

New Inquiry-Remote Community Stores in the Aboriginal and Torres Strait communities

Island & Cape's response to the above inquiry will include the following

- Who and what are 'Island & Cape'
- Response to the 'Terms of Reference' of the inquiry
- Government or Private run stores
- A better way forward

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Who and what are 'Island & Cape'

Island & Cape are a locally owned Cairns operation employing local and regionally based people who endeavour to understand and live with our customers. Our facilities include four buildings in Cairns, including dry warehouses, chiller and freezer facilities and in addition our four retail store sites in the Torres Strait region.

Island & Cape is totally dedicated to the Cape York & Torres Strait region, and therefore we have full understanding of the issues regarding the region.

Warehouse And Distribution operations

In the main we source our products direct from the manufacturer or importer, usually free of transport into Cairns. This allows for competitive pricing, better 'use by' dates and shorter delivery times, reduced stock holding; this is compared to Brisbane sourced products.

Island & Cape stock and distribute a wide range of products including:-

- Dry Grocery products
- Chilled products
- Freezer products
- Food service products
- Soft drink lines
- Electrical products
- Variety products etc

All the above are distributed through our different sites in Cairns. All the above is available also on our "On line ordering Web Site". We currently employ 45 people including a wide range of differing indigenous peoples (60% of employees are Indigenous).

Our major competition based in Brisbane would be companies such as Metcash (South African owned and controlled) and its associated group members (Campbell's Cash & Carry, IGA etc) or Spar. Companies who are not dedicated or have any experience in meeting remote indigenous demands or have any general idea of regional problems.

Retail Operations

Our store operations are overseen by our Cairns office and two experienced management teams based in the islands. We encourage local indigenous staff to step up to management roles and currently have two stores operated by locals, these are overseen and mentored by our management team. We also have stand by personnel available to us for sickness and holiday cover, who also have experience and understanding, to the management of our stores.

Island & Cape operate a series of its own retail outlets, which include:

- ✓ **Dauan Grocery Store** (plus Takeaway)
- ✓ **Masig Grocery Store** (plus Takeaway)
- ✓ **Erub Grocery Store** (plus Takeaway)
- ✓ **Badu Supermarket**

Each of the above outlets is remotely controlled from our Cairns main office, incorporating our own software programs, IT management and accounts management. Our stores, are fully supplied through our central purchasing and warehouse operations in Cairns, therefore allowing remote managers to concentrate on store operations, but still participate in buying local requirements.

We receive no general or special government funding, whether it be State or Federal Government, other than disaster and cyclone events. Our stores have to compete with State Government stores (IBIS and Datsip stores) who receive ongoing grants and special help in a variety of differing ways.

Response to the 'Terms of Reference'

1) Food supply, quality, cost and competition issues: Warehousing in Cairns allows the regional maintenance of supplies and monitoring and adjustment, if necessary, of stock levels.

Regional despatching of product ensures quality at the latest point of shipment, especially of fresh and chilled products. We are actively discussing ways to assist with the *State Governments Nutritional Policies* and believe private enterprise will be more successful in the success of these policies than the perceived 'imposition' by government stores.

The two models of supply (for North Queensland area, is either (a) Brisbane supplied or (b) Cairns supplied) and are completely different, however the control of the main distributors (Metcash & Spar) do control the pricing if bought direct from Brisbane. Where as, the regionally supplied, 'direct from manufacturer' sourced products seem to be just as, or even more effective in keeping costs down. This can be confirmed by the fact, our stores are as competitive, compared to, say; IBIS stores who source from Brisbane and receive consistent financial help from State governments.

2) The effectiveness of the Outback Stores models and other private, public and community store models: We are not qualified to judge the effectiveness of the Outback stores model, but we question why it is not being taken up by the differing Northern Territory communities. My suspicion is that the outlying communities do not have the confidence in the stores meeting their particular regional and community needs. Also, the potential imposition of certain perceived dietary products and the possible withdrawal of 'liked and traditional products'. I suppose it is human nature that we don't like being told what to eat and do etc.

We have private stores, obviously, and do believe that, this is the model to break the problematic cycle of food supply issues. Please see our “Better way foreword” section at the conclusion of this submission.

Government run community stores are effective to a degree, but offer very basic services and do not relate to individual community needs and lack entrepreneur initiatives. The tendency of success, for each of these stores, depends on the ability of that particular store manager. In our experience, they also do not get the motivational stimulus that is needed to ensure a stores success. This relates to “store atmosphere”, “maintenance of cleanliness”, and the motivation to ensure “nutritional and community policies”. It is also our experience that in the more problematic communities, the government community stores do not employ local indigenous peoples as much as they should, and only seem to offer ‘menial work’, and hence, these individuals do not get promoted to interesting and worthwhile jobs. Our Island & Cape stores try to make the workplace “A Happy Place to Work”. With the hope of improvement to those deemed to be worthy.

3) The impact of these factors on the health and economic outcomes of communities: In our opinion the State Governments Health and Nutritional policies will only be successful if the healthy products are sold alongside the regular products with pricing and motivational policies in place. Offering true choice. Imposition will only be partially successful, and if the indigenous peoples buy these products through choice rather than imposition, long term gains will be made.

Government or Private run stores

The above gives some differences between Government and Privately run stores but the points laid out below may be considered in making choices to give the indigenous communities the best results.

Government stores

Are seen to be a ‘service provider’ of a basic foods and a “must have” community store.

Are managed at senior level by bureaucrats (with respect), with a lack of regional management experience.

Do get some priority to grants and funding. (a bone of contention with private operators who operate in similar regions)

Impose healthy and nutritional products with out incentives.

Lack indigenous basic training objectives and the much needed on going mentoring programs.

Private stores

Suffer from historic “wrong doings” by previous unscrupulous operators.

Offer a wider range of services , to maximise and make any possible profit opportunity.

Will drive costs down through ‘with in store savings’.

Collectively drive out transport costs.

Look for special one off deals outside of normal supply chains.

Want to employ locals due to on site availability, and offer some ease of management skills by mentoring on site motivation.

Offer an incentive to build other business opportunities on the basic store business, therefore helping to create an economy. These opportunities ‘outside of the store’ would not otherwise be made available in their own right. This would be due to restricted population sizes and associated low sales and high base cost, which could be offset by the store. (eg takeaway, catering facility, fuel outlets, bakery etc)

A better way forward

Model 1 :

A collective strategy of privately run store operations, under some kind of government registration and guidance scheme.

I understand the issues of the 'potentially perceived conflict' of government benefiting private business. However, "special problems" sometimes require "special solutions". Under such a scheme a participating private company would be expected to :

- Work under an agreed profitability policy. (A maximum profitability 'set and monitored' by a government department. This would be needed because of the potential sole outlet situation, particularly in each small community)
- Work towards government nutritional policies with funded financial benefits based on achievements.
- An open account book policy to ensure viability and sustainability.
- Agree to an indigenous training policy, especially to those indigenous individuals who show constancy in attendance and loyalty.
- Benefit from government funded equipment policies, to maintain and offer quality and freshness of product, therefore meeting community needs and achieving set standards. Maintenance of this equipment would need to be mandatory.
- Sign up and conform to a government registration scheme, meeting set criteria. Any private company falling foul of such a scheme will be de-registered and not allowed to continue in business in the associated community.

Model 2 :

An enterprise arrangement, jointly run by:-

- ✓ A Government nominated chairman
 - ✓ A Locally voted community elder
 - ✓ A Private enterprise operator
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- The enterprise will have the security of being run by an experienced private operator away from local community interference.
 - The ability to react to local objectives, stocked products and needs.
 - The ability to set Pricing policies to meet an agreed end. Sharing of set profits etc.
 - Profits to be shared between private operator and local community.
 - Profits to be strategized to meet community needs. The less community requires in profit, means the less the pricing could be.
 - Government participation necessary to maintain equilibrium of control and common sense objectives. Also enabling the assessment of extra governmental needs or funding.
 - Government monitoring of training participation and programs.
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Conclusive Notes

The above two models of which Model 1 is our preferred option, need further thought and fine tuning to meet the needs of all , for which time I currently do not have. I would however be prepared to give such time in the future. It would need guidance and planning to meet governmental requirements in such agreements etc.

I have worked in the Cape York and Torres Strait regions for *ten years* in the line of Food Supply . During this time I have seen many different approaches to problems and the attempts to offer opportunities to individuals and communities. Sadly with very little outcome ,I am sure all were well intended. However it did mean the main benefactors of such attempts were the consultants (from Down South) who got very well paid and I believe 'value for money' , was not achieved. At best; assessments have been well done and in some cases repeated several times, with still no outcome.

It is my belief that, any given community store, is the central focus within a given community, in most cases more so than the council offices. It is a place to meet and attempt to get an experience of enjoyment in meeting others and purchasing everyday needs, and in most cases this is sadly lacking. These stores can be expanded to offer other business opportunities which would otherwise not be viable, This, in essence being a lost opportunity to the creation and start and creation of a small but effective local economy.

The generation of jobs and creation of self esteem within these communities is a must and then we may have hope of retaining the most motivated, experienced individuals in these communities, to show the way to others.

Last year I presented Model 2 to the *Cape York Institute*, Gummi Friderichsen and Noel Pearson. Both were very optimistic and wanted to pursue our participation, but sadly, no moves forward, as of yet.

Island & Cape are set up to be support, any suggested model, by the fact we are a food distributor and retail operator in one, is unique. They are run separately, and are managed using the same senior management team, therefore creating a great environment for encouragement and motivation. We operate a policy of indigenous integration and we have warehouse supervisors of both indigenous denominations (Aboriginal and Torres Strait islander).

I hope to hear some results from your enquiry and applaud the setting up of such an enquiry. I hope it is more than lip service to what is a very serious issue facing our society today.

John D Smith

Island&Cape

