

**Submission**

RECEIVED  
18 FEB 2009

**Senate Inquiry into Community Stores**

**in**

BY: ATIA

**Remote Aboriginal and Torres Strait Islander Communities**



Rupert Felton

email: [rupertfelton@hotmail.com](mailto:rupertfelton@hotmail.com)

18 February 2009

464 Tapleys Hill Road

FULHAM GARDEN SA 5024

**I would strongly urge the Senators involved in this inquiry to seriously consider the following:**

- 1. Subsidising remote area Aboriginal stores to close the entire gap in prices created by high freight costs and overhead costs.**
- 2. Paying the subsidies directly to stores**
- 3. Clearly stating the overarching policy principle that the rights of the child are paramount**
- 4. Expanding the operation of Outback stores**
- 5. Creating a positive management relationship with remote community stores through the agency of Outback stores and government advisors.**

#### **Summary**

- The proposed subsidy would vary to meet each communities needs. In effect it would be a 'floating' subsidy that would vary according to:
  - Responsible management by governing body of the remote store
  - Efficiencies that are achieved
  - Improved turn-over as locals spend more in response to lower prices
  - Improved turn-over as non-aboriginal staff begin shop due to competitive prices.  
( *many order in their own goods in bulk* )
- Subsidy can be decreased as disposable incomes increase.
- Aboriginal people who live on remote communities have significant health problems.
- Health problems are directly linked to nutrition and hygiene.
- The majority of Aboriginal people who live on remote communities are CDEP workers or welfare recipients.
- Welfare payments are below the poverty line.
- In the communities the real value of the dollar is significantly less than in the nearest regional centre and least 50 % of that in capital cities.
- Disposable incomes are not significantly increased by increased infrastructure spending.
- Employment subsidies are not of uniform benefit in terms of disposable income.
- Business ventures have high initial costs and low employment rates.

## **Subsidy – Freight and Overhead Costs**

The effective and efficient provision of food and household goods by remote community stores is not possible unless the Federal Government provides targeted subsidies to eliminate the cost of freight and overhead costs of store operations. Efficiency is not enough to provide an effective outcome. An effective outcome is the provision of affordable goods such as:

- healthy nutrition
- household goods
- hygiene products
- clothing and footwear
- white goods

‘Affordable’ should be defined as prices equivalent to that of the prices in the nearest regional centre. For example for Mornington Island the nearest regional centre would be Mount Isa.

## **Policy Principles**

I would suggest to the Senate Inquiry that the policy priority should be the rights of the child as set out in the *United Nations Convention on the Rights of the Child*. If this is enunciated as the overarching principle of government policy then the Aboriginal Community leaders and the State, and Federal, government’s will have a positive foundation to build healthy communities that will provide a healthy environment for the future generations of Aboriginal children. In addition there would be a sound reason why

other rights would have to give way to the paramount rights of children. A rights based policy would foster a co-operative positive attitude to government involvement as mentioned above.

### **Delivery of subsidies**

The targeted subsidies should be paid directly to the stores and the government should provide management support to the directors and staff of the stores. The amount of the subsidies would vary as the efficiency improved and the stores capacity to provide an effective service improved. The direct payment would allow the government to have a direct influence on the management of the stores. The subsidies in combination with the policy principles outlined above would foster a co-operative positive attitude to government involvement in the management of community stores, rather than being perceived as government interference with self-management.

Freight service providers will experience a volume increase and this should stimulate competition. This increase in volume and competition should also have an effect on freight prices in outback towns in the vicinity of remote communities.

### **Efficiency v Effectivity: Outback Stores**

OUTBACK Stores: <http://www.outbackstores.com.au/>

The Federal government has recently funded an advisory /consultative body called “ Out back Stores” and I have no doubt they will provide much useful information to the government for the 48 million dollars that this will cost. I strongly endorse the goals, strategies and objectives of the Outback stores initiative.

However, despite Outback Stores efforts to improve efficiency in freight, management and nutrition the fact is that the communities are “remote” and therefore freight costs are high. Any improvements in efficiency will only amount to ‘ tinkering’ around the edges of the problem. The effective delivery of affordable food and household goods will not be

appreciably improved. The average income of remote area Aboriginal people is below the poverty line. The average income of Aboriginal people (or for that matter any welfare recipient) in a city such as Brisbane is below the poverty line. Due to cost of freight and overhead costs the dollar on Mornington Island in real terms is worth approximately 50 cents of what a dollar is worth in Brisbane.

**The question in relation to subsidies is, how far below the poverty line do people need to be before the government will provide relief from this poverty?**

**Ie. To close the gap between the low income of Aboriginal people and the high cost of food and household goods caused by the high cost of freight and high overhead costs.**

### **Indigenous Land Corporation (ILC) – Land Trust Fund - Comparison**

The ILC Land Fund is an example of public money allocated for a specific purpose. The ILC fund was established in 1995 and received the following;

The Government set aside \$200 million for the Land Fund in 1994-95, and the Act commits a further \$121 million per year (indexed to preserve real 1994-95 dollar values) for the following nine years. In 1994-95, the ILC will receive \$25 million for land acquisition and land management activities and running costs. In the following two years, the ILC will receive \$24 million (indexed), and ATSIC will receive \$21 million (indexed) per year. For the duration of the initial nine year period, the ILC will receive \$45 million (indexed) per year, however, ATSIC will no longer receive money from the Land Fund.

Australian Indigenous Law Reporter [1996] AILR 18; (1996) 1 AILR 44

(Compare the ILC fund with the \$48 million granted to Outback Stores above)

My opinion is that the Aboriginal leadership and the Federal Government have been so focussed on land rights and the acquisition of land that they overlooked the greater needs of remote Aboriginal Communities. Namely, the provision of affordable food and household goods through the effective operation of remote community stores. In other words the basic priority of healthy nutrition and basic domestic hygiene.

Whilst some might argue that the acquisition of land for the future economic benefit of Aboriginal people is a high priority I find it difficult to understand why basic access to

nutrition is a lesser priority. I have never heard the general public, the media or politicians criticise the ILC Land fund but I have heard many criticise the operations of remote community stores which receive comparatively little funding; or, criticise the state of the houses of Aboriginal people whose income is below the poverty line.

I believe that highest priority for remote communities should be to enhance the ability of individual members of these communities to access the fundamental requirements of healthy living. The gauge for the appropriate standard should be the price of goods in the local store and the health and wellbeing of the children and youth of these communities. It should also be remembered that the ratio of children in the Aboriginal population is much higher than in the mainstream. For example, on Mornington Island 40% of the population (480 of 1200) is under 19 years of age.

Mount Isa Centre for Rural and Remote Health : <http://www.micrhh.jcu.edu.au/Our-Region/mornington-island.html>

The skewed ratio is due to the appalling state of health and low life expectancy of Aboriginal people generally. Many of these children and youth may never see any benefit at all from the ILC land fund simply because they will not survive or will not have sufficient skills to engage in any opportunities created.

#### ILC References

- *Land Fund and Indigenous Land Corporation (ATSIC Amendment) Act 1995 (Cth)*
- Amended under the *Aboriginal and Torres Strait Islander Act 2005 (Cth)*
- *About the ILC Annual Report: 2003-2004* [http://www.ilc.gov.au/webdata/resources/files/3\\_AboutTheILC.pdf](http://www.ilc.gov.au/webdata/resources/files/3_AboutTheILC.pdf)
- ILC Home Page <http://www.gov.au/site/page.cfm>

#### **Alcohol v Dry Communities**

Community store prices in places such as Mornington Island have improved in recent times this is probably due to communities being declared dry areas. However while money that would have been spent on alcohol is now being spent in stores this is simply a reversal from worse to bad. Even with more of the disposable income being spent in stores and assuming the stores are operating as efficiently as possible. The price of goods would not improve to an affordable level. Because the average income is below poverty levels and the cost of freight plus overhead costs will not allow prices to reach a level that

is affordable. That is, if 'affordable' is considered as the equivalent to prices in the nearest regional city.

## **The Economy of Mornington Island Community**

### **Employment v Subsidy**

An increase in full time employment for Mornington Island people is a strategy that will provide more money to some individuals thus creating more disposable income for those individuals. However, this does not mean that the extra money will be spent at the store nor does it mean that there will be a uniform improvement in the effective delivery of affordable food and household goods. In reality any employment scheme would in fact be a subsidy that improves the lot of a few individuals. The only policy that will produce a uniform increase in employment ( ie. not subsidised employment) is formal education and skills training.

## **The Economy of Mornington Island - Disposable Income**

### **Shire Income - Federal and State Grants:**

The government grants to Mornington Island Shire Council makes a limited contribution to the income of the majority of Aboriginal people of the community. The majority of Aboriginal people are CDEP workers or welfare recipients of one kind or another. Most of these people do not derive any direct increase in their individual disposable income as a result of large infrastructure grants. A superficial examination of Federal and State grants tend to show large amounts of money being injected into the Mornington Island economy. A closer examination will reveal that the greater part of the funding is used to build or maintain infrastructure, including housing , to provide services and to pay non-aboriginal service workers and public servants. The MSC Shire does employ a number of local people but very few of these are in the higher income brackets.

### **Full Time Employment other than with MSC:**

Mostly low income employment :

- Gununamanda Incorporated
- The Mornington State School
- The Mornington Hospital
- Various Aboriginal Incorporations

### **CDEP**

CDEP work and welfare receipts make up the bulk of the income of Mornington Islanders. The CDEP work for the dole scheme employs the majority of adult people who are not pensioners, carers or supporting parents.

### **Business ventures**

Promotion of business ventures is not mentioned above because the reality is that any substantial business ventures are unlikely to improve the disposable income of the community as a whole because of the following;

- the high initial capital investment,
- the break even point would take years to reach
- money would effectively be redirected away from social needs
- there would not be a great number of people employed
- the profit distributed among 1200 hundred people would not have a great effect.

It is unlikely that the community or any part of the community could raise sufficient capital to float a substantial business. The Indigenous Land Corporation may provide



investment capital but the high initial cost means that the ILC is financially stretched when trying to invest in every remote community business venture.

It is unrealistic for the government to invest large sums of money into risky business ventures when it is more productive to support the community and ensure that children are educated and equipped with the skills to survive in the mainstream. Government grants or loans for business ventures would effectively redirect money away from the areas of greatest need.

### **Hunting and Gathering**

\* The following information can be confirmed in more detail by Lardil elders who are the ' Dalamada ' clan leaders.

There is a common misconception that hunting and gathering is the equivalent of extra income for Aboriginal people because it is abundant and free. This is a myth spawned by ignorance. Mornington Island is approximately 700 square kilometres in area and the people of Mornington Island are concentrated in the community township of Gununa. Most do not own vehicles or boats and those that do are in full time employment.

Prior to colonisation the Lardil People Of Mornington Island were hunters and gathers. The land was divided into clan areas. These clan areas (country) were occupied by 'owners' who held primary rights to exploit the resources of the clan area but other clan groups had secondary rights to access the resources of any area when there was an abundance of some resource. In effect there was seasonal trade between the clan groups. Today most people do not have easy access to the clan areas for the reasons stated above. Therefore, traditional hunting and gathering is at best an income supplement. I would suggest that this is the case on most remote communities.

## **Commercial Farming**

The MSC between 1985 and 1990 used alcohol canteen profits and grants to establish a market garden on the Island. The Farm was of a relatively large commercial scale but was not economically viable. This was not surprising considering the establishment and recurrent costs. In addition the site was established near to a water source where the soil was poor. The workers were paid CDEP wages which is not an effective incentive. The site needed a substantial fence to prevent wallabies and livestock from feeding on the produce. Finally even if the farm was operating at peak efficiency the cost of producing the fruit and vegetables was greater than the cost of fruit and vegetables imported from the mainland.

## **Subsistence Farming**

I would suggest to the Senators that subsistence farming is something that could, and should be, supported in all remote communities.

Subsistence farming in the form of small plot gardening and the planting of suitable fruit trees in private and public areas has been neglected by the State and Federal Governments. Between 1985 and 1990 there was an attempt by the MSC CDEP teams to plant mango and coconut trees at various public places. The success rate was very low due to wallabies, livestock and termites feeding on the young trees. However the strongest reason for the failure was the lack of a dedicated effort, with clear project goals and financial support, to get the project past the establishment phase.

Despite the above, subsistence farming should be a serious consideration as a nutritional supplement for the community. The objective of the failed market garden mentioned above was to supply local demand and operate at a profit. This had little chance of succeeding for the reasons stated above. However I believe that subsistence farming could succeed if a farm were established with the aim of training local people in small plot farming rather than trying to turn a profit. The infrastructure for such a project has

been established. A dam was built near to the township therefore there is a reliable water supply. There are also suitable facilities and good soil near to the township.

If successful the farm might eventually become profitable but it should not be the primary policy reason for establishing the farm. The primary reason should, as stated above, that the rights of the child are paramount. The benefit to children would be that nutrition would be more readily available.

### **Conclusion**

I have summarised actions that I believe would enhance or complement the operations of remote community stores. I have tried to stay to within the terms of references but this is difficult because it is a multifaceted problem that is linked to many issues. It is not simply a matter of efficiency and best practice although these are necessary.

Since the 1970's apparently large amounts of money have been have been injected into the Federal Aboriginal Budget but it is still the case that the vast majority of Aboriginal individuals are subsisting on a poverty level incomes and this is aggravated by the very expensive prices in the community stores.

This dual pressure has created a "despair tip point " which leads self harm including alcoholism and worse. It also creates a deep resentment particularly when media images, and descriptions, of Aboriginal communities portray the people as third world objects of pity. I believe that the cause of these circumstances is the obsession of governments with policy priorities that pour money into infrastructure and business ventures that are simply draining money away from the highest priority; the empowerment of the individual.

If the proposed subsidies are tailored to the needs of the individual community stores with management support from Outback Stores and government advisors then the health, employment prospects and the confidence of remote community people will improve significantly. Finally, I believe that lowering prices through targeted subsidies will be a more efficient method of uniformly increasing the health of Aboriginal people.

## Summary

In summary I would strongly urge the Senators involved in this inquiry to seriously consider the following :

1. Subsidising remote area Aboriginal stores to overcome the entire gap in prices created by high freight and overhead costs.
2. Paying subsidies directly to community stores
3. Clearly stating the overarching policy principle that the rights of the child are paramount
4. Expanding the operation of Outback stores
5. Creating a positive management relationship with remote community stores through the agency of Outback stores and government advisors

Yours Sincerely

Rupert A Felton

# Mount Isa Centre for Rural and Remote Health

<http://www.micrrh.jcu.edu.au/Our-Region/mornington-island.html>

---

MICRRH Home > Our-Region > Towns - Mornington Island

---

## Mornington Island

### Population

Total population (30 June 1999) - 1 196  
Population under 19 - 40.3%  
Population over 60 - 5.8%

### Location

Mornington Island is located 16° 30' S and 139° 30' E in the Gulf of Carpentaria, approximately 125km north-west of Burketown, 200km west of Karumba and 444km from Mt Isa.

### General Information

Mornington Shire incorporates twenty-one of the islands of the Wellesley group in the Gulf of Carpentaria. The Mornington Shire covers an area of 1227 square kilometres with Mornington Island itself estimated to be about 700 square kilometres in area. Mornington Island is the largest island in the group. The main township is Gununa which houses the majority of the population, however, in recent times traditional owners have been returning to their homelands in other areas of Mornington Island and outlying islands, including Denham, Forsyth and Bentinck Islands, re-establishing outstations.

### Climate

The climate is dry tropical with a very marked summer rainfall maximum. The median annual rainfall is approximately 800mm while 10 percentile and 90 percentile annual totals are about 600mm and 1600mm respectively. When rain occurs it is often intense with approximately 20mm per rain per day. Tropical cyclones affect the area relatively frequently and past records indicate that cyclones cross the coast close to Mornington Island about one year in ten. Cyclones are often associated with destructive storm surges and the maximum storm surge height predicted for Mornington island is 6 metres.

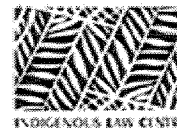
### History

The original people of Mornington Island are the Lardil. They are the largest tribal group and formerly occupied the North Wellesley Islands (Mornington, Sydney and Wallaby). Yangkal tribal lands consist of the islands between Mornington and the mainland. The Kaiadilt tribal group occupied the South Wellesley Islands (Bentinck and Sweers). Following the establishment of a mission (1914), and during the "protection era", children and people from tribes on Mainland Australia and other islands were removed from their homes and brought to Mornington.

The Lardil people had little contact with the outside world before the early 1900's. Pre-contact the Lardil people lived in family groups of 15 to 20 people who owned a portion of the land and water. For social and ceremonial purposes, they were divided into the windward (south & east) and Leeward (north and west) moieties. Totems or Dreamings, further describe tribal sub-sections. Totems are hereditary, and the killing or eating of the totem is restricted. Thuwathu, the Rainbow Serpent, is believed to have made all the landmarks and food and water sources. The Lardil received their songs and dances from the dreamtime.

What is now the township of Gununa began in 1914 when the Presbyterians sent missionaries and the Lardil and Yangkal peoples were brought together. In 1948, after a tidal wave devastated the water supply, the Kaiadilt people were also brought into the mission.

Since the early part of this century Mornington Island had been managed under the Queensland Aborigines Act by the Uniting Church. In 1978 the Queensland Government decided to take over control of the Island. The community protested the decision and sought Commonwealth Government support for its cause. Later that year agreement was reached between the Commonwealth and the State for self-government via a local authority (Mornington Shire Council).



You are here: [AustLII](#) >> [Australia](#) >> [Journals](#) >> [AILR](#) >> [1996](#) >> [\[1996\] AILR 18](#)  
[\[Global Search\]](#) [\[AILR Search\]](#) [\[Help\]](#)

[\[1996\] AILR 18; \(1996\) L AILR 44](#)

### Land Fund and Indigenous Land Corporation (ATSIC Amendment) Act 1995 (Cth)

Act No. 20 of 1995

Assented to 29 March 1995

The *Land Fund and Indigenous Land Corporation (ATSIC Amendment) Act 1995* (Cth) inserts an entire new Part into the legislation which set up ATSIC, the *Aboriginal and Torres Strait Islander Commission Act 1989* (Cth).

The new Part establishes the Indigenous Land Corporation (ILC) to assist Aboriginal persons and Torres Strait Islanders to acquire and manage land "so as to provide economic, environmental, social or cultural benefits for Aboriginal persons and Torres Strait Islanders". The new Part also establishes the Aboriginal and Torres Strait Islander Land Fund to secure the long term financing of the acquisition and management of land by indigenous Australians in pursuit of the benefits identified above.

**The Government set aside \$200 million for the Land Fund in 1994-95, and the Act commits a further \$121 million per year (indexed to preserve real 1994-95 dollar values) for the following nine years. In 1994-95, the ILC will receive \$25 million for land acquisition and land management activities and running costs. In the following two years, the ILC will receive \$24 million (indexed), and ATSIC will receive \$21 million (indexed) per year. For the duration of the initial nine year period, the ILC will receive \$45 million (indexed) per year, however, ATSIC will no longer receive money from the Land Fund.**

The remainder of each annual allocation will be invested so that when Government allocations cease after 2003-4, the income from these investments will fund the continuation of the ILC's core activities. This forecast is based on the assumption that the invested funds will yield a targeted return over the ten year period and beyond. In the event that the Land Fund fails to meet its expected investment returns at the end of ten years, **the Land Fund will be topped up to its expected target.**

The ILC is to be run by a Board of seven directors, appointed by the Minister for Aboriginal and Torres Strait Islander Affairs in consultation with ATSIC and the Minister for Finance. Five of the directors must be Aboriginal persons or Torres Strait Islanders. The current members of the board are: Mr David Ross (Chairperson), Mr Peter Yu (Deputy Chairperson), Commissioner Stephen Gordon, Ms Penny Morris, Ms Lois O'Donoghue CBE AM, Mr Noel Pearson and Mr Lawrie Willett.

The ILC is required to deal with indigenous communities as represented by corporate bodies but not with individuals or less publicly accountable legal entities such as trusts.

The ILC does not have powers of compulsory acquisition of land. It operates instead as a participant in the commercial market for land and is required to act "in accordance with sound business principles" in that capacity.

When carrying out its land acquisition function, the ILC is required to give priority to pursuing a policy of acquiring interests in land itself and granting those interests to Aboriginal and Torres Strait Islander corporations, rather than funding direct purchases by those corporations. In cases where the ILC does grant money to Aboriginal and Torres Strait Islander corporations to purchase land, it will need to consider acting as agent for those corporations. When the ILC acquires land, it should grant the land to a community corporation within a reasonable period of time.

Land granted by the ILC cannot be claimed under the *Aboriginal Land Rights (Northern Territory) Act 1976* (Cth). However, land bought through ATSIC with Land Fund monies can be claimed under the Act. In addition, pastoral leases bought with monies from the Land Fund can be claimed under the *Native Title Act 1993* (Cth), if the requirement to provide traditional attachment is met.

When carrying out its land management functions, the ILC must give priority to pursuing "sound land and environmental management practices", regardless of whether the ILC's activities relate to existing indigenous-held land or land acquired using the Land Fund monies.

The ILC is also required to develop, and revise regularly, a national indigenous land strategy. This strategy is to cover environmental issues as well as the acquisition, granting and management of land. Regional strategies must also be developed, covering the same issues as they affect particular regions (whose boundaries the ILC itself will define). The ILC will be required to have regard to its strategies when performing its primary functions.

For further details, the following documents are reproduced below:

1. Second Reading speech by The Hon. Paul Keating MP, Prime Minister, House of Representatives, 28 February 1995 (p. 45); and

2. Table of Provisions (p. 50).

**Land Fund and Indigenous Land Corporation (ATSIC Amendment) Bill**  
**Second Reading speech by The Hon. Paul Keating MP, Prime Minister**

House of Representatives

28 February 1995