

To the Committee

I am writing this as the contact person for the Kaltukatjara Community Corporation. I have been in the Kaltukatjara (Docker River) community for a period of seven months. As the contact person for the local corporation I try to maintain an independent perspective on business relating to the corporation.

My submission wishes to bring to the attention of the committee that the set up and operation of the store at Kaltukatjara is such that it does not provide an effective model, minimising competition and with no real economic benefit to the community.

Store management

From my reading and investigation I find that the store in the community is owned by the community. The Kaltukatjara Community Corporation (KCC), of which there are seven Directors from within the community, is the sole share holder of Western Desert Highway Corporation (WDH), which has another seven Directors from within the community, who represent the store. The WDH in turn employs **Ninti stores** to manage the store on the community's behalf.

KCC is operated within ORIC and WDH is operated outside of ORIC through ASIC. WDH is a trust company I believe whose CEO is the same CEO of a company called **Wana Ungkunyitja**. The store corporation configuration, I believe, was set up by **Wana Ungkunyitja** which controls Ninti stores and also AAA Accounting, the accounting firm for WDH and KCC.

Community benefit

Ninti, as the management company, returns to the community each year \$1,000 to each household (of which there are 46) plus incidentals such as vehicle maintenance. The \$1000 is distributed by way of local purchase order, which means the community must, and can only spend the \$1000 at the local store (a precursor to income management). The store has something within the vicinity of a \$3million annual turnover.

The community requested that Ninti hold all profits above the \$46,000 in trust for 3 years and at the end of the 3 years the community would spend the residual accumulated profit on a community project.

At the KCC AGM the manager of Ninti stores told the community that this amount was \$311,000 to date. When he spoke to the directors separately he told them that the \$311,000 was in fact stock not cash.

Governance

The manager of Ninti stores will attend the community from Alice Springs giving little notice to Directors of a Directors meeting. I have attended two meetings as an observer, by way of invitation of the Directors. The first meeting was conducted standing around the freezer cabinet at the back of the store and the last time sitting on garbage bins, or the like, in the back of the store.

On both occasions the manager read paperwork to the Directors and had them sign documents, such as minutes, which had not previously been distributed. He arrived with one set of each document. No paperwork, including profit and loss statements, has ever been left with the Directors (according to the Directors).

I have engaged the Directors and they are reticent to ask the Manager for copies of documents or even question him about any matter. I believe it is for several reasons;

- They do not understand the process and numbers involved and therefore do not want to be embarrassed
- They believe if they question him he will take the money away from them, as they have to ring him for any money.
- The manager pays the Directors >\$450 sitting fees- and in cash (unlike the Local Purchase orders at Christmas time).

At the last meeting, a Director asked the manager for copies of the documents, of which he was given one, the profit and loss statement. I have looked at it and spoken to a few Directors who do not understand it. In the statement it is noted that the parent company Wana Ungkuntja receives a substantial amount of money for *management fees* as does the accounting firm. The Directors I spoke to do not know what this payment is for, and as we have no access to the contractual agreement we are not in a position to properly question this company.

Taking notes during the last meeting and re reading them later the figures given by the manager did not align and in fact changed during the course of the talk by the manager.

I have emails from the CEO of Wana Ungkuntja refusing to give the Chair of the KCC (the single shareholder) a copy of the contract or any other paperwork, citing governance reasons.

Community engagement

There are no indigenous workers trained in the store to work the cash registers or other places of trust.

Conclusion

From an audit perspective the accounting firm and Ninit stores maintain appropriate records and show them to the appropriate authorities; however the management is constructed in several layers and set up in such a way that it is hard to identify where any profits are heading. From an annual turnover of between \$2 - \$3million the community receives \$46,000 and that is not by way of cash but stock from the store. Profit in abeyance is also stock not cash reserves.

- There are no community members involved in any positions of trust within the store, such as working the cash register.
- There is no transparency in the management of the store and Directors are not fully appraised, in a manner they understand, of the running of the store.
- There is no governance principles observed during Directors meetings, such as the distribution of minutes and other statements before hand.
- No records are left with the Directors or on the community relating to WDH.
- The constitution of the KCC does not allow the Directors sitting fees, but the Directors of WDH are paid sitting fees in cash while benefits to the community are paid by way of Local Purchase Orders.

As a very isolated community I would be happy to attend, with the directors, any consultative meeting in a central location such as Alice Springs and verbally express concerns.

Yours sincerely

Greg Ranse