



Our reference: COM 02885-2009

The Honourable Richard Marles MP
Chairman
Standing Committee on Aboriginal and
Torres Strait Islander Affairs
PO Box 6021
Parliament House
CANBERRA ACT 2600

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BY: ATSLA

Dear Mr Marles

On Thursday 2 April 2009, the Standing Committee on Aboriginal and Torres Strait Islander Affairs' Inquiry into community stores in remote Indigenous communities held a hearing at Kowanyama. Some of the information provided during this hearing is misleading or incomplete. We would like to take this opportunity to provide further information in relation to some of the issues raised.

Freight, transport and stocking arrangement:

Transport logistics for supplying the retail stores were provided with the original retail stores submission to the Inquiry. The diagram demonstrates that wet season arrangements for Kowanyama involve a barge service from Karumba or Weipa to Pormpuraaw and thence by air to Kowanyama. This service has operated for a number of years.

Normal deliveries to provide for wet season supplies for the Kowanyama store were made prior to road closures at the commencement of the 2008-09 wet season. The stocking figures were determined based on historical sales plus a buffer percentage. Sales figures at Kowanyama store increased significantly from mid-November 2008 however and this resulted in the need to augment supplies during the wet season.

The frequency of aircraft deliveries to Kowanyama was slightly different to previous years for a short period as a result of:

- extensive flooding in North Queensland that resulted in stock orders being delayed. Once the road and rail services opened, there was a need to air freight to stores to address immediate needs.

- Finalisation of retail stores management of the Aurukun store and a sudden direction from the Aurukun Shire Council that no further stock was required, without reference to stock in transit. This stock was freighted to Pormpuraaw and then split between the Pormpuraaw and Kowanyama stores. The deliveries to Kowanyama were facilitated by multiple trips by aircraft between Pormpuraaw and Kowanyama in the one day (15 minute trips each way).

Freight costs for the 2007-08 financial year were 10.3% of sales value or 14% of cost of goods sold. The percentages relating to 2008-09 are estimated to fall within a similar range.

Wet season stock arrived in Kowanyama in late October 2008. The manager of the store at that time (a current retail stores employee) is not aware of any issues relating to the delivery and handling of this stock, including the delivery of meat, or of any risk to the quality of that stock.

Mr McDowell commenced as store manager in Kowanyama on 22 January 2009.

Centralised ordering and stock control system

The centralised computerised ordering and stock control system was developed and introduced after consultation with major retailers. It is the responsibility of the store manager to review, add, delete or amend orders in a set timeframe prior to submission of the orders. This enables input from the store manager to the ordering process.

Financial performance and staffing

Each month, each store manager is provided with a detailed profit and loss statement for their store and with detailed pay reports.

On average, there are 10 persons employed at the Kowanyama store, five persons working full-time hours and five part-timers working on average 33 hours per pay period.

Subsidisation of prices of healthy food and drink

In accordance with its nutrition policy, Retail Stores subsidises the prices of healthy food items (including fruit and vegetables) at the expense of less healthy items, including tobacco products and drinks with high sugar content. A copy of this policy has been forwarded in response to questions from the Inquiry.

If you require any further information or assistance in relation to this matter, please contact Ms Pauline Peel, Deputy Director-General, Aboriginal and Torres Strait Islander Partnerships, Department of Communities on 3235 9495.

Yours sincerely

Linda A Apelt
Director-General