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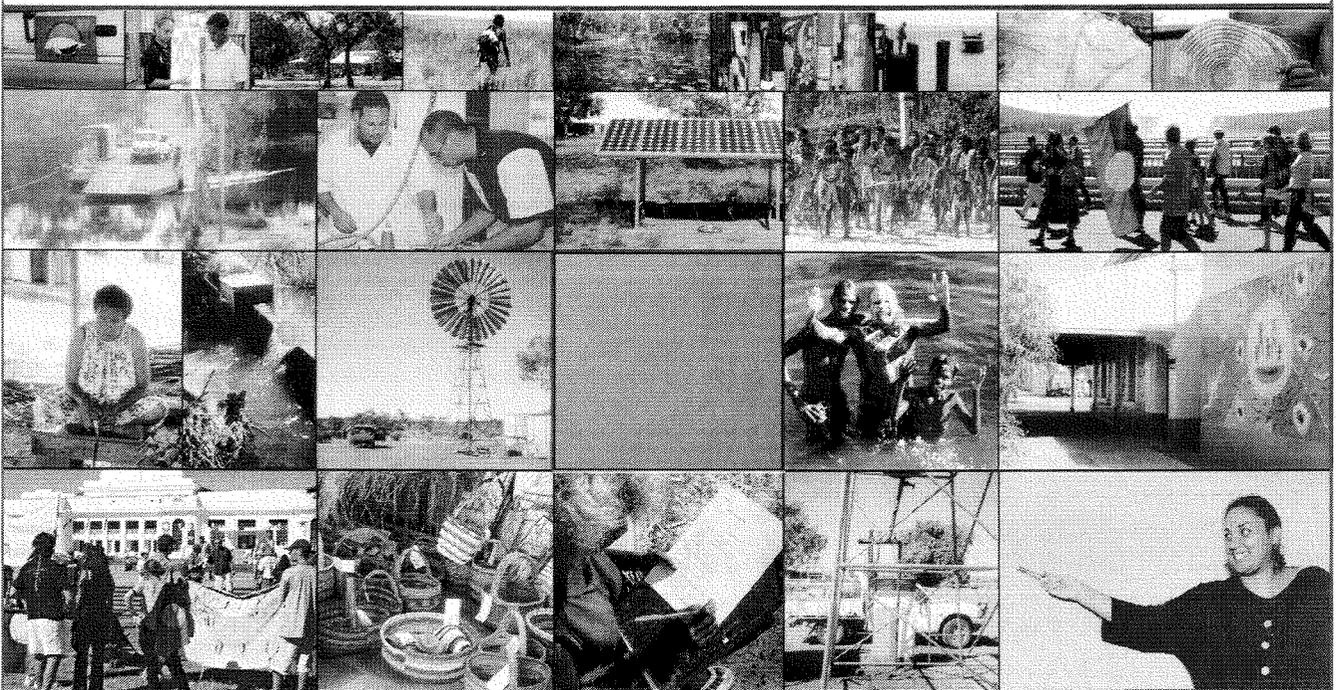


Submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs Inquiry into Community Stores in Remote Aboriginal and Torres Strait Islander Communities

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Submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs Inquiry into Community Stores in Remote Aboriginal and Torres Strait Islander Communities

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The following submission briefly addresses the three terms of reference of the inquiry into the operation of local community stores in remote Aboriginal and Torres Strait Islander communities. Our aim is to point the committee to key issues for consideration and to existing research where appropriate, and to present some available data.

TOR (1): FOOD SUPPLY, QUALITY, COST AND COMPETITION ISSUES

1. In considering food supply, quality, cost and competition issues it is first necessary to reflect on the demographic context of remote Aboriginal and Torres Strait Islander communities. According to the latest data from the Australian Bureau of Statistics (ABS) Community Housing and Infrastructure Needs Survey (CHINS), there are almost 1,200 discrete Indigenous communities across the country.¹ Almost all of these (94%) are in remote and very remote areas. Most discrete Indigenous communities (83%) have populations of less than 100 people and only 17 communities (1%) have populations over 1,000 people (ABS 2007). The distribution and size of discrete Indigenous communities is detailed below in Table 1 and graphically illustrated in Fig. 1.
2. The number, size and distribution of discrete Indigenous communities create enormous difficulties in establishing and maintaining community stores. Large distances from wholesalers generate significant additional costs in transport (only partially offset by the diesel fuel subsidy) and limited access to scarce expertise makes managing a store extremely difficult. The problem of small local market size is compounded by the relatively low incomes of most remote Indigenous residents. This is not an argument in favour of the centralisation of Indigenous populations so that remote stores can magically have a larger client base and become commercially viable. Rather, it is to note that any assessment of remote community stores should realistically consider the particular needs and challenges of remote Indigenous communities. It should also be noted that many communities have significant non-Indigenous populations in terms of purchasing power if not numbers that are generally less than 10 per cent of the total. An additional challenge that stores face is that their client base can be bifurcated owing to differing social norms and consumer tastes between Indigenous and non-Indigenous Australians. There are still some practices, such as freight subsidies for school teachers, that undermine the revenue base for community stores.

ABS:
Australian Bureau
of Statistics

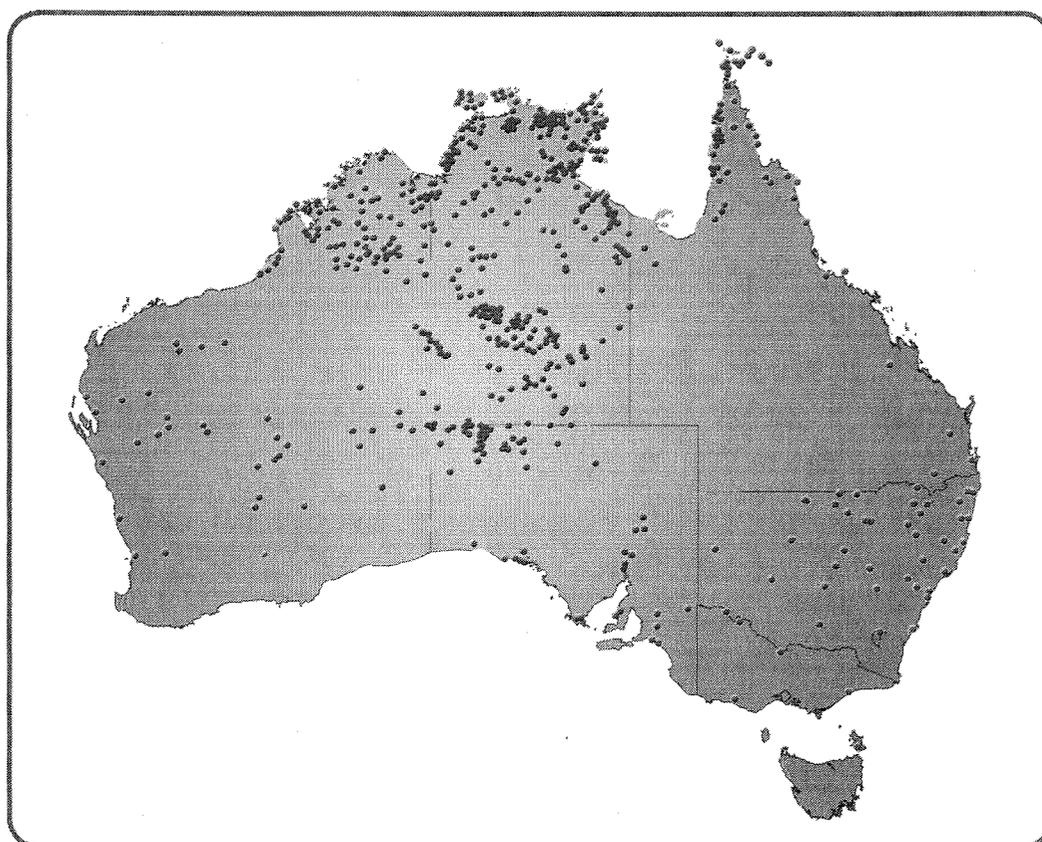
CHINS:
Community
Housing and
Infrastructure
Needs Survey

Table 1: Number of discrete Indigenous communities by size and remoteness area and proportion of all communities with a store, 2006.

	Number of communities			All	Proportion with store (%)
	Non-remote	Remote	Very remote		
All communities	75	104	1 008	1 187	14.7
Reported usual population					
Less than 50	27	71	767	865	0.5
50-99	14	14	95	123	23.6
100-199	26	8	58	92	51.1
200-499	5	7	59	71	85.9
500-999	0	2	17	19	94.7
1,000 or more	3	2	12	17	94.1

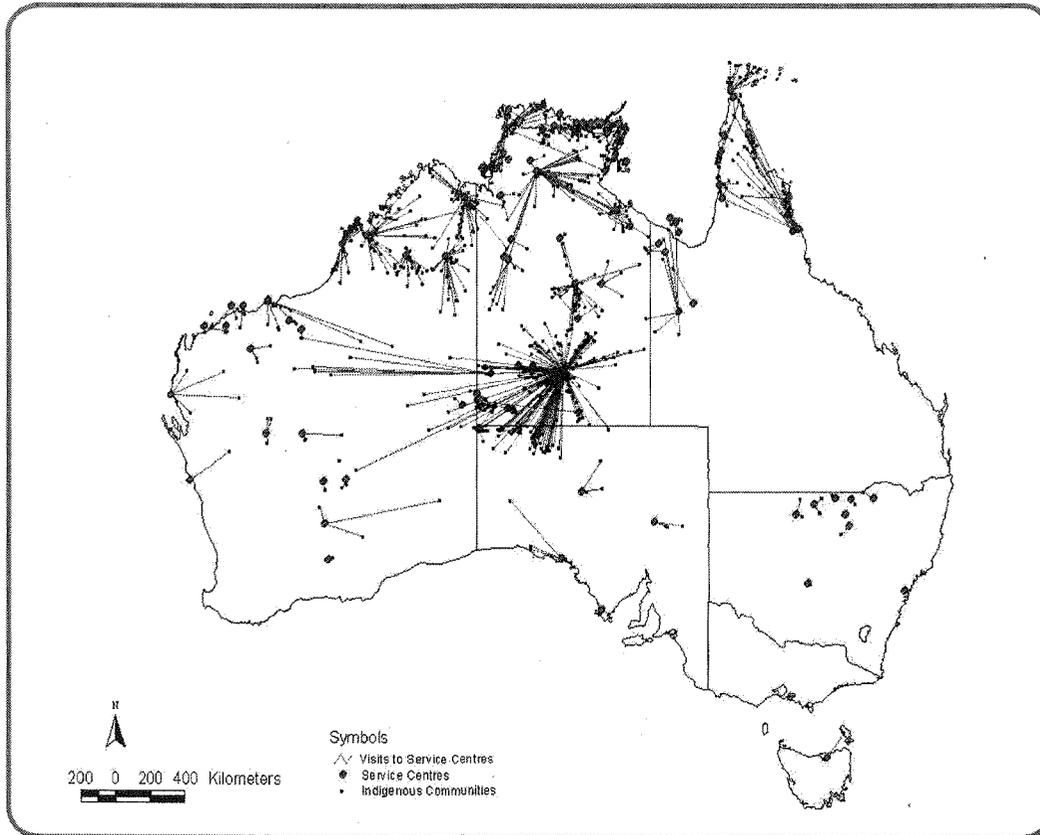
Source: Australian Bureau of Statistics 2007.

Fig. 1. Discrete Indigenous communities by usual population, 2006



Source: Australian Bureau of Statistics 2007.

Fig. 2. Journey to service centres: discrete communities in remote Australia, 1999



Source: Taylor 2002.

3. Not surprisingly, the larger communities are best serviced by existing remote stores, with around 94 per cent of the 36 communities with 500 residents or more having a store. However, many of the smaller communities are also serviced by these stores in larger centres. Fig. 2 shows the service centre catchment areas for discrete communities in 2001. It suggests the importance of a 'hub and spokes' model of service delivery and the need to build capacity in community stores in larger centres to provide adequate services to the 'spokes'.
4. In 2001 the Australian Competition and Consumer Commission (ACCC) commissioned the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University to undertake a 12-month 'pilot' study of the implications of the *Trade Practices Act 1974* (TPA) for Indigenous Australians. The report (Altman and Ward 2002a) presents key findings for competition issues in community stores. It notes that most community stores have a high degree of market power either as a monopoly provider or as one of only a small number of providers. The report also notes there may be additional factors in mark up decisions that may result in higher prices, including structural factors (such as high freight costs), inefficiencies in store practices (poor management), unscrupulous conduct (by management and/or staff), or cultural practices such as obligations to assist kin with book up or non-charging (Altman, McDonnell and Ward 2002: 8). It should be noted that in recent years the use of sophisticated technology including price scanning and security cameras are reducing

ACCC:
Australian
Competition
and Consumer
Commission

CAEPR:
Centre for
Aboriginal
Economic Policy
Research

TPA:
Trade Practices Act
1974

Table 2. Percentage of Indigenous population in Community Areas who did and did not fish or hunt in a group in the last three months, by recognising and living on homeland, 2002.

	Does not recognise homeland (%)	Lives on Homeland (%)	Does not live on Homeland (%)	Total (%)
Did not fish or hunt in a group	25.8	15.3	18.9	17.6
Fished or hunted in a group	74.2	84.7	81.1	82.4
Total	6.7	46.7	46.7	100.0

Source: Altman, Buchanan and Biddle 2006.

the potential impost of the last factor. Transport costs may be critical particularly when there is a lack of competition up the supply chain, where monopolistic freight companies are able to charge excessive prices.

5. The appropriate regulatory bodies to promote competitive pricing and fair trading in remote community stores are the ACCC and State and Territory fair trading offices. CAEPR's 2002 report on the implications of the TPA for Indigenous Australians found that in 'remote Indigenous communities in central and northern Australia Indigenous consumers and businesses were often unaware of their rights and obligations under the TPA' (Altman and Ward 2002b: 1). In addition, where stores are community controlled, there may be a reluctance of consumers to lodge formal complaints owing to concerns about repercussions that are not uncommon in small communities. There is a need for a consumer education program in remote Indigenous communities about the basis for, and process, of complaint.
6. Any assessment of the functioning of remote community stores needs to be realistic in that, particularly in smaller communities, there will be a limited pool of suitably qualified people to manage stores. There is a need for governance capacity building to provide training in financial literacy and ensure store managers and board members are aware of their fiduciary duties and responsibilities under the TPA as well as under incorporations law.
7. An examination of food supply in remote Indigenous communities must recognise that in many instances there are opportunities for self-provisioning in addition to store-bought products. In 2002 the National Aboriginal and Torres Strait Islander Social Survey (NATSISS) showed the proportion of respondents in 'Community Areas' who had engaged in fishing or hunting in a group in the three months prior to the survey.² Table 2 summarises the results, showing that over 82 per cent of respondents (representing 39,400 people) had fished or hunted in a group within the past three months.³ Participation in these activities was similar for males and females, dropping off among those aged 55 years or older. These results suggest that investigations into remote community living standards should not assume complete reliance on store-bought foods.

NATSISS:

National Aboriginal
and Torres Strait
Islander Social
Survey

8. It should also be noted that remote stores offer more than food products. In most instances they also provide access to hardware (such as for fishing and hunting), clothing, and other household goods. Importantly, remote stores are often the main access point for cash (through EFTPOS or ATMs). Where consumers have no other viable option for accessing funds this assures stores of visitation and can increase the power of stores relative to consumer choice.⁴

TOR (2): THE EFFECTIVENESS OF THE OUTBACK STORES MODEL, AND OTHER PRIVATE, PUBLIC AND COMMUNITY STORE MODELS

9. The Outback Stores model has beneficial elements in improving economies of scale and centralised buying power. The stated commitment to employing members of the local community and providing financial literacy training are also positive elements. Outback Stores professes a commitment to flexibility and accommodating the desires of store committees on issues of profit sharing, opening hours and stocking practices. However, some concerns remain. For example, in practice, store committees may have little effective influence in determining management agreements, particularly when they are new to such negotiations. In addition, while management of the stores is taken over by store managers employed by Outback Stores, it is unclear where financial liability would lie should the store fail or to whom store managers are accountable: store committees or Outback Stores?
10. Outback Stores are only operated where the store has the potential to be commercially viable or has external funding. In some small communities a store will not be commercially viable. This raises the question of whether the Outback Stores model includes a commitment to making food supply available in smaller communities within the service catchment area of a commercially viable store (the communities in the 'spokes' identified in point 3 of this submission). There are some very successful examples of community stores in larger service centres providing essential mobile food services to outlying communities (such as the 'Tucker Run' provided by Maningrida's Bawinanga Aboriginal Corporation to Maningrida outstations in the hinterland). Such services are generally either profit-neutral or loss making, but are provided as a 'community service obligation'.
11. There is a great diversity among remote Indigenous communities, which necessitates a diversity of models for remote stores. A 'one-size-fits-all' approach will fail to accommodate the diversity of Indigenous circumstances, needs and aspirations. Historically, local store committees have had control over decision-making practices in many remote community stores. At times this may hinder commercial viability where cultural obligations are placed ahead of commercial concerns. However, it also allows community ownership and agency, which are central to community development goals. While the Outback Stores model may prove successful in some instances, there are other examples of successful store models where communities retain a greater degree of control. Access to financial literacy and management training programs should not be conditional on communities adopting the Outback Stores model. Support for such programs is required independently of this scheme.
12. There is a need for independent assessment of the effectiveness of the Outback Stores model, including health outcomes, as well as an assessment of the commitment to training and employing members of the local Indigenous community and the relationship between Outback Stores and local store committees. Historically, research has been undertaken on a not dissimilar model run in the Top End and beyond by the Arnhem Land Progress Association (ALPA) (see Young, Crough and Christophersen 1993; Wells 1993). It might be useful to undertake some comparative assessment of the cost effectiveness of the Outback Stores model in contrast to the ALPA model bearing in

ALPA:
Arnhem Land
Progress
Association

mind not just commercial viability and employment outcomes, but also quality of service, price and community benefit aspects of the two models. The title (and content) of Wells's study *Taking Stock: Aboriginal Autonomy through Enterprise* is instructive in this last regard.

TOR (3): THE IMPACT OF THESE FACTORS ON THE HEALTH AND ECONOMIC OUTCOMES OF COMMUNITIES

13. There is a lack of information with which to determine the impact of community stores (not to mention expenditure patterns and distribution practices) on health and economic outcomes. In particular, there is very little information available on Indigenous expenditure patterns because there is no Indigenous-specific data reported from the regular Household Expenditure Survey carried out by the ABS. There is very little statistical information available on the cost of living in remote Indigenous communities or whether income levels meet the requirements for basic nutrition.
14. In addition, there is currently very little information available about the social determinants of Indigenous health. While access to a healthy range of store-bought goods at reasonable prices will be one factor, this must be seen in the broader context of structural and institutional barriers to improving Indigenous health outcomes. These include crucially important environmental health issues such as the historical neglect of housing, essential services and infrastructure provision (see also Yu et al. 2008: 50) and associated over-crowding; and an absence of preventative health education owing to a focus on palliative primary and secondary health care provisioning.
15. In many remote communities, community stores are an extremely important economic and social resource. This is especially the case owing to the absence of commercial and employment opportunity in remote contexts. In many situations working in community stores provides opportunity for local people to gain employment and to exercise literacy and numeracy skills. Depending on incorporation structure, some stores that have developed as 'social clubs' are required by law to plough back profits to community services that are invariably lacking owing to historic underfunding by local, state/territory and Commonwealth governments. In other situations store profits underwrite risky commercial enterprise that public sector funders would not consider, sometimes with very positive outcomes.
16. Also of importance in the current reform and economic climate is the role that the Community Development Employment Program (CDEP) plays in employment creation at stores and in ensuring commercial viability. CDEP can operate as a wage subsidy so that the first 15–16 hours of weekly employment are covered by public funding and additional hours of work are paid for from store earnings. Proposed reform of CDEP could see this 'top up' model disappear, employment opportunities decline and commercial viability jeopardised. Alternatively, stores may reduce hours of operations (with consumers bearing the brunt of such restrictions) or reduce community service obligations leaving smaller and more remote communities unserved and highly vulnerable in terms of western foods security.

CDEP:
Community
Development
Employment
Program

CONCLUSION

17. We note a tendency for the state project of improvement (to Close the Gap) to seek to systematically and incrementally focus on identified issues of legitimate policy concern, while at the same time perhaps overlooking the need for holism and to address politico-economic structural factors that are resulting in poor outcomes. This is understandable given the dominant view that policy has failed.

and that outcomes have been disappointing, a view that we do not necessarily share. We make this observation so as to highlight the obvious point that fixing no one thing or sector or institution in remote Indigenous Australia will actually deliver 'the answer'.

18. Having said that, we are far from policy nihilists, and believe that much can be learnt from successful models and past research. In our view (based in part on the long-term experience that one of us has had working in the township of Maningrida since 1979) the emerging competitive model in Maningrida, outlined in the Bawinanga Aboriginal Corporation submission to this Inquiry, is very positive from consumer, regional economic, and community development perspectives. In other situations the Outback Stores model might be appropriate, at least in the short term, to ensure delivery of appropriate stores infrastructure and management. However, the Outback Stores model focused on commercial viability begs the important question of why public sector support is not available in situations where prospects for commercial viability are limited but the need for community stores remains acute.
19. Ultimately, the great diversity of Indigenous circumstances influenced by historical, locational, cultural and other structural factors will require a diversity of models. This suggests two things. First, a one-size-fits-all approach favoured by public policy will not be appropriate. Second, evidence needs to be collected on a systematic basis about what works and will work (i.e. is sustainable), and what does not, and why. Again we would think that both these observations are self evident.
20. The bigger policy question is what set of development programs are going to ensure that remote Indigenous communities have access to basic market commodities as a fundamental human right to ensure well-being. This will not be an easy question to answer, but there is a public interest in ensuring that remote Indigenous communities have access to healthy foods and other commodities to ensure well-being and enhance production. This might require some forms of public subvention either through private, public, mixed private/public or community store models. Conversely, if effective community stores are not available then it is likely that there will be a high opportunity cost for the state in terms of health benefits and educational outcomes foregone. It will be a challenge for this Committee to decide what approach might represent best value for public investment, bearing in mind our proviso above for the need for diversity.

NOTES

1. Discrete Indigenous communities are defined as geographic locations that are bounded by physical or legal boundaries and inhabited or intended to be inhabited predominantly (i.e. greater than 50% of usual residents) by Aboriginal or Torres Strait Islander peoples, and where housing or infrastructure is managed on a community basis (ABS 2007: 109). Note that as the provision of housing and infrastructure is increasingly taken up by state authorities this definition will require modification.
2. This question in the NATSISS was only asked of the 2,120 respondents aged 15 years and over who resided in 'Community Areas' (CA), defined as discrete Indigenous communities and associated outstations in Queensland, South Australia, Western Australia, and the Northern Territory. It did not ask this question of Indigenous people residing in non-community remote areas, regional areas or cities. The survey asked respondents in the CA sample: 'in the last three months, have you done anything else with other people?' Of the eleven possible responses, one was 'going fishing or hunting in a group'.
3. When factored up to the total Indigenous population of Community Areas.
4. Key issues relating to banking services in remote Indigenous communities were summarised by Altman and Taylor (2002) in a submission to the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia (Submission No. 78), available at <<http://www.anu.edu.au/caepr/StaffProfiles/altmanpubs.php#otherpublications>>.

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