in this correspondence are subject to our normal terms and conditions of transport as they appear on the reverse side of our consignment notes, and with which you are familiar. Additionally, all prices are subject to a fuel surcharge if in place at the time of freight movement, and GST. Insurance is excluded, but we are willing, and able to obtain a quotation from our broker who will be able to provide a policy at additional cost.

Pricing structure is based on:

Perth and Darwin to Halls Creek a kilo rate, with cubic conversion at 3 metres cubed equals 1 tonne, basic and minimum charges per consignment.

Note that this can be changed to a pallet rate if you wish, but experience tells me a kilo rate is fairer overall.

Halls Creek to communities excluding Ringers Soak

a pallet rate per truck type utilised.

Third Stage

Stage three cements in place a permanent and mutually secure transport and logistics program for the long term future for all communities in the COAG Trial Area.

This stage requires very approximately \$750,000 capital outlay specific to the freight task in this geographic area and for the inherent road conditions experienced.

Following receipt of an endorsement from government agencies and the communities concerned, we will cost our proposal on the following two basic:

1/. A strict understanding that a (long term) contract binding on all parties, guaranteed and/or underwritten by government, possibly utilising an irredeemable contract or something similar will be put in place to protect the carrier's investment. This is due to the specific equipment being designed, built & purchased, being unusual and unable to become a fully synchronised part of normal fleet operation elsewhere.

2/. Details specific to the Nexus proposal, including configuration and/or design features be treated as commercial in confidence.

An indication that this is achievable would be appreciated at the very earliest opportunity. Specialised equipment takes time to build and timing is an important issue. I would like to progress with the exercise as soon as is possible, aware that it could be a long program with changes/improvements on the way through.

Another point worth mentioning, but not necessarily part of this proposal include consideration being given to the communities as a combined force, setting up storage facilities of their own for frozen, chilled and dry goods; the facilities to be managed by the incumbent transport operator.

In this manner, the communities retain their independence and can call tenders periodically to ensure they have market best practice and cost effectiveness.

Without wishing to be too repetitive, I would again point out that bringing a Northern Territory operator into WA to service communities is not the answer in my view. They, and as a consequence you, will get little cooperation from anyone, and an important part of your service requirement is for the incumbent to have the ability to provide back-up when things get tough.

Please understand that I have nothing particular against any operator, but certainly would prefer they stayed in their own market place. There are more than enough carriers in WA. The crucial element is to find one with the necessary level of commitment to the (your) cause.

Accordingly, the Nexus stage two price structure is:

Perth to Halls Creek	General cargo	41.0 cents per kilo
	Freezer chiller	48.0 cents per kilo
Darwin to Halls Creek	General cargo	27.0 cents per kilo
	Freezer chiller	35.0 cents per kilo
	Minimum charge for running freezer unit if communities are only refrigerated on board	\$275.00
	Basic charge	\$15.00 per consignment
	Minimum charge	\$30.00 per consignment

Halls Creek to Balgo, Billiluna, Mulan

Semi-trailer [20 pallets]	\$165 per pallet
Minimum trip cost	\$2,800
Body truck [12 pallets]	\$260 per pallet
Minimum trip cost	\$2,500
Body truck [6 pallets]	\$332 per pallet
Minimum trip cost	\$1,650

It is suggested that any difference between the freight revenue and the minimum charge applicable be proportionately divided between Balgo, Billiluna and Mulan [perhaps half, quarter, quarter in line with the temporary depot fee arrangement]

Halls Creek to Ringers Soak	Body truck [12 pallets]	\$260 per pallet
	Minimum trip cost	\$2,500
	Body truck [6 pallets]	\$332 per pallet
	Minimum trip cost	\$1,650

Importantly, please note that the service is year round except for those brief periods when air transport/SES involvement becomes a necessity. At these times we will work closely with the SES to ensure the most cost effective solution is engaged.

Extended use of small vehicles in an extended wet will increase average costs to the store, however we all accept that wet seasons are a fact of life.

Stage two requires a formal agreement, signed not only by stores, but also by the community, and an overseeing signature by a government agency.

Additionally, if WA money is spent on communities in the wet via SES and similar situations, then WA business should have the benefit of commerce when things are running normally.

Parochial? Unashamedly so.

Able to fix your issues at a justifiable cost? Undoubtedly.

After reading the foregoing I almost feel an apology is warranted for being so opinionated – however it is more important that you know exactly where I am coming from, and that what you see is what you get.

This community freight has been somewhat close to my heart for a long time now. I want to join a lot of other people, all of whom have been trying for a very long time to put something worthwhile together. If that can't happen, then so be it.

Should you require any further information, or wish to raise questions, please don't hesitate to contact me at any time.

Kind regards,

Yours very sincerely,