
The Parliament of the Commonwealth of Australia

Report on food pricing and food security in remote Indigenous communities

House of Representatives
Standing Committee on Indigenous Affairs

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Canberra

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The Indigenous Affairs Committee acknowledges the Aboriginal and Torres Strait Islander peoples of this nation and the traditional custodians of Country throughout Australia. The Committee pays respects to ancestors and Elders past, present, and future, and is committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to land, waters and seas.



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Chair's foreword

In early 2020, while many Australians were watching toilet paper supplies disappear from supermarket shelves, stories were emerging of people in remote Aboriginal and Torres Strait Islander communities facing extremely high prices for particular food and grocery items. News outlets reported an iceberg lettuce costing \$7.89 and a jar of coffee selling for \$55.

This inquiry was initiated in response to those reports and to other long-standing concerns regarding the availability and affordability of nutritious food in remote communities.

While there was an answer to each of the reported prices, it also became clear that these stories reflected a persisting disquiet regarding the supply of affordable, nutritious, quality food in many remote Aboriginal and Torres Strait Islander communities. That supply is tenuous and needs to be improved.

Food security issues for remote Aboriginal and Torres Strait Island communities are not new. For many people living remotely, food security is an annual concern. The supply of quality and affordable food is often unstable due to poor infrastructure, seasonal changes and the high costs of living and operating stores remotely.

Community stores are not a lucrative business. Stores are operating in situations that are very difficult and where costs are much higher than in urban centres. A broken fridge can't be quickly and cheaply fixed when the closest fridge repair person is located 200 kilometres up a 4-wheel-drive track. Goods can travel halfway across the country before they arrive at the stores and there is a substantial cost and fragility involved in food supply to remote places.

However, despite these challenges, the committee also learned that there is a very good story to be told about what happened in remote communities this year during the COVID-19 pandemic.

In March this year, bio-security zones were created to keep very vulnerable remote communities safe from the coronavirus pandemic. Those bio-security zones meant more people returning to live in remote communities without the capacity to travel into regional centres for supplies. Population influx, coupled with state border closures, heightened demand on stockpiles and social distancing affecting manufacturing, put additional pressure on the already fragile supply chain.

With a potential new crisis emerging, industry, NGOs, communities and governments of all stripes collaborated with stores to ensure food supply was maintained despite these myriad pressures.

The advent of the Supermarket Taskforce and the Food Security Working Group allowed for essential collaboration and solution-driven planning to occur. The committee heard stories of food being donated, new initiatives like food baskets being developed at pace and competitors helping one another remove blockages to ensure the problems were resolved.

We have an opportunity to harness some of the lessons of the Supermarket Taskforce and the Food Security Working Group and can build on the networks and goodwill generated through that process. There is an opportunity to make some important changes that could make a positive difference to the food security and health outcomes experienced by people in remote Aboriginal and Torres Strait Islander communities. This report recommends several measures to build on the cooperative momentum of 2020.

We also recommend measures to support local food supply, to improve governance and oversight and to ensure competition between management groups continues.

Finally, it is important to acknowledge that this is the third time this matter has been examined in recent years and none of those inquiries has resolved the concerns about food prices and security that have been expressed.

Consequently, complaints concerning food pricing need to be examined by a body that is equipped to do the thorough, forensic examination that will satisfy the public. That is why the Committee is recommending these matters be investigated by the ACCC undertaking an enhanced market study which they have never done in remote communities. In addition, real time price monitoring and much better governance training at the local level should help bolster public confidence.

On behalf of the Committee, I would like to acknowledge and thank everyone who has worked with us including those who made submissions and gave evidence at hearings. Conducting this Inquiry was particularly challenging due to our inability to travel but we were able to gather evidence from a wide range of stakeholders including residents and business operators in remote communities.

I hope this report leads to positive change.

Julian Leaser MP
Chair



Membership of the Committee

Chair Mr Julian Leeser MP

Deputy Chair Hon Warren Snowdon MP

Members Ms Sharon Claydon MP

Hon Warren Entsch MP

Ms Celia Hammond MP

Ms Anne Stanley MP

Mr Phillip Thompson OAM MP

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Terms of reference

The House Standing Committee on Indigenous Affairs will inquire into and report on the issue of food prices and food security in remote Indigenous communities ("Remote Communities").

The Inquiry will identify and report upon factors contributing to higher prices and situations where prices are considered unreasonable and in particular investigate whether there is price gouging in any remote community stores.

This investigation should pay particular attention to the availability and pricing of fresh and healthy foods in remote community stores.

The Inquiry will also consider licensing and regulation as well as the governance arrangements for remote community stores across Australia, and what action, if any, that the Australian Government and State and Territory governments could take to address price gouging in Remote communities.

The Inquiry should consider, report and where appropriate make recommendations on:

1. The licensing and regulation requirements and administration of Remote Community stores;
2. The governance arrangements for Remote Community stores;
3. Comparative pricing in other non-Indigenous remote communities and regional centres;
4. Barriers facing residents in Remote Communities from having reliable access to affordable fresh and healthy food, groceries and other essential supplies;
5. The availability and demand for locally produced food in Remote Communities;

6. The role of Australia's food and grocery manufacturers and suppliers in ensuring adequate supply to Remote Communities, including:
7. identifying pathways towards greater cooperation in the sector to improve supply;
 - a. the volume of production needed for Remote Communities;
 - b. challenges presented by the wet season in Northern Australia as well as any locational disadvantages and transport infrastructure issues that might be relevant;
 - c. geographic distance from major centres;
8. The effectiveness of federal, state and territory consumer protection laws and regulators in:
 - a. supporting affordable food prices in Remote Communities particularly for essential fresh and healthy foods;
 - b. addressing instances of price gouging in Remote Communities; and
 - c. providing oversight and avenues for redress;
9. Any other relevant factors.



List of abbreviations

AIG	Aboriginal Investment Group
AMA	Australian Medical Association
AMSANT	Aboriginal Medical Services Alliance Northern Territory
APO NT	Aboriginal Peak Organisations Northern Territory
ALPA	Arnhem Land Progress Aboriginal Corporation
ACCC	Australian Competition and Consumer Commission
AFGC	Australian Food and Grocery Council
ANAO	Australian National Audit Office
ASIC	Australian Securities and Investments Commission
CRRH	Centre for Rural and Remote Health at James Cook University
CDP	Community Development Program
CEQ	Community Enterprise Queensland
CATSI Act	<i>Corporations (Aboriginal and Torres Strait Islander) Act 2006</i>
COAG	Council of Australian Governments
DPMC	Department of the Prime Minister and Cabinet
HACCP	Hazard and Critical Control Point
HFB	Healthy food basket
IAHA	Indigenous Allied Health Australia

MBS	Market Basket Survey
NATSIHS	National Aboriginal and Torres Strait Islander Health Survey
NIAA	National Indigenous Australians Agency
NRHA	National Rural Health Alliance
NSWALC	New South Wales Aboriginal Land Council
NTCOSS	Northern Territory Council of Social Service
ORIC	Office of the Registrar of Indigenous Corporations
PFA	Police Federation of Australia
PHAIWA	Public Health Advocacy Institute of Western Australia
PHAA	Public Health Association of Australia
QAIHC	Queensland Aboriginal and Islander Health Council
RPI	Regional Price Index
RIEL	Research Institute for the Environment and Livelihoods, Charles Darwin University
UQ	University of Queensland
UTS	University of Technology Sydney
WACOSS	Western Australian Council of Social Service



List of recommendations

Recommendation 1

The Committee recommends that the Treasurer direct the Australian Competition and Consumer Commission to undertake an enhanced market study into food and grocery prices in remote community stores. This study should make recommendations about how to increase competition in remote areas and put downward pressure on food prices.

The study should also identify better complaints handling mechanisms for people in remote communities, any changes to the consumer protection laws that might need to be made to address price gouging in these communities, which the current laws do not address, and a consideration of the impact, if any, of rebates.

The study should also recommend ways in which remote community members can be better informed of their rights as consumers, especially the right to make complaints.

Recommendation 2

The Committee recommends that the Australian Government establish a real-time price monitoring and disclosure mechanism through a point of sale data system across all remote community stores. Such a system should allow for real time information about changes in price and patterns of consumption and supply. The price monitoring system should be reported and made publicly available by the NIAA.

Recommendation 3

The Committee recommends that the Australian Government investigate the need for upgrading the infrastructure and shipping lanes in the Torres Strait and coastal areas of the Northern Territory, and road infrastructure into remote communities, to improve the supply of food to remote First Nations communities.

Recommendation 4

The Committee recommends that the Australian Government encourage the establishment of more local distribution centres by wholesalers in major regional centres closer to remote communities.

Recommendation 5

The Committee recommends that an independent review of the outcomes and quality of governance training conducted by ORIC be undertaken so that in future training be available in language, and that evidence be collected that those who have completed the training actually understand their duties and obligations as directors.

Completion of initial governance training and some level of continuing professional development for directors and staff should also become part of the national licensing scheme.

Recommendation 6

The Committee recommends that the Australian Government institute a national scheme of licensing and inspection of remote community stores.

Recommendation 7

The Committee recommends that the *Stronger Futures in the Northern Territory Act 2012* be amended to remove the requirement that stores be given notice before inspections.

Recommendation 8

The Committee recommends that remote stores provide material to inform communities on their use of rebates.

Recommendation 9

The Committee recommends as a means of applying competitive pressure that at the expiration of store management contracts, new contracts should ideally be open to competitive tender.

Recommendation 10

The Committee recommends that the Australian Government, in partnership with the States and Territories and First Nations people, develop a strategy for food security and nutrition for remote First Nations communities.

Recommendation 11

The Committee recommends that the Food Security Working Group that was established during the COVID-19 pandemic be maintained and tasked with:

- identifying improvements to the logistics of food and grocery supply into remote communities
- assessing the viability of warehousing greater volumes of food and groceries in more remote parts of the supply chain
- identifying ways to improve the replenishment cycle of food and groceries in remote community stores
- ensuring food supply during pandemics, natural disasters and seasonal changes
- identifying ways which the major supermarket chains can help play a role in driving down food prices and guaranteeing supply for remote communities
- identifying ways in which Outback Stores might assist independent community stores with the supply of food and grocery stock.

Recommendation 12

The Committee recommends that the Australian Government support local food production in remote communities to meet food safety standards and other regulations in order to encourage the greater use of locally sourced food.

Recommendation 13

The Committee recommends that the Australian Government introduce a remote community competitive grants program, with a focus on:

- access and continuity of power
- improving cold and dry storage in communities
- promoting and supporting local food production schemes such as mobile abattoirs, fishing enterprises and community gardens.

Recommendation 14

The Committee recommends that community stores be eligible to access and apply for any grants that might be available to other essential services in remote communities.

Recommendation 15

The Committee recommends that the Australian Government consult with the relevant State and Territory Government agencies to develop solutions to deliver reliable electricity to remote communities.

Recommendation 16

The Committee recommends that the NIAA consult with the relevant stakeholders to ensure that Aboriginal and Torres Strait Islander residents of town camps can receive food deliveries from supermarkets in their vicinity.

Introduction

- 1.1 In early 2020, panic-buying resulting from the COVID-19 pandemic led to shortages of some food and grocery items across Australia. Panic-buying in urban centres had a flow on effect for remote communities where food security is already less stable.
- 1.2 At the same time, some stories appeared in media outlets reporting incidents of very high prices for food and groceries in particular remote Aboriginal and Torres Strait Islander community stores.
- 1.3 On 21 May 2020, the Minister for Indigenous Australians, the Hon Ken Wyatt MP, asked the committee to inquire into and report on food prices and food security in remote Indigenous communities. The committee adopted the inquiry and its terms of reference on 27 May 2020.
- 1.4 The terms of reference are listed on pages xv-xvi of this report and include the following:
 - Licensing requirements and governance arrangements for remote community stores;
 - Food prices in remote stores in comparison with those in other stores and centres;
 - Access to affordable and healthy food by remote communities;
 - The role of food and grocery manufacturers and suppliers in improving the supply of food to remote stores; and
 - Effectiveness of current Federal and State laws to provide oversight and combat price gouging.

Conduct of the inquiry

- 1.5 The inquiry received 128 submissions and 23 supplementary submissions. These are listed at Appendix A. The committee also received five exhibits which are listed at Appendix B.
- 1.6 The Committee consulted widely with key stakeholders during this inquiry and conducted 13 public hearings. These are listed at Appendix C. All hearings were conducted by teleconference or videoconference, as indicated below.

No travel was possible due to the pandemic

- 1.7 Travel to remote communities was not possible for this inquiry due to the unprecedented situation caused by the COVID-19 pandemic.
- 1.8 The committee had planned to visit remote communities as part of this inquiry in the Northern Territory, Western Australia, and Queensland and had developed some proposed itineraries for these trips. The committee had also received a number of invitations from remote communities to visit them. These trips had to be cancelled due to border closures and quarantine restrictions imposed by the respective State and Territory Governments which applied to the Committee even after permissions were sought.
- 1.9 The committee was also cognisant that even if travel exemptions could have been obtained, there were potential risks involved in visiting vulnerable communities in remote areas during the pandemic.
- 1.10 The Committee determined that despite these limitations it was important to report as soon as possible so that any urgent issues identified by the Committee could be addressed.

Context and themes

- 1.11 The committee did not find evidence of systemic price-gouging in remote communities. However, the Committee did find evidence of high prices in many remote communities. While those high prices appear to be reflective of the genuine cost of operating supermarkets in remote communities, this reinforces long-held concerns regarding the food security of people living remotely.
- 1.12 It is worth noting that during this Inquiry, the dispute regarding food pricing and store management in Balgo, Western Australia was settled.

- 1.13 In the context of the COVID-19 pandemic the NIAA established the Food Security Working Group (Working Group) and a Supermarket Taskforce was convened by the Department of Home Affairs under the National Coordination Mechanism. The Supermarket Taskforce worked closely with the National COVID-19 Commission Advisory Board. The work that took place across these groups ensured that supplies were reserved for remote communities and that supply lines were maintained despite a biosecurity determination limiting general access to remote communities. The Committee regards this work as a success and has featured some of its insights in this report.
- 1.14 Outside the COVID context a number of core themes in relation to remote food insecurity emerged during the inquiry:
- Indigenous people living in remote communities continue to face significant challenges with food security;
 - Food and grocery prices are consistently higher on average in remote areas than in the rest of the country;
 - Most remote community stores operate in a difficult trading environment and cannot purchase at volumes that allow them to negotiate for better wholesale prices;
 - The supply chains for food, particularly perishable food, into remote areas are costly, are often severely affected by seasonal weather conditions and the cold chain cannot be guaranteed causing food to spoil;
 - Local food production through market gardens and other operations has had mixed success.

Previous reports on Indigenous food security

- 1.15 This is not the first report that has looked at food security in remote First Nations communities. This committee conducted an inquiry in 2009 entitled *Everybody's Business: Remote Aboriginal and Torres Strait Community Stores*.¹
- 1.16 In that report, the committee made a number of recommendations aimed at improving fresh and healthy food availability and achieving better

¹ House of Representatives Aboriginal and Torres Strait Islander Affairs Committee, *Everybody's Business: Remote Aboriginal and Torres Strait Community Stores*, Parliament of Australia, November 2009.

nutrition policies in community stores. The committee also recommended the development of local food production through market gardens, improving the governance and licensing of community stores, and improving the infrastructure and supply chains for community stores.

- 1.17 It is notable all of these issues were raised again in this new inquiry, 11 years later.
- 1.18 The Australian National Audit Office (ANAO) conducted an inquiry in 2014 entitled *Food Security in Remote Indigenous Communities*.² In its report, the ANAO looked at the effectiveness of government programs which were being administered at that time by the Department of the Prime Minister and Cabinet (DPMC)³.
- 1.19 The ANAO made four recommendations in that 2014 report which were all agreed to, or agreed with qualifications. These included reviews by DPMC of the regulatory practices and licensing requirements for community stores under the *Stronger Futures in the Northern Territory Act 2012 (Cth)*, and review of the 'National Strategy for Food Security in Remote Indigenous Communities'.
- 1.20 Also recommended by the ANAO was that DPMC review the capture and use of performance information, and DPMC's assessment process for future food security grants administration (in order to align them with Commonwealth grant rules and guidelines).
- 1.21 The fact that this is at least the third report to examine these issues in recent years indicates that reform is needed particularly in the way food is supplied, stores are governed, prices are monitored and complaints are handled. Action needs to be taken.

Report structure and style

- 1.22 The remainder of the report contains chapters that include recommendations for Government:
- Chapter 2 discusses why food remains consistently more expensive for remote communities and what might be done to put downward pressure on these prices. The difficulties faced by remote community

2 Australian National Audit Office (ANAO), *Food Security in Remote Indigenous Communities*, Commonwealth of Australia, 2014.

3 The functions of DPMC relating to Indigenous policies and programs are now carried out by the National Indigenous Australians Agency (NIAA), which was established in 2019.

stores in their current operating and trading environments are highlighted and the question of price gouging by some remote stores is explored.

- Chapter 3 discusses the oversight and governance of remote community stores. This includes the ongoing training that is provided to the directors of the Aboriginal Corporations that own stores and the staff that operate these businesses. A national licensing scheme, similar to that used for remote stores in the Northern Territory is also discussed.
- Chapter 4 focuses on the persistence of food insecurity in remote communities and the resulting poor social and health outcomes. Possible long term solutions including investments to improve remote infrastructure and food distribution networks, and options for robustly enhancing local food production are discussed.

Food pricing in remote Aboriginal and Torres Strait Islander communities

Overview

- 2.1 The evidence received by this inquiry consistently showed that the cost of purchasing food is considerably higher for remote Aboriginal and Torres Strait Islander communities than for people living in larger population centres in urban and regional Australia. This is significant because people living in remote communities are often dependent on a single community store for their food purchases.
- 2.2 The evidence for these higher prices comes from market basket surveys (MBSs) conducted in the Northern Territory (NT), the Healthy Food Access Basket Surveys conducted in Queensland (Qld), as well as the Western Australian (WA) Government Regional Price Index and the National Indigenous Australians Agency (NIAA) trial 'basket of goods' snapshot for 2020, comparable data from other investigations and reports, and anecdotal evidence provided to this inquiry.
- 2.3 However, at present there is no nation-wide system for comprehensively and consistently monitoring the price of goods in remote community stores.
- 2.4 The evidence presented to the Committee suggests that the high price of food and groceries in remote communities is reflective of the additional costs involved in operating stores in remote communities.

Is price-gouging occurring?

Definition of price gouging

- 2.5 Price gouging is not a term defined by the *Competition and Consumer Act 2010 (Cth)*. It was described by the Australian Competition and Consumer Commission (ACCC) as a “popular” term rather than a legal concept.¹
- 2.6 The Committee was directed to the *Biosecurity (Human Biosecurity Emergency) (Human Coronavirus with Pandemic Potential) (Essential Goods) Determination 2020* which was made by Federal Health Minister the Hon Greg Hunt MP during the COVID 19 pandemic. Clause 5(2)(c) of that determination defines price gouging as:
- the value of the consideration for which the person supplies, or offers to supply, the goods is more than 120% of the value of the consideration for which the person purchased the goods.²
- 2.7 It is not necessary for the Committee to adopt a precise definition of price gouging. The Committee was interested in the unreasonable over-inflation of prices beyond that which is necessary to recoup expenses and maintain operations, without some other over-riding policy purpose such as influencing consumer choices to purchase more healthy food.

Anecdotal evidence of price gouging

- 2.8 Anecdotal evidence presented to the inquiry suggested that some remote community stores are taking advantage of their lack of competition to charge excessive prices. Complaints regarding high prices were submitted with regards to stores managed by Mai Wiru, Arnhem Land Progress Aboriginal Corporation (ALPA), Outback Stores, Community Enterprise Queensland (CEQ) and independently managed stores.³
- 2.9 At the public hearings, the Committee asked store management companies to respond to media reports and to explain the reasons for these high prices.

1 Mr Rami Greiss, Executive General Manager, Enforcement, Australian Competition and Consumer Commission (ACCC), *Committee Hansard*, 28 August 2020, p. 8.

2 *Biosecurity (Human Biosecurity Emergency) (Human Coronavirus with Pandemic Potential) (Essential Goods) Determination 2020 (Cth)*, Clause 5(2)(c).

3 See for example, *Submissions 4, 8, 17, 6, 1, 11, 66 and 27*.

2.10 Mr Alastair King, Chief Executive Officer of ALPA stated:

The pricing story for remote community stores is complex, influenced significantly by freight costs, high operating overheads, small populations and limited buying power. This influences our market share compared to major supermarket chains. ALPA provides a unique service through our stores group model, which allows us to have more influence and more resources than individual stores would alone – for example, by developing relationships with wholesalers and identifying reliable transport options to ensure consistent supply. But, compared to the major players, we are at a huge disadvantage. Our stores' modest surplus supports capital works in stores, funds our benevolent programs and ensures financial stability – not every year is a good year in the bush.⁴

2.11 When asked about specific reports of high prices in the Ramingining Store, ALPA reported that the high cost items reported in media stories were not the only items available. Cheaper alternatives were also present in the store.⁵

2.12 When asked about specific reports of high prices in the CEQ Thursday Island store, Mr Ian Copeland, Chief Executive Officer of CEQ, stated the reports were factually incorrect:

The Doomadgee products that were cited were in fact not at our store... As for the commentary about the Moccona coffee, we don't have the 400-gram coffee as part of the range in our store. At that time, two years ago, in Doomadgee there were some residual stocks still in there. But we do sell a 250-gram Moccona coffee, which gets sold at \$19.99. It was compared against Coles, and that was \$19 up until June.⁶

2.13 When asked about specific reports of high prices at stores managed by his company in Mulan and Mt Liebig, Chief Executive Officer of Outback Stores Mr Michael Borg listed a number of factors impacting those prices. One factor was the lack of supply of cheaper brands during the pandemic,

4 Mr Alastair King, OAM FAICD, Chief Executive Officer, Arnhem Land Progress Aboriginal Corporation (ALPA), *Committee Hansard*, 23 July 2020, p. 29.

5 Mr King, CEO, ALPA, *Committee Hansard*, 23 July 2020, p. 35.

6 Mr Ian Copeland, Chief Executive Officer, Community Enterprise Queensland (CEQ), *Committee Hansard*, 12 August 2020, p. 11.

one was the additional prices places on sugary products and one report he believed to be incorrect.⁷

- 2.14 When asked about a specific report of high pricing for a product in a Mai Wiru store, Mr Dennis Bate, Chief Executive Officer of Mai Wiru told the Committee that particular incident was caused by a computer glitch pricing something at its carton price rather than its original item price. He pointed that other prices seen in the photograph were what you would expect, but that item was an error:

Not one of those products was sold and it was taken off the shelf within a couple of hours of us seeing it.⁸

Complaints to Government regulators

- 2.15 The WA Government notes in its submission that it its own data collection has not indicated evidence of widespread price gouging by remote stores, and that few formal complaints of such excessive pricing have been received by its Consumer Protection Division.⁹
- 2.16 The NT Government notes that there were ‘no formal complaints made to Northern Territory Consumer Affairs in relation to price gouging in remote community stores during the COVID-19 pandemic in the first half of 2020.’¹⁰ The NT Government further states in relation to price gouging:

The perception of price gouging in remote stores is most likely to be differences in costs in different communities, largely the cost of freight being passed onto the consumer. There is considerable variation between areas within the same remoteness classification and this heterogeneity must be taken into consideration when developing policy options and/or recommendations regarding food security in remote areas.¹¹

7 Mr Michael Borg, Chief Executive Officer, Outback Stores, *Committee Hansard*, 18 June 2020, pp. 3-4.

8 Mr Dennis Bate, Chief Executive Officer, Mai Wiru, *Committee Hansard*, 6 November 2020, p. 11.

9 WA Government, *Submission 110*, pp. 7-8.

10 NT Government, *Submission 52*, p. 5.

11 NT Government, *Submission 52*, p. 5.

2.17 The ACCC states in its submission that:

While the ACCC has examined a number of complaints regarding excessive pricing [by remote community stores], it has yet to uncover any evidence of conduct that could be said to be misleading or deceptive or unconscionable. Rather, in its assessment of specific pricing complaints, the ACCC has found that high retail prices are generally reflective of the high cost of goods to the community store, and are not indicative of community stores increasing profit margins.¹²

Oversight of food prices in remote stores

2.18 The Committee found that there is no nationally consistent, real-time price monitoring system for remote community stores. This is a problem as the remote location of stores makes it difficult to verify claims about high prices and inquire into the reasons for them. A consistent theme during the inquiry from almost all of the contributors is that the food prices in remote stores have continued to be far more expensive than those in urban supermarkets.

2.19 The Northern Territory (NT) Government had conducted an MBS annually since 2000 and biannually since 2017 to collect information on the variety, availability, quality and price of food in NT remote stores. The most recent MBS in 2019 compared the cost of a healthy food basket (HFB; theoretically containing sufficient food for a family of six for two weeks) between 58 remote stores and a supermarket and a corner store in the main town/city of each district centre between June and August 2019.¹³

2.20 The 2019 NT MBS reported a 56 per cent higher cost of a HFB on average in a remote store than in a district centre supermarket.¹⁴ This survey also compared the price of a 'current diet basket' in the same way, which was based on the dietary patterns of Aboriginal and Torres Strait Islander people in Australia, and found a 40 per cent higher price on average in remote stores.

12 ACCC, *Submission 50*, p. 4.

13 NT Government, *Submission 52*, p. 3.

14 NT Government, *Submission 52*, p. 3.

- 2.21 The trend reported in the NT Government submission for these percentage differences in the MBS appears to have been upward since 2008.
- 2.22 The Qld Government has conducted its own MBS type survey known as a 'Healthy Food Access Basket Survey', although not since 2014. The 2014 survey reported a 26.5 per cent higher cost in remote areas for a HFB for a family of six.¹⁵
- 2.23 The WA Government states in its submission that it does not routinely collect price data for remote community stores but that Regional Price Index (RPI) data collected every two years in WA clearly show higher food prices in regional towns compared to Perth. These prices also appear to increase with the degree of remoteness (the Kimberley region, 12 per cent higher than Perth; the Pilbara, 6 per cent higher, Goldfields-Esperance, 5 per cent higher).¹⁶
- 2.24 The Northern Territory Council of Social Service (NTCOSS) notes in relation to the higher food prices paid by remote First Nations families:
- A healthy food basket purchased from an NT Remote Store will require 34 per cent of the household income for a family of six (more than double the national household average of disposable income required for food and non-alcoholic beverage expenditure (13.9 per cent). In some remote communities, a healthy diet cost[s] more than half the disposable income of a family on income support. Households in the lowest 20 per cent of incomes are spending twice as much (25.4 per cent) as a proportion of income as the richest 20 per cent of households (9.4 per cent) on food and non-alcoholic beverages.¹⁷
- 2.25 The NIAA conducted its own 'basket of goods' snapshot for 2020 at the request of the Minister for Indigenous Australians, and provided this to the inquiry as a supplementary submission.¹⁸ This NIAA survey covered 47 participating community stores in remote and very remote communities across Qld, NT, South Australia (SA) and WA and indicated

15 Health and Wellbeing Queensland (QLD Government submission), *Submission 54*, p. 10.

16 WA Government, *Submission 110*, p. 3.

17 Northern Territory Council of Social Service (NTCOSS), *Submission 56*, p. 5.

18 National Indigenous Australians Agency (NIAA), *Supplementary Submission 36.1*.

a higher average price of around 39 per cent across these store locations compared the major supermarkets in capital cities.¹⁹

2.26 As a measurement tool the food/market basket surveys are not without criticism as comparisons made between urban centres, regional towns and remote communities do not account for the different operating environments of stores in these locations and the difference in other living costs associated with different communities. Other criticisms include the voluntary nature of MBS surveys and likely selection bias, lack of transparency (ie, individual store results are not published), and that it is not a national survey.²⁰

2.27 In a public hearing, ALPA stated:

The Market Basket Survey that the Northern Territory health department does is helpful, but it's flawed in that it's not accurate. There's no validation of it, and there are regularly errors in it. The last one that we checked there were errors in our stores, which they corrected, but that inflated our costs by 17 per cent. ... We need to be careful because there are some people out there that will drop their prices if they know someone is coming out to check their prices.²¹

2.28 While pricing in remote community stores is higher than the prices found in cities or online and it is possible that some operators of remote community stores have taken advantage of their customers through price gouging, the evidence to the inquiry did not indicate that this is a widespread or systemic problem. Most remote stores appear to be trying to do the right thing under difficult trading conditions and have to charge higher prices to remain viable for reasons outlined later in this chapter.

Supplier rebates

2.29 The issue of rebates from wholesale suppliers, and their impact on the trading conditions and cost of goods in remote community stores, was discussed in some detail during the inquiry. In particular, Outback Stores was criticised for collecting rebates and not passing them on to consumers in the form of lower prices.

19 NIAA, *Supplementary Submission 36.1*, p. 5.

20 Dieticians Australia, *Submission 31*, p. 8;

21 Mr King, CEO, ALPA, *Committee Hansard*, 23 July 2020, p. 32.

2.30 A concern was raised with the Committee that the collection of rebates by Outback Stores amounted to unconscionable conduct and leads to inflated price. In oral hearings, Mr Steven Smith, CEO of Aboriginal Investment Group (AIG) stated:

... in the community store space and the way that they are being managed, retention of a rebate is certainly unlawful and perhaps unconscionable. The rebate model presents what we say is upward pressure on pricing, and we detail that throughout our submission.²²

2.31 ALPA, Outback Stores, CEQ, Seisia Community Torres Strait Islander Corporation, and ACCC all rejected the suggestion that rebates were being used inappropriately.

2.32 The Committee was informed that supplier rebates are a very common practice in retail across the Australian economy. As with other sectors of the economy, rebates are received by many of the management groups that support numerous stores in remote communities including ALPA, Outback Stores and CEQ. Many remote stores that are independent businesses do not operate at a sufficient purchasing volume to be able to negotiate rebates with their suppliers.

2.33 Outback Stores states in its submission that rebates are standard in the 'non-remote retail environment' and can be negotiated by retail businesses based on consolidated purchase volumes.²³ Outback Stores further states:

These rebates can be negotiated in addition to a cost price reduction, however in many cases the supplier will not apply a cost price reduction in lieu of the value of rebate that can be negotiated. Rebates paid to group managed service providers based on consolidated purchase volumes, would most likely not be available to an independent or small group provider.²⁴

2.34 Outback Stores confirmed in its evidence that its rebate income is used to offset its operating costs.²⁵ Outback Stores further explained that

22 Mr Steven Smith, Chief Executive Officer, Aboriginal Investment Group (AIG), *Committee Hansard*, 23 July 2020, p. 2.

23 Outback Stores, *Submission 85*, p. 10.

24 Outback Stores, *Submission 85*, p. 10.

25 Mr Jayveer Rathore, Chief Financial Officer, Outback Stores, *Committee Hansard*, 18 June 2020, p. 5.

negotiations with its suppliers for price reductions and for rebates were separate:

... there are two portions when we negotiate a price... if a supplier comes to us and we want to sell a product X for a dollar, this is where we will negotiate a cheaper price for the store... the rebates are actually separate to that negotiation, so it's not going to impact your cost base on that day with the supplier. Rebates are negotiated in addition to what is the total volume Outback Stores would generate.²⁶

- 2.35 ALPA acknowledged that its capacity to turnover a larger volume of stock in comparison to independently-run remote stores enables it to get better pricing deals and also to obtain rebates, all of which contribute to better customer access and affordability.²⁷ The Chief Executive Officer of ALPA, Mr Alastair King, stated:

There's been a lot of discussion, misinformation and smoke and mirrors about rebates. Rebates are a normal part of a retail business. ... Rebates are significant. Rebates help us to support and provide services to remote communities. Without rebates, we would have to look at our nutrition program and our nutritionists, we would have to look at our merchandise team and those people, we would have to look at our freight subsidies and we would have to look at reducing jobs and/or increasing our charges to our clients' stores. Regardless of what people think, operating third-party client stores is not lucrative. There are incredibly tight margins. If it all goes well, you might make a couple of bucks. If something goes wrong and you have to change managers a couple of times then you'll lose money on that contract. So the rebates help us to provide the additional services that nobody really wants to pay for but are critical to a retail business...²⁸

- 2.36 Mr Arthur Wong, Chief Executive Officer of Seisia Community Torres Strait Islander Corporation, said there was nothing unusual about rebates being absorbed into management costs stating that 'the rebates are mainly put back into the supermarket profit and loss account.'²⁹

26 Mr Rathore, Outback Stores, *Committee Hansard*, 9 October 2020, p. 15.

27 ALPA, *Submission 106*, p. 5.

28 Mr King, CEO, ALPA, *Committee Hansard*, 23 July 2020 p. 32.

29 Mr Arthur Wong, Chief Executive Officer, Seisia Community Torres Strait Islander Corporation, *Committee Hansard*, 19 August 2020, p. 8.

- 2.37 CEQ noted that it uses rebates within their business to subsidise particular goods for which they want to keep costs low, like bottled water.³⁰
- 2.38 The ACCC described rebates as ‘very, very common’³¹ and suggested that they can help reduce rather than inflate prices.

Rebates usually do not harm competition. In many cases, rebates are an example of the benefits of the competitive process, incentivising retailers to promote their supplier’s products and the resultant competition between those retailers then reducing the overall price consumers pay for goods and services.³²

Complaints management

- 2.39 While the Committee did not find evidence of systemic problems relating to price-gouging, the issue of high pricing continues to cause significant concern.
- 2.40 This is the second occasion this Committee has examined the issue of high pricing in remote communities. A parliamentary Committee is not the appropriate body to be investigating specific consumer complaints and is not equipped to deal with every allegation of artificially high pricing.
- 2.41 AIG and the Northern Territory Council of Social Services (NTCOSS) gave the example of the ACCC’s fuel price monitoring system, as the sort of system needed to provide greater transparency for food pricing. NTCOSS said:
- I know that the ACCC talk about their real-time data on fuel prices being one of the most effective mechanisms for keeping prices down for consumers. So I think there might be some lessons that we can learn from what happens in the fuel industry.³³
- 2.42 In its evidence to the Committee, the NIAA stated that if community members were concerned about pricing, the body they can raise concerns with is the ACCC or their state or territory consumer protection

30 Mr Ian Copeland, Chief Executive Officer, Community Enterprise Queensland (CEQ), *Committee Hansard*, 12 August 2020, p. 13.

31 Mr Greiss, ACCC, *Committee Hansard*, 28 August 2020, p. 5.

32 ACCC, *Supplementary Submission 50.1*, p. 4.

33 Mr Jonathan Pilbrow, Policy Adviser, Northern Territory Council of Social Services (NTCOSS), *Committee Hansard*, 24 July 2020, p. 29.

organisation. The ACCC however stated that high pricing does not fall within its jurisdiction:

... high prices per se are not something within the jurisdiction of the ACCC. If we do receive complaints about excessive pricing, we can look to issues such as whether consumers are being misled about the reason for prices in a business. Is it due to a drought, this factor or that factor that prices have gone up significantly? If that proves not to be correct then that falls squarely within our jurisdiction. There's a limited role with regard to pricing, so I think that probably has to be understood from the outset.³⁴

2.43 The Committee has found that ambiguity regarding complaints handling is leading to a failure to thoroughly resolve these matters. An exchange between the Chair and the ACCC expressed the Committee's frustrations that the body charged with consumer protection was not entertaining complaints on this issue. The ACCC suggested a market study could be undertaken, if directed by the Treasurer.³⁵

2.44 The uncertainty about how to make a complaint and ensure it is heard can cause significant concern at a community level. This frustration was expressed by members of the Titjikala Community in the NT:

CHAIR: Tell me something about the way that the committee that consults with Outback Stores runs. How do you, as a community, get to give feedback to Outback Stores about the quality of food and the pricing? And, when you've provided feedback, what, if anything, have they done about it?

Mr Williams: The community hasn't got a say in anything like that. When they have the money story or any meetings, the community aren't invited. They keep a shut shop. Only the store committee get to go to the money meetings, where they say how much money they're making or losing – the profits or whatever. The community don't get a say in anything. Outback Stores say, 'This is the price,' and that's that. The community complain, but they say: 'No. That's our price. That's it.'³⁶

34 Mr Greiss, ACCC, *Committee Hansard*, 28 August 2020, p. 1.

35 Mr Greiss, ACCC, *Committee Hansard*, 28 August 2020, p. 2.

36 Mr Scott Williams, Titjikala Community, *Committee Hansard*, 6 November 2020, p. 2.

The operating environment for remote community stores

Overview

2.45 The NIAA states in its submission that the 'remote stores landscape supports an estimated 150,000 Indigenous Australians who live across more than 1,200 remote and very remote communities'. Of the 200 stores serving these 1,200 communities, 80 serve a population of fewer than 200 people.³⁷ As NIAA Chief Executive Ray Griggs pointed out, the stores:

... consist of a range of community owned, franchised or government managed – through either Outback Stores or IBIS, in Queensland – independents and not-for-profit stores. Also part of this landscape are the less publicised but important smaller, privately run stores and roadhouses.³⁸

2.46 The NIAA also highlights some of the unique characteristics of the relationship between a remote store and the community it serves, including:

- most estimates suggest that between 90 and 95 per cent of food eaten in remote Aboriginal communities is food purchased in the store, with traditional foods now contributing only a small amount to people's dietary intake
- remote community stores often stock a limited range of other consumer goods such as clothes, household hardware, televisions and toys. Some community stores also provide fuel, or have takeaways attached
- remote community stores are often the only business or source of income being generated within the community. Well-managed community stores can have an important role in stimulating the local economy and can act as the conduit for broader economic and business opportunities
- remote community stores often act as the communities' social hub, supporting social interactions with other community members, as well as fulfilling other needs such as banking.³⁹

2.47 Most remote communities rely on a single store to purchase food and other essential items. The remote retail operating environment is therefore very different from those in urban areas.

37 NIAA, *Submission 36*, p. 4.

38 Mr Griggs, CEO, NIAA, *Committee Hansard*, 11 June 2020, p. 1.

39 NIAA, *Submission 36*, p. 5.

Management models

- 2.48 The different ownership and management structures underpinning remote community stores are summarised by Monash University as follows:
- A common ownership model in the NT is where the main community store is owned by the community which then elects a board of directors to govern the store business. The board of directors may then outsource business operations and employ a store manager directly or have a service agreement with a store organisation or company such as Outback Stores (see section below), ALPA, or Mai Wiru.
 - Another model in the NT operated by ALPA is where five communities are shareholders of six stores. ALPA directors are elected by members of these five communities.
 - A third model in which food retail businesses in communities are operated by private businesses through lease agreements with Land Councils on behalf of the respective traditional owners.
 - A fourth model in North East Arnhem land is where Laynthapuy Homelands Aboriginal Corporation supports local stores and shop keepers in homelands and buys supplies directly from the Nhulunbuy supermarket.⁴⁰
- 2.49 There are some additional ownership and management models in other States. CEQ is a state statutory body that owns and operates 27 remote community stores in Qld.⁴¹
- 2.50 Some store management groups also have slightly different arrangements with particular communities. In Yuendumu, Mai Wiru has a lease rather than a service agreement. They told the Committee 'there are different types of arrangements we have with different stores.' What is consistent across all stores is the Mai Wiru nutrition policy.⁴²
- 2.51 WA does not have an equivalent statutory body to CEQ. The business arrangements for its 44 remote community stores include community owned and managed (28 stores), independently managed (3 stores),

40 Monash University, *Submission 51*, p. 16.

41 CEQ, *Submission 19*, p. [2].

42 Mr Bate, CEO, Mai Wiru, *Committee Hansard*, 6 November 2020, p. 8.

independently owned and managed (1 store), and managed by Outback Stores (12 stores).⁴³

Outback stores

2.52 Outback Stores is an independent Commonwealth-owned company established in 2006 with the provision of \$40 million as working capital to improve remote community store infrastructure.

2.53 It was set up initially as a proprietary limited company governed by an independent board, with the aim of being a standalone not-for-profit company with no further funding.⁴⁴ The organisation did, however, receive \$29 million in further Federal funding as part of the NT Emergency Response in 2007 and another \$15 million in 2009 to support stores outside of the Northern Territory.⁴⁵

2.54 At its first appearance before the Committee, Outback Stores commented that remote stores play a vital role in their communities but have no ongoing assistance. Outback Stores stated:

Retail is one of the only dependencies in remote communities that stand alone without ongoing government support. We believe that areas such as expanded licensing controls, broader infrastructure support, ongoing subsidies to offset essential services and, most importantly, a piece of work on the cost of goods within the Australian manufacturing sector could all bring long-term benefits for the future.⁴⁶

2.55 Outback Stores currently manages 40 stores across the NT, WA and SA, 26 of which it describes as unviable or barely viable.⁴⁷ Mr Michael Borg, Chief Executive Officer, Outback Stores, stated at the public hearing on 18 June 2020:

Across the 14-year short journey of Outback Stores, the business has assisted 10 stores out of administration, two out of liquidation and a further nine stores through significant financial challenges.

43 WA Government, *Supplementary Submission 110.1* (responses to questions taken on notice), p. [4].

44 Outback Stores, *Submission 85*, p. 14.

45 Outback Stores, *Submission 85*, p. 14.

46 Mr Michael Borg, Chief Executive Officer, Outback Stores, *Committee Hansard*, 18 June 2020, p. 3.

47 Mr Borg, CEO, Outback Stores, *Committee Hansard*, 18 June 2020, p. 2.

- Outback Stores has supported stores with \$29.3 million across its short history.⁴⁸
- 2.56 Outback Stores notes in its submission that each store has its own individual freight cost, from freight forwarders based in either Darwin or Alice Springs, that must be accounted for when setting margins, and that the cost of freight ranges between 1.7 per cent and 20.4 per cent of sales.⁴⁹
- 2.57 There are some criticisms of Outback Stores operations in the submissions to the inquiry:
- Boab Health Services comments that only one nutrition manager is employed across its stores⁵⁰
 - Wirrimanu Aboriginal Corporation queries the exclusive use of supplier rebates by Outback Stores to subsidise its operating costs⁵¹
 - Aboriginal Peak Organisations Northern Territory (APO NT) expresses concerns about a lack of community involvement in Outback Stores⁵²
 - The submission by the Public Health Association of Australia and Cancer Council Australia, citing 2019 NT MBS data, expresses concerns that Outback Stores has not improved employment opportunities for Aboriginal people, nor the number of stores with nutrition policies.⁵³
- 2.58 Notwithstanding its concerns regarding community engagement however, APO NT also points out from the 2019 NT MBS data that managed group stores appear to be less expensive than private and independent stores by up to 13 per cent.⁵⁴
- 2.59 Bawinanga Aboriginal Corporation remarks in its submission that its arrangement with Outback Stores to manage its supermarket over the preceding 18 months had benefitted its community through increased purchasing power and more affordable prices.⁵⁵
- 2.60 Thumbs Up! Ltd. which runs health awareness programs in regional and remote First Nations communities, states in its submission that Outback

48 Mr Borg, CEO, Outback Stores, *Committee Hansard*, 18 June 2020, p. 2.

49 Outback Stores, *Submission 85*, p. 6.

50 Ms Leah O'Neill, Paediatric Dietitian, Boab Health Services, *Committee Hansard*, 18 August 2020, p. 42.

51 Wirrimanu Aboriginal Corporation, *Submission 66*, pp. 6, 8.

52 Aboriginal Peak Organisations Northern Territory (APO NT), *Submission 60*, p. 12.

53 Public Health Association of Australia and Cancer Council Australia, *Submission 69*, p. 10.

54 APO NT, *Submission 60*, p. 12.

55 Bawinanga Aboriginal Corporation, *Submission 24*, p. 2.

Stores and other organisations such as ALPA and Mai Wiru have helped to improve the availability of healthier foods in remote stores.⁵⁶

Drivers of higher food prices in remote stores

Overview

- 2.61 The evidence provided to the inquiry gave clear insights into the main drivers of higher food prices, which are principally related to the more difficult operating and trading environments for remote community stores.
- 2.62 Many remote stores operate in locations of extreme isolation, making the supply of goods from other centres difficult and costly. For example, Balgo in Western Australia is 910 kilometres by road from Broome or 846 kilometres from Alice Springs. Kowanyama in Queensland is 607 kilometres from Cairns and is inaccessible to truck freight for parts of the year, due to road closures in the wet season.
- 2.63 The combination of much high operating costs, a lack of purchasing power due to small scale stores and product wastage caused by the breakdown of the cold chain all lead to higher prices and, in some cases, lower quality food for remote stores.

Remote community stores lack the buying power to access good wholesale prices

- 2.64 A key driver of the higher food prices in remote community stores is the high wholesales price that they are required to pay. The Committee learned during the inquiry that the trading terms available to remote stores often prevents them from getting the same wholesale prices larger chains receive due to the smaller scale at which they operate.
- 2.65 Outback Stores commented at a public hearing that remote community stores can often pay a higher wholesale price than urban consumers would pay at the point of sale.⁵⁷ Mr Borg stated:

56 Thumbs Up! Ltd., *Submission 43*, p. [3].

57 Mr Borg, CEO, Outback Stores, *Committee Hansard*, 18 June 2020, p. 2.

None of the remote retail service providers have the buying power of any large corporates, and for the majority of cases these corporates sell goods to the public more cheaply than our industry can purchase these items through wholesalers.⁵⁸

2.66 The NIAA commented in this regard that some independent remote stores buy their stock directly from Coles and Woolworths paying retail prices.⁵⁹

2.67 TAH Northern Trading, which is an independent wholesaler in the NT that supplies but also operates remote stores, advised the Committee that it utilises Coles and Woolworths to achieve greater buying power.⁶⁰

2.68 New South Wales Aboriginal Land Council (NSWALC) explained the challenge of small communities lacking the purchasing power and the ability to negotiate the lower bulk prices of larger communities:

From a commercial perspective the numbers don't stack up for Woolies, Coles or even IGAs – particularly in a lot of these towns – to provide even the full suite of fresh fruit and vegetables that you see in most other larger centres.⁶¹

2.69 ALPA also remarks in its submission in relation to its purchasing power and trading terms that:

We are a very small fish in a big ocean. We do not have the buying power, market concentration and bargaining of the supermarket giants. We cannot buy products from suppliers at the same cost as Coles and Woolworths, nor do we benefit from the supplier marketing or resource support that large national supermarkets receive. And, consequently, we cannot sell products at the same price without impacting the store viability, and ultimately impacting the food security of a remote community.⁶²

Remote supply chains are more fragile and more costly

2.70 Another key driver of the high food prices in remote stores is the high cost of supplying goods to a remote area. The Committee learned during the

58 Mr Borg, CEO, Outback Stores, *Committee Hansard*, 18 June 2020, p. 2.

59 Mr Sam Jeffries, Group Manager, Central, NIAA, *Committee Hansard*, 11 June 2020, p. 11.

60 Ms Heather Scott, Director, TAH Northern Trading, *Committee Hansard*, 28 August 2020, p. 10.

61 Mr Stephen Hynd, Executive Director, Land, Legal and Strategy, New South Wales Aboriginal Land Council (NSWALC), *Committee Hansard*, 24 July 2020, p. 3.

62 ALPA, *Submission 106*, p. 5.

inquiry that remote supply chains are complex and have significant points of fragility that impact on the eventual cost of the goods.

- 2.71 The University of Technology Sydney (UTS) submission that weak supply chain networks prevent remote communities from accessing affordable quality food products. UTS states that ‘inefficiency in the procurement, warehousing, transportation and distribution functions’ are critical in this regard and that ‘exploring the supply chain network, value addition, costs and idle capacities/wastes in different stages is crucial to understand the issues and challenges that plague the system.’⁶³
- 2.72 Sea Swift, a shipping company operating in remote areas of North Qld and the NT, provided evidence at a public hearing that the last part of the delivery by truck was the biggest risk in terms of maintaining the cold chain into remote stores. Sea Swift further commented that a full metro-type supply chain was not possible in remote areas.⁶⁴
- 2.73 In Northern Australia, these challenges are particularly significant. Torres Shire Council told the Committee:
- The cape and Torres Strait region suffers from a lack of [an] integrated freight strategy. This increases the risk of inefficient decision-making in relation to road and rail corridors, connectivity to ports and duplicated infrastructure.⁶⁵
- 2.74 Kowanyama Shire Council is located in the South West region of Cape York Peninsula. In their submission they explained to the Committee that travel from the nearest centre (Cairns) takes 8-10 hours by road and in the wet season, Kowanyama is only accessible by air.
- 2.75 Sea Swift is the major sea freight provider to the remote coastal and island regions of Queensland and Northern Territory and at present it is the only sea freight on offer to many communities. In its submission Sea Swift explained some of the logistical challenges that affect their ability to deliver goods and the costs they therefore need charge to remain viable. These include berthing dolphins, deteriorating barge ramps, insufficient channel depth due to increase in barge sizes over time, and the growth of coral damaging boats.⁶⁶
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63 University of Technology Sydney (UTS), *Submission 28*, p. [1].

64 Mr Lino Bruno, Chief Operating Officer, Sea Swift, *Committee Hansard*, 12 August 2020, p. 17.

65 Ms Dalassa Yorkston, Chief Executive Officer, Torres Shire Council, *Committee Hansard*, 19 August 2020, p. 27.

66 Sea Swift, *Submission 68*, p. 11.

2.76 Seasonal impacts also affect Sea Swift's operations:

During cyclonic conditions in northern Australia, Sea Swift's vessels are often required to make significant changes to our usual passage plans to avoid weather systems and safely deliver freight to our customers, who in many cases remain largely unaware of the efforts of our people and additional time and cost. Sea Swift freight tariff remains constant all year round, regardless of seasonal impacts.⁶⁷

2.77 Seisia is located at the very tip of Cape York, about 1,000 kilometres from Cairns along a road that is partly bitumen and partly dirt. During the wet seasons, rivers and creeks flood and are unable to be crossed. At these times, the only transport route is by sea and it takes 4 days for supplies to arrive by barge. This has a significant impact on the ability to ensure a steady supply of quality foods and drives up prices due to spoilage. Seisia Community Torres Strait Islander Corporation told the Committee at their previous management meeting nearly \$100,000 was written off in wastage.⁶⁸

2.78 The Qld Government stated in its submission that:

The freight supply chain to remote communities is long and complex, comprising a matrix of private, government and corporate ownership of infrastructure and equipment. This complexity leads to excessive loss and wastage of perishable foods and it is challenging to coordinate freight agreement across many stakeholders. Food supply is also disrupted to some communities, reliant on road transport, during wet seasons.⁶⁹

2.79 The Centre for Rural and Remote Health at James Cook University (CRRH) comments in its submission that road closures in the wet season can cause infrequent deliveries and increased freight costs. CRRH notes also that there is limited infrastructure in remote areas to store large quantities of food in preparation for these weather events.⁷⁰

67 Sea Swift, *Submission 68*, p. 12.

68 Mr Wong, CEO, Seisia Community Torres Strait Islander Corporation, *Committee Hansard*, 19 August 2020, p. 10.

69 Health and Wellbeing Queensland (Qld Government submission), *Submission 54*, p. 6.

70 The Centre for Rural and Remote Health, James Cook University (CRRH), *Submission 100*, p. [4].

2.80 ALPA also noted at the public hearing on 23 July 2020 that the high prices in remote stores are greatly influenced by the cost of supply. Mr Alastair King, Chief Executive Officer, ALPA, stated:

The pricing story for remote community stores is complex, influenced significantly by freight costs, high operating overheads, small populations and limited buying power. This influences our market share compared to major supermarket chains.⁷¹

2.81 Evidence given by the Australian Food and Grocery Council (AFGC) suggests that manufacturers and suppliers do not have a line of sight from a distribution centre to a remote community store, ie, it is the wholesaler or retailer from that point in the supply chain that determines the final price.⁷²

2.82 In relation to the supply difficulties faced by remote community stores, Woolworths informed the Committee that it does not supply remote stores to any great extent, but was able to help ensure this supply during the COVID-19 pandemic:

... Woolworths Group currently has a limited supply chain infrastructure into remote Indigenous communities – communities which we understand are predominantly serviced by the Metcash and/or government supported community stores. However, during the peak of COVID-19, when it was brought to our attention that there were supply issues and constraints in remote Indigenous communities, under the framework provided under the ACCC's interim authorisation, we worked together with Metcash to ensure supply into remote areas that Woolworths does not usually service.⁷³

2.83 Woolworths further commented that 'whilst we did not have a direct store footprint during COVID, we were able to demonstrate we do have the framework and the capacity to be able to work directly to supply retailers and support remote communities.'⁷⁴

71 Mr King, CEO, ALPA, *Committee Hansard*, 23 July 2020, p. 29.

72 Dr Geoffrey Annison, Deputy Chief Executive Officer, Australian Food and Grocery Council (AFGC), *Committee Hansard*, 23 September 2020, p. 26.

73 Ms Rachel Elliot, Senior Manager, Government Relations and Industry Affairs, Woolworths Group, *Committee Hansard*, 24 July 2020, p. 21.

74 Ms Elliot, Woolworths Group, *Committee Hansard*, 24 July 2020, p. 22.

- 2.84 Mr Neville Power, Chairman of the National COVID-19 Commission Advisory Board, noted that the experience of the supermarket taskforce during the peak of the pandemic identified opportunities in which supply chain logistics could be improved with a flow on effect for pricing:

It's very hard to compare sites that are even relatively short distances away, because of the different supply chain and logistics issues. So it may be that we need to do more work on improving the logistics to those remote communities. That might be the trigger for getting those prices down.⁷⁵

- 2.85 Mr Power particularly identified the possibility of more remote warehousing to help improve the supply chain.

I think it's a very useful idea to push some of those distribution centres out so that there is a greater level of warehousing, particularly with dry products— these are not challenged from a shelf-life perspective too much. I think there is an opportunity to get more of those out there to reduce the length of the final supply chain and put more stock out as remotely as possible.⁷⁶

The cold storage capacity of remote stores is often low and expensive to maintain

- 2.86 In addition to the high cost of delivering goods and the loss of perishable goods due to network weaknesses in the supply chain, both the dry and cold storage capacity of remote stores is often poor. This is particularly true of small operators. The cost of maintaining refrigeration equipment is also typically high for these businesses. This is likely to put further upward pressure on food prices.
- 2.87 The WA Government notes in its submission that many of the community stores in its State 'do not have the infrastructure capacity (dry and cold storage) to hold large supplies of food at any one time.'⁷⁷
- 2.88 The Aboriginal Medical Services Alliance Northern Territory (AMSANT) noted in its testimony that some independent stores are very old and 'in need of infrastructure improvement, particularly around refrigeration and

75 Mr Power, Chairman, National COVID-19 Commission Advisory Board, *Committee Hansard*, 18 August 2020, p. 8.

76 Mr Power, Chairman, National COVID-19 Commission Advisory Board, *Committee Hansard*, 18 August 2020, p. 8.

77 WA Government, *Submission 110*, p. 6.

storage, to make those stores able to provide... fresh fruit and vegetables for people in communities'.⁷⁸

- 2.89 The CRRH also remarks in its submission that many of the small independent stores have inadequate dry and refrigerated storage which impacts on their ability to sell fresh food and to cope with extreme weather events, including the wet season.⁷⁹
- 2.90 Outback Stores states in its submission that remote stores often face higher costs due to having increased stores of frozen stock during the wet season to cover potential disruptions to supply. Outback Stores points out that the use of old energy-inefficient equipment under conditions of extreme heat and humidity will add to the power costs of the store.⁸⁰
- 2.91 The high cost of repairs is also a considerable problem for remote stores. The Seisia Community Torres Strait Islander Corporation noted in its evidence on 19 August 2020 that the maintenance of the refrigeration equipment in its supermarket comes with additional charges that an urban store would not face. The Chief Executive Officer, Mr Arthur Wong, stated:

We don't have any refrigeration technician here on the ground and we have to either get them from Cairns or Thursday Island. When they're coming from Thursday Island they're coming by chopper. So you're out of pocket by about \$700 before you even get them on the ground.⁸¹

- 2.92 TAH Northern Trading also commented at a public hearing on the huge costs of repairing refrigeration equipment in remote communities:

A fridge might break down and it might only cost you \$200 to repair it. But on a remote community you have to empty that fridge, get a technician to come out – which might be in the next few days, not today – and fly them out, which is \$1,400 in airfares. They've got to overnight and you've got to look after them. So a \$200 repair becomes a \$2,000 repair.⁸²

78 Mr Ben Pike, Food Summit Project Manager, Aboriginal Medical Services Alliance Northern Territory (AMSANT), *Committee Hansard*, 23 July 2020, p. 20.

79 CRRH, *Submission 100*, p. [3].

80 Outback Stores, *Submission 85*, p. 8.

81 Mr Wong, CEO, Seisia Community Torres Strait Islander Corporation, *Committee Hansard*, 19 August 2020, p. 10.

82 Ms Scott, TAH Northern Trading, *Committee Hansard*, 28 August 2020, p. 13.

- 2.93 The Committee notes from the ANAO 2014-15 report on *Food Security in Remote Indigenous Communities*, which is cited in the Public Health Advocacy Institute of Western Australia (PHAIWA) submission, that the Federal Government has provided targeted funding through the *Aboriginals Benefit Account Stores Infrastructure Project* to improve and upgrade remote store infrastructure:
- This audit revealed \$69.2 million targeted funding provided to assist NT community store owners and operators (\$13.4 million 2012-13) and \$55.8 million under the Aboriginals Benefit Account Stores Infrastructure Project to construct 12 new stores, [for the] refurbishment [of] six existing stores, and [for] upgrades [to] 10 houses for store managers in 18 communities.⁸³
- 2.94 The NIAA noted in its testimony that the Aboriginals Benefit Account Stores Infrastructure Project ‘has been running for a number of years and has resulted in a number of new stores and upgrades to stores, particularly around the storage capacity of some of those stores.’⁸⁴
- 2.95 The monitoring of the adequacy of remote store infrastructure through the existing licensing and governance frameworks is discussed in Chapter 3.
- 2.96 Outback Stores states in its submission that while higher freight costs do have a significant impact on remote store prices, it is important to understand that there are many other costs for these businesses that also have an impact including employee costs, general expenses, and governance and compliance.⁸⁵
- 2.97 ALPA also notes in its submission that service providers in remote communities including stores experience higher operational costs than their urban counterparts for almost all business expenses including employment, insurance, governance, power, rent, repairs and maintenance. ALPA further comments that unlike other community services, remote stores do not receive support to help cover these expenses.⁸⁶
- 2.98 Staffing costs is a factor noted by Seisia Community Torres Strait Islander Corporation. Their submission states:

83 Public Health Advocacy Institute of Western Australia (PHAIWA), *Submission 101*, p. 15.

84 Mr Griggs, CEO, NIAA, *Committee Hansard*, 11 June 2020, p. 2.

85 Outback Stores, *Submission 85*, p. 6.

86 Arnhem Land Progress Aboriginal Corporation (ALPA), *Submission 106*, p. 10.

... there is always difficulty firstly, in finding quality staff who will relocate to a remote area, and secondly, in retaining that person for any length of time. It is not uncommon for Seisia to have to recruit a person for a specific position three or four times in any given year, with all the associated costs of relocation of personal effects and families. ... Another factor that adds significant operating costs is the cost of staff incentives in remote areas. These incentives normally include subsidised housing, above award wages, and a number of airfares per year for the staff member to Cairns and return.⁸⁷

- 2.99 Evidence was also given that damage to stores and theft can create significant additional costs. The Chief Executive Officer of the Police Federation of Australia, Mr Scott Weber, told the Committee:

The local store is a hub of the community, so most people don't want to damage it. But when an issue does occur, whether it be sorry time or there have been issues between different tribes or clans in those communities, sometimes that can be a focal point because that's where everyone congregates. It can cause incidents of assaults, acts of malicious damage and break and enters.⁸⁸

- 2.100 Evidence from Martin Schahinger also illustrated this point:

High rates of crime unfortunately go hand in hand with poverty and low levels of education. Remote Aboriginal communities are no different. A local community store usually has an expensive, remotely accessible camera system. The store itself is built like a fortress, with no windows, cages around external cameras and lights, solid security doors, and other measures. The store is often still broken into regularly. At one time, our local store in one community was broken into at least once a week.⁸⁹

- 2.101 Mai Wiru raised several of these additional cost issues with the Committee:

We have a lot of break-ins. For any repairs and maintenance, it can cost us \$3,000 dollars to get somebody out there to do a job before the job even starts. We could have permits for our staff members

87 Seisia Community Torres Strait Islander Corporation, *Submission 5*, p. 4.

88 Mr Scott Weber, Chief Executive Officer, Police Federation of Australia, *Committee Hansard*, 23 September 2020, p. 13.

89 Mr Martin Schahinger, *Submission 46*, p. 12.

to go on the APY lands that we have to pay for. Everybody has got to have a police check, which you have to pay for. Because the vehicles are running backwards and forwards on those roads, our equipment repairs and maintenance are very, very expensive. In a hot, dusty environment, all electronics takes a hammering. Insurance has doubled in the last three years. With just those things there, the cost of doing business out there is just phenomenal.⁹⁰

Government subsidies

2.102 A number of contributors to the inquiry supported direct government subsidies at various points in the food supply chain to reduce food prices in remote stores.

2.103 APO NT recommends in its submission that government subsidies be used to offset the high retail prices in remote stores and also to promote consumption of healthier foods.⁹¹ AMSANT, who were also representing APO NT, further stated at a public hearing:

The Australian government must acknowledge that remote community stores are not just local businesses but provide critical social services to remote communities. Vulnerable people rely on them to get healthy food and other essential items. Nobody else is expected to provide such an essential service in a remote area and also make a profit. It is long overdue for the Australian government to provide subsidies so that people in remote communities are not paying too much in their stores.⁹²

2.104 The provision of government subsidies to lower the cost of healthier foods in remote stores is also supported by Thumbs Up Ltd, PHAIWA, Indigenous Allied Health Australia (IAHA), and the George Institute for Global Health.⁹³

90 Mr Bate, CEO, Mai Wiru, *Committee Hansard*, 6 November 2020, p. 11.

91 APO NT, *Submission 60*, p. 10.

92 Mr John Paterson, Chief Executive Officer, AMSANT, *Committee Hansard*, 23 July 2020, p. 16.

93 Mr Graham Bidstrup, Chief Executive Officer, Uncle Jimmy Thumbs Up Ltd, *Committee Hansard*, 23 July 2020, p. 43; Associate Professor Christina Pollard, Director, Public Health Advocacy Institute of Western Australia (PHAIWA), *Committee Hansard*, 18 August 2020, p. 27; Indigenous Allied Health Australia (IAHA), *Submission 102*, p. 4; The George Institute for Global Health, *Submission 99*, p. [9].

- 2.105 Torres Shire Council expressed the view however that subsidies of fresh fruit and vegetables would need to be targeted to disadvantaged families with a proven need and not applied as a blanket scheme.⁹⁴
- 2.106 Similarly, Apunipima Cape York Health Council (Apunipima) is also supportive of targeted food subsidies for remote communities, recommending that the Government:
- Implement a direct to consumer food subsidy scheme to address financial barriers and increase affordability and access to healthy food and drink in remote areas. The subsidy should be targeted to provide additional support for women, infants and children and the elderly to nurture future generations and protect the most vulnerable.⁹⁵
- 2.107 The Public Health Association of Australia (PHAA) and Cancer Council Australia joint submission recommends that subsidies be provided for remote store infrastructure and staffing costs, freight costs, and staple foods.⁹⁶
- 2.108 ALPA also favours freight subsidies for stores that experience wet-season impacts to their supply costs, and also those that are dependent on barges for their deliveries, but recommends that monitoring would be needed to ensure that these subsidies are passed onto the store customers.⁹⁷
- 2.109 The potential pitfalls of applying government subsidies to the food supply chains for remote stores were raised in a number of submissions.
- 2.110 Sea Swift, which provides shipping services to the Torres Strait and Northern Peninsula region, cautions that there is a possibility that freight subsidies will not be passed onto customers:

There are prior examples of where government subsidies have been placed with certain transport providers (i.e. Macair) yet due to the failure of the organisation have not been passed on to end users in one form or other. Additionally, placing subsidies with a provider of services could essentially place the provider in an anti-competitive position. Instead Sea Swift's position would be to

94 Ms Yorkston, CEO, Torres Shire Council, *Committee Hansard*, 19 August 2020, p. 30.

95 Apunipima, *Submission 87*, p. 3.

96 Public Health Association of Australia (PHAA) and Cancer Council Australia, *Submission 69*, p. 11.

97 ALPA, *Submission 106*, p. 3.

support a freight subsidy on the basis it sits with end use customers in the region.⁹⁸

2.111 Sea Swift also states that ‘should the introduction of a freight subsidy occur, heavy scrutinisation of pricing and charges in the region would need to apply as unscrupulous operators could see this as an opportunity for profiteering.’⁹⁹

2.112 Dr Francis Markham and Dr Seán Kerins are concerned that subsidies may lead to ‘stores changing their behaviour rather than passing through the subsidies to consumers.’¹⁰⁰ They further state:

... without appropriate regulation, operators may simply pocket a subsidy without changing prices. A less extreme scenario might see operators incentivised to shift the varieties of subsidised food purchased toward more expensive varieties or suppliers in order to increase the quantity of the subsidy they receive. These issues are particularly concerning when stores are operated as private businesses.¹⁰¹

2.113 The NIAA concurs with this view and states in its supplementary submission that, from the Australian Government perspective, the experiences with the types of subsidies that might be applied to the freighting of fresh produce to remote areas is that they are difficult to monitor and it is also difficult to ensure that they are passed on to customers.¹⁰²

Committee comment

2.114 The evidence to this inquiry consistently shows that food prices are higher for remote Aboriginal and Torres Strait Islander communities than they are for either Indigenous or non-Indigenous Australians who live in towns and cities.

2.115 This is not surprising given the reasons outlined in this chapter. This disparity in prices has not really changed over the years and may be

98 Sea Swift, *Submission 68*, p. 19.

99 Sea Swift, *Submission 68*, p. 19.

100 Dr Francis Markham and Dr Seán Kerins, *Submission 30*, p. 9.

101 Dr Markham and Dr Kerins, *Submission 30*, p. 9.

102 NIAA, *Supplementary Submission 36.2*, p. 11.

trending upwards, at least based on the NT MBS which is the most regularly conducted survey of its type.

- 2.116 The persistence and apparent widening of this price gap is of concern to the Committee. Whilst achieving parity of food pricing between remote and urban stores or parity with online prices is unrealistic, given the very large differences in their respective operating environments, more needs to be done to provide transparency and adequate avenues for investigation by remote community members. As much downward pressure should be applied to prices as possible.
- 2.117 The Committee did not find that there is common or systemic price gouging by remote stores. While there may be some instances of this by some operators, it seems that most remote stores are doing their best to provide products to their communities at a reasonable price but are forced to charge higher prices because of the much greater cost of doing business.
- 2.118 Although the NT MBS data (and those from other comparable surveys) does not provide information at a particularly granular level, and are thus criticised by some as lacking detail and transparency, they do provide a reliable overarching guide to the higher food prices in remote First Nations communities and the fact that this has been a consistent metric for many years.
- 2.119 This is the second parliamentary inquiry in just over a decade to examine high pricing in remote community stores and the Australian National Audit Office has also examined the issue. Given the continuing public disquiet about the issue, the lack of competition and real-time price transparency in remote community stores and the lack of systems to deal with complaints, the Committee has chosen to make recommendations, to improve public confidence in remote community store pricing.
- 2.120 The Committee believes that a detailed market study by the ACCC is needed to determine what measures may need to be taken to increase competition in the remote food sector, provide a framework for complaints handling and more adaptable consumer protection laws that are relevant for the remote community environment. These matters are beyond the usual remit of a market study but the Committee believes that the ACCC, as Australia's consumer watchdog, has the resources and can bring in the additional external expertise to address these issues in a holistic and independent manner.
- 2.121 The continuing disquiet about the survey from store groups and concerns about food prices in the community indicates that much more is needed in

terms of food price monitoring in remote areas. Price monitoring needs to be done at a national level. It also needs to be done in real-time and to be fully transparent to identify any issues as they arise. Participation by all remote community stores needs to be compulsory. The Committee notes the ANAO made a recommendation about real time price monitoring in its 2014 review but that nothing has happened.

- 2.122 Implementing a real time national price monitoring system will assist helping the NIAA to identify those communities where irregular prices are being charged as well as monitoring those communities coming under food supply stress and formulating a timely response.
- 2.123 The Committee does not support direct Government subsidies along the supply chains to remote stores as a way of reducing food prices. There is no guarantee that subsidies would be passed on to the consumers at the point of sale and they will likely distort the market.
- 2.124 Addressing some of the concerns about shipping in Northern Australia should reduce prices and improve the timeliness of deliveries especially to the Torres Strait.
- 2.125 Consideration also needs to be given to bolstering the infrastructure for food supply networks in the northern parts of the country to reduce delivery times and wastage. Additional distribution centres are also needed in major regional centres to strengthen the food supply networks into remote First Nations communities.

Recommendation 1

- 2.126 **The Committee recommends that the Treasurer direct the Australian Competition and Consumer Commission to undertake an enhanced market study into food and grocery prices in remote community stores. This study should make recommendations about how to increase competition in remote areas and put downward pressure on food prices.**

The study should also identify better complaints handling mechanisms for people in remote communities, any changes to the consumer protection laws that might need to be made to address price gouging in these communities, which the current laws do not address, and a consideration of the impact, if any, of rebates.

The study should also recommend ways in which remote community members can be better informed of their rights as consumers, especially

the right to make complaints.

Recommendation 2

- 2.127 **The Committee recommends that the Australian Government establish a real-time price monitoring and disclosure mechanism through a point of sale data system across all remote community stores. Such a system should allow for real time information about changes in price and patterns of consumption and supply. The price monitoring system should be reported and made publicly available by the NIAA.**

Recommendation 3

- 2.128 **The Committee recommends that the Australian Government investigate the need for upgrading the infrastructure and shipping lanes in the Torres Strait and coastal areas of the Northern Territory, and road infrastructure into remote communities, to improve the supply of food to remote First Nations communities.**

Recommendation 4

- 2.129 **The Committee recommends that the Australian Government encourage the establishment of more local distribution centres by wholesalers in major regional centres closer to remote communities.**

Governance and oversight of remote community stores

Overview

- 3.1 One of the central themes of this inquiry was the governance of remote community stores. Effective governance and training are fundamental to the successful operation of a remote store. Given the importance of these businesses to the lives of First Nations people living in remote communities, governance standards were of major interest to the Committee.
- 3.2 The NIAA states in its submission that good store governance relies on the capacity of the community to direct store policy in the interests of the community, while holding store management to account in maintaining a viable business.¹
- 3.3 The University of Queensland (UQ) outlines some of the diverse governance arrangements that exist for remote community stores, including community owned, privately owned and government managed and owned models.² UQ contends that decision-making needs to move closer to communities as service provision will then be more likely to address the priorities and needs of the communities.³

1 NIAA, *Submission 36*, p. 6.

2 University of Queensland (UQ), *Submission 23*, p. 7.

3 UQ, *Submission 23*, p. 12.

- 3.4 The WA Government emphasises the crucial role of community governance for remote stores, including the accessibility of healthy foods.⁴ The WA Government further states:

The performance of community stores is heavily dependent on the decisions of its owners – often the community corporation. The corporation's board make decisions and may pursue a number of objectives including reducing costs, increasing sales of healthy foods and ensuring financial sustainability. Managers play a crucial role in delivering these objectives through day-to-day operations.⁵

- 3.5 Aboriginal Medical Services Alliance Northern Territory (AMSANT) supports greater community involvement in the management of stores stating:

When you have community ownership, management and governance of remote stores, it not only leads to improvements in store management but then leads to other opportunities in business in remote communities.⁶

- 3.6 Interestingly, APO NT noted in its submission⁷ that the 2017 NT MBS indicates that the percentage of stores with a Committee was highest in 2011 at 79 per cent and since had dropped to 68 per cent.⁸ The 2019 NT MBS reported a slight increase in this figure to 71 per cent.⁹

- 3.7 The National COVID-19 Commission Advisory Board expressed the view at its appearance before the Committee that skills and knowledge were vital to successful governance. Mr Neville Power, Chairman, stated:

I think there's evidence of very good governance systems and evidence where that has failed. I'd say the biggest difference is not so much the structure or the nature of the organisations but rather the skills and training of the people. To me, most of the areas that

4 WA Government, *Submission 110*, p. 1.

5 WA Government, *Submission 110*, p. 10.

6 Mr Pike, AMSANT, *Committee Hansard*, 23 July 2020, p. 18.

7 APO NT, *Submission 60*, p. 12.

8 *Northern Territory Market Basket Survey 2017*, Northern Territory Government, p. 13.

9 *Northern Territory Market Basket Survey 2019*, Northern Territory Government, p. 6.

I've seen that could cause problems are lack of understanding and lack of knowledge and skills.¹⁰

3.8 Aboriginal Investment Group (AIG) comments in its submission that it provides specialist governance training, noting that failings in this regard have consistently been the most significant threat to the success of Aboriginal Corporations.¹¹

3.9 Arnhem Land Progress Aboriginal Corporation (ALPA) discusses its own two tiered governance structures in its submission and emphasises the importance of its centrally governed Board of Directors with local community committees that provide direction to the store managers and staff have been formed for each ALPA member store.¹²

3.10 MoneyMob Talkabout, which provides financial service support and training to remote Aboriginal communities in the APY lands¹³, made a supplementary submission to the inquiry regarding the licensing and governance of remote stores. MoneyMob Talkabout emphasises the importance of having a rulebook that is carefully followed and structured in order to maintain good governance.¹⁴

3.11 MoneyMob Talkabout further states:

With regard to observations we have previously made about governance; in any context, it can take years to be fully equipped with the skills and knowledge to run and operate a multi-million dollar corporation with the complex obligations of meeting economic, commercial, cultural and welfare expectations. This is possibly more so in remote communities, with attendant language and cultural differences of directors. We believe that directors in remote communities generally require a higher level of ongoing support and mentoring - as would anyone undertaking this type of function in a cross-cultural context.¹⁵

10 Mr Neville Power, Chairman, National COVID-19 Commission Advisory Board, *Committee Hansard*, 18 August 2020, p. 11.

11 Aboriginal Investment Group (AIG), *Submission 103*, p. 14.

12 ALPA, *Submission 106*, p. 19.

13 The Anangu Pitjantjatjara Yankunytjatjara (APY) Lands are located in the remote north west of South Australia (SA). Governance of this area is determined by the *Anangu Pitjantjatjara Yankunytjatjara Land Rights Act 1981* (or APYLRA, amended 2017), whereby an Executive Board is elected from the community and reports to the Premier of SA.

14 MoneyMob Talkabout, *Supplementary Submission 48.1*, p. 3.

15 MoneyMob Talkabout, *Supplementary Submission 48.1*, p. 4.

- 3.12 APO NT concurs that improving the governance of remote community stores requires greater support and engagement of communities. APO NT also emphasises that this requires support for Aboriginal people to be involved with and develop an understanding of the operational management of these stores.¹⁶
- 3.13 Outback Stores notes in its submission that many private non-Indigenous owned or controlled retail stores operating in remote communities are not registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act) or with the Office of the Registrar of Indigenous Corporations (ORIC), and that some of these store operators also have commercial stakes in the wholesale provider for the store. Outback Stores contends it would be reasonable to assume that such businesses operate predominantly on for-profit principles.¹⁷
- 3.14 Boab Health Services (Boab) remarks that there is a considerable lack of transparency around remote store governance and decision making which creates uncertainty around store nutrition policies and prevents potential partnerships that would support healthy choices.¹⁸ Boab states however that this is not an easily solved issue:
- The appropriate channels for advocating for positive change are unclear and experience suggests that the only means to bring about local change is to build relationships with store managers. Unfortunately, manager turnover is high and tenure is short, thereby consistently thwarting efforts for sustainable change.¹⁹
- 3.15 As identified in Chapter 2, it is not clear where complaints can be dealt with when concerns over pricing or other matters arise. The ACCC does not take responsibility for issues of pricing when they are not otherwise related to matters such as collusion, but the unique context of remote stores make a clear price complaints mechanism necessary.

16 APO NT, *Submission 60*, p. 14.

17 Outback Stores, *Submission 85*, p. 5.

18 Boab Health Services (Boab), *Submission 95*, pp. [2]-[3].

19 Boab, *Submission 95*, pp. [2]-[3].

Training and support

- 3.16 The existing training frameworks that are available to the directors, managers and staff of remote community stores emerged as a key factor in the effectiveness of the governance arrangements for these businesses. The Committee learned that ORIC provides training at the director level to Indigenous corporations registered under the CATSI Act and that it conducts regular follow-up visits.
- 3.17 ORIC training, however, is not currently provided in language due to resource intensity of doing so for the many First Nations languages and the need for company directors to understand the legislation in English.²⁰
- 3.18 The Committee also learned that while Outback Stores, ALPA and CEQ provide training for the stores they manage, the situation is a lot more varied for independently-owned or community-owned and managed stores, which represent the majority of the 218 remote community stores in Australia.²¹
- 3.19 ORIC differs from the Australian Securities and Investments Commission (ASIC) in terms of its regulatory interventions which it refers to as examinations and not investigations.²²
- 3.20 ORIC informed the Committee that it has undertaken examinations for some remote community stores:
- In 2019-20 we've only had one examination of a community store. There have been a handful of examinations of community stores over the last few years. In 2013-14 we did three, and the most we've done in a particular year was in 2016-17 when we did five examinations of community stores.²³
- 3.21 ORIC further informed the Committee that CATSI registration is free, that it works with Aboriginal Corporations under this Act to try and ensure that they stay afloat, and that ASIC doesn't provide the same capacity-building and support.²⁴

20 Mr Selwyn Button, Registrar, Office of the Registrar of Indigenous Corporations (ORIC), *Committee Hansard*, 28 August 2020, p. 18.

21 NIAA, *Submission 36, Attachment C*, pp. 27-35.

22 Mr Button, Registrar, ORIC, *Committee Hansard*, 28 August 2020, p. 17.

23 Mr Button, Registrar, ORIC, *Committee Hansard*, 28 August 2020, p. 17.

24 Mr Button, Registrar, ORIC, *Committee Hansard*, 28 August 2020, p. 15.

- 3.22 ORIC also stated in its testimony that the capacity of the directors of Aboriginal Corporations varies and is dependent on the support of other board members, and of the CEO and staff.²⁵ Notably however, ORIC has not done specific and tailored training for remote community stores since 2016.²⁶
- 3.23 Mr Martin Schahinger expressed the view at a public hearing that current training and development in relation to community stores was problematic. Mr Schahinger stated:
- I'm not a huge fan of the training and development that's around at the moment, particularly around that point of the directors understanding finances, understanding the cost pressures on the store, understanding how to run a business. You're dealing with people who in many cases don't know how to run their own family budget and don't have much money in their own bank accounts.²⁷
- 3.24 ORIC had a partnership with the NIAA and NT government on capacity building for stores that commenced in 2016 but this pilot program ended in 2018 because the demand had decreased.²⁸
- 3.25 ORIC states in its submission to the inquiry (responding to questions taken on notice at the hearing on 28 August 2020) that of the 81 Aboriginal Corporations under the CATSI Act that own or control stores '25 corporations (31 per cent) have had one or more person participate in corporate governance training activities provided by ORIC over the five years to 2020.'²⁹
- 3.26 ALPA voiced its strong support for governance training at the public hearing on 23 July 2020, but remarked that many of its own directors would struggle with the complexity of some of the current training and that more intermediate courses are needed:
- ORIC do basic, entry-level governance training, which is important and good and which needs to be more frequent. AICD [Australian Institute of Company Directors] runs your pre-eminent company directors course, but it's really heavy going
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25 Mr Button, Registrar, ORIC, *Committee Hansard*, 28 August 2020, p. 16.

26 Mr Button, Registrar, ORIC, *Committee Hansard*, 28 August 2020, p. 18.

27 Mr Martin Schahinger, *Committee Hansard*, 12 August 2020, p. 32.

28 Mr Button, Registrar, ORIC, *Committee Hansard*, 28 August 2020, p. 18.

29 ORIC, *Submission 123 (Responses to Questions Taken on Notice)*, p. [7].

around prereading and complexity. Only some of our directors, for example, would be able to get through that. What's missing is governance training in the middle – something in between the AICD and the ORIC.³⁰

- 3.27 MoneyMob Talkabout also expressed concerns about the level of understanding of governance training. Ms Carolyn Cartwright, Managing Director, told the Committee:

In terms of my own experience of having worked with Indigenous people around a board and also as employees, I know the amount of effort and discussion that's needed in order to break down concepts and ensure that you've got the correct language to describe things – and then to have people understand it, sitting across two worlds. I imagine that that's quite challenging to achieve for the stores groups. I imagine that there's not a great understanding perhaps at government level of the amount of effort and resourcing that's needed to do that well.³¹

- 3.28 The NIAA noted in its testimony that the standards and understanding of governance are variable in remote communities and informed the Committee that it provides \$1 million per year in funding to ORIC to support governance training.³²

Licensing of remote stores

Overview of exiting frameworks

- 3.29 The licensing of remote community stores was another key issue for the inquiry in relation to the effective governance of stores and their compliance with certain standards. A licensing regime for remote stores exists for the NT under the *Stronger Futures in the Northern Territory Act 2012 (Stronger Futures)*, however there is no comparable arrangement in other States.

30 Mr King, CEO, ALPA, *Committee Hansard*, 23 July 2020, p. 34.

31 Ms Carolyn Cartwright, Managing Director, MoneyMob Talkabout, *Committee Hansard*, 24 July 2020, p. 18.

32 Mr Ray Griggs, Chief Executive Officer, NIAA, *Committee Hansard*, 9 October 2020, p. 3.

- 3.30 The WA Government notes in its response to a question taken on notice that the governance of its 44 remote stores is regulated under a variety of different Commonwealth and State legislation including the *Associations Incorporation Act 2015 (WA)*, *CATSI*, and, in the case of stores managed by Outback Stores, the *Public Governance, Performance and Accountability Act 2013 (Cth)*.³³

Northern Territory licensing scheme

- 3.31 As outlined in the NIAA submission to the inquiry, the NT Community Stores Licensing Scheme was originally introduced under the *Northern Territory National Emergency Response Act 2007* to support income management and improve food security for First Nations communities.³⁴
- 3.32 This scheme was subsequently continued under the *Stronger Futures* legislation. Its operation is described in the NIAA submission and includes the following:
- before determining whether a store is required to be licensed, the NIAA undertakes community consultations about the services provided by the store and the licensing scheme
 - if consultations indicate a store is an important source of essential goods, the NIAA provides formal notice to the store's owner and manager of the proposal to require the store to be licensed and seeks submissions from them.
 - after considering submissions and other relevant information, if the NIAA determines a store is required to be licensed, the owner is invited to apply for a license. If an application is not made or the store cannot meet licensing standards (even with assistance), the store would be prohibited from trading and is subject to penalties for continued trade.³⁵
- 3.33 Stores that receive a license are subsequently monitored and assessed to ensure that they continue to meet licensing requirements as outlined in the next section of this chapter. Currently, 100 remote stores are licensed under the *Stronger Futures* legislation, including some takeaway businesses.³⁶

33 WA Government, *Supplementary Submission 110.1 (responses to questions taken on notice)*, p. [4].

34 NIAA, *Submission 36*, p. 11.

35 NIAA, *Submission 36*, p. 11.

36 NIAA, *Submission 36, Attachment D*, pp. 36-37.

- 3.34 The NIAA further informed the Committee that 53 of the licensed stores in the NT are independently managed, of which 17 are incorporated under ORIC.³⁷

Monitoring and oversight of remote stores

- 3.35 The monitoring of remote community stores is also a vital activity from a governance and management perspective. This only occurs, however, in any systematic way in the NT under the abovementioned licensing scheme. The NIAA informed the Committee that it has 70 authorised officers tasked with inspecting remote stores under the *Stronger Futures* legislation, which includes an assessment of governance and financial performance.³⁸
- 3.36 As noted by the NIAA in its submission to this inquiry, the regulation of Indigenous-owned stores is spread across a number of different Commonwealth, State and Territory agencies so that there is no uniformity in the approaches to regulatory compliance.³⁹ NIAA states:

ORIC has responsibility for those registered under the CATSI Act, the Australian Securities and Investments Commission (ASIC) oversees governance matters for stores under the Corporations Act, and state and territory business affairs agencies deal with corporate governance issues for stores, assisted by ASIC. This creates a variety of regulatory compliance approaches, and the need for a simplified and strengthened regulatory framework for stores has been noted previously.⁴⁰

- 3.37 NIAA outlined its inspection framework for the NT remote stores during its second appearance before the Committee, which includes monitoring visits and assessments:

We have a combination of two types of inspection visits. One is a monitoring visit and that's based on the assessed risk of each store. For a monitoring visit, if it's a low-risk store, we visit every 18 months. If it's a medium-risk store, we visit between six and 12 months. If it's a high-risk store, we visit every six months. If it's an extreme risk store, we visit every quarter for an assessment...

37 NIAA, *Supplementary Submission 36.4 (responses to questions taken on notice)*, p. [18].

38 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 5.

39 NIAA, *Submission 36*, pp. 9-10.

40 NIAA, *Submission 36*, pp. 9-10.

There are a number of things like change of management or ownership of stores which also trigger an assessment visit.⁴¹

3.38 NIAA further noted in relation to the assessments that they are not based on financial viability but on the impact to the communities from a food security perspective. NIAA stated:

We do take in the human element around this. It's not just purely a numbers game. Often, in particular, if there is a change of store management, for example, there is a food security assessment undertaken... We assess that. We then come to a position about where the risk rating for that particular store sits on that. Then we monitor that store, and if things are improving we bring the risk rating down, particularly on the supply and access to food.⁴²

3.39 The NIAA also confirmed that these evaluations continue through the wet season and include an infrastructure assessment.⁴³

3.40 The checklist used by the NIAA when monitoring stores was provided to the inquiry as a supplementary submission and includes documents that relate to governance such as a copy of the Constitution or Rule Book, copies of minutes from Corporation meetings, and the availability of an operations manual. Stores are also required to satisfy the checklist by providing information on when directors meetings have occurred, confirmation that the directors have ratified store opening hours and pricing mark-ups, and that policies on nutrition and employment are in place.⁴⁴

3.41 This NIAA checklist further requires confirmation that directors are undertaking performance appraisals with the store managers or the management company, and allows directors to indicate whether they feel supported in their roles and if they would like additional support or training.⁴⁵

3.42 The NIAA gave evidence that 10 days' notice must be given to a remote store of an inspection under the *Stronger Futures* legislation. NIAA remarked on this issue:

41 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 2.

42 Mr Sam Jeffries, Group Manager, Central, NIAA, *Committee Hansard*, 9 October 2020, p. 6.

43 Mr Jeffries, NIAA, *Committee Hansard*, 9 October 2020, p. 6.

44 NIAA, *Supplementary Submission 36.4 (responses to questions taken on notice)*, pp. [4]-[6].

45 NIAA, *Supplementary Submission 36.4 (responses to questions taken on notice)*, p. [6].

This is one thing that I think is a bit of a problem in the legislation, to be honest – that is, that we have to provide 10 days’ notice for a visit. Interestingly, in the explanatory memorandum for the *Stronger Futures in the Northern Territory Act*, it was pretty clear that the intent was that they'd be no-notice/announcement visits. That didn't make its way into the legislation itself, but, because the legislation isn't ambiguous, you can't invoke the explanatory memorandum.⁴⁶

3.43 Some of the contributors to the inquiry expressed concerns about the current monitoring and oversight of remote stores in relation to the NT scheme and indicated support for a national licensing and monitoring system.

3.44 AMSANT (also representing APO NT) suggested in its testimony regarding the NT licensing scheme that the NIAA, or another body, should conduct a greater number of visits to remote communities and recommended ‘stronger engagement with the licensing body with community members and store boards so that they're more aware of what's happening and the changes that are needed.’⁴⁷

3.45 ALPA expresses concern in its submission about a lack of visits to stores by NIAA under the current NT licensing scheme and that store risk ratings are not therefore being updated.⁴⁸ ALPA has further concerns that, although licensed stores are required to hold a nutrition policy, NIAA does not stipulate what this should be, and does not assess whether it is being implemented and updated as required.⁴⁹

3.46 NIAA informed the Committee in relation to monitoring visits, however despite the COVID-19 pandemic it was now up to date:

I can report now that, since we've been able to get back out into the community, we've conducted 94 monitoring visits in the Northern Territory, we've conducted two assessments and we have another 10 assessments to go. In terms of monitoring visits, we are up to date.⁵⁰

46 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 2.

47 Mr Pike, AMSANT, *Committee Hansard*, 23 July 2020, p. 17.

48 ALPA, *Submission 106*, p. 16.

49 ALPA, *Submission 106*, p. 16.

50 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 2.

3.47 Both AIG and Wirrimanu Aboriginal Corporation queried the nature of the relationship between Outback Stores and the NIAA in relation to whether it was sufficiently at arm's length to facilitate proper oversight of Outback Stores.⁵¹

3.48 NIAA informed the Committee, however, that although Outback Stores is part of the same Ministerial portfolio, the two entities are quite separate:

Outback Stores is an independent organisation with an independent board that reports to the minister. The only relationship that we have from a portfolio perspective-we're both portfolio bodies in the Prime Minister and Cabinet portfolio-is that the NIAA has in its executive order a role to coordinate with other Indigenous portfolio bodies. So the only connection that we have on a regular basis in that respect is I have a monthly meeting with all portfolio bodies just to share information around what's happening from a governance perspective...⁵²

3.49 The Committee was also interested in the oversight of remote store infrastructure through the existing monitoring mechanisms in the NT. The NIAA informed the Committee that it doesn't keep a list of infrastructure upgrades or requirements in community stores but does check for this as part of its inspections and discusses any issues with individual stores.⁵³

3.50 Outback Stores also informed the Committee that an assessment of store infrastructure forms part of its due diligence processes. Outback Stores stated:

When we enter into a management agreement, we go through the store building or infrastructure as part of our due diligence. We would then form an opinion that this requires a significant improvement before we can start managing it, or this is the amount of investment that we need to seek to make sure that we can continue to trade as efficiently as possible. With regular stores we will keep making smaller improvements every year.⁵⁴

51 AIG, *Submission 103*, p. 11; Wirrimanu Aboriginal Corporation, *Submission 66*, p. 19.

52 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 3.

53 Mr Jeffries, NIAA, *Committee Hansard*, 9 October 2020, p. 6.

54 Mr Rathore, Outback Stores, *Committee Hansard*, 9 October 2020, p. 20.

Improving monitoring and licencing

- 3.51 In 2009, COAG agreed to consider establishing a national licensing scheme for community stores as a way of helping close the gap on health between First Nations and other Australians.⁵⁵ To date no national licencing scheme exists.
- 3.52 The 2009 report from this Committee following its Inquiry into Remote Aboriginal and Torres Strait Community Stores determined that ‘the licensing of stores under the NTER has provided advantages to communities, governments and to stores and provides a means to better manage challenges to food security in remote communities.’⁵⁶
- 3.53 Throughout this Inquiry, Committee again heard from numerous groups that a national licencing scheme for community stores would be welcome.
- 3.54 ALPA states in its submission that it welcomes ‘considerations for a national licensing or benchmarking scheme, or the utilisation of lease agreements to improve food security across all states and territories.’⁵⁷
- 3.55 Apunipima states in its submission that it ‘supports the investigation of a national benchmarking and/or accreditation scheme’ for remote stores and expresses the belief that the scheme should be informed by the outcomes of the 2020 Healthy Stores Study.⁵⁸
- 3.56 Queensland Aboriginal and Islander Health Council (QAIHC) believes a rigorous licensing scheme would improve the consistency of stores and would set important benchmarks for store management, operation standards and governance. Its submission also states that ‘QAIHC supports a national accreditation scheme for remote community stores and retail outlets within remote communities.’⁵⁹
- 3.57 Outback Stores believes that a national licensing system should be supported by a dedicated agency at a national level to conduct monitoring and ensure compliance.⁶⁰

55 House of Representatives Aboriginal and Torres Strait Islander Affairs Committee, *Everybody's Business: Remote Aboriginal and Torres Strait Community Stores*, Parliament of Australia, November 2009, p. 129.

56 House of Representatives Aboriginal and Torres Strait Islander Affairs Committee, *Everybody's Business: Remote Aboriginal and Torres Strait Community Stores*, Parliament of Australia, November 2009, p. 144.

57 ALPA, *Submission 106*, p. 16.

58 Apunipima Cape York Health Council, *Submission 87*, p. 8.

59 Queensland Aboriginal and Islander Health Council (QAIHC), *Submission 89*, p. 9.

60 Outback Stores, *Submission 85*, p. 23.

Competition

3.58 In many remote communities there is only one store in operation, creating a monopoly situation for consumers. This has the potential to lead to inflated prices and lower quality goods for people living in remote communities who are dependent on a single store for provision.

3.59 Torres Shire Council told the Committee:

In real terms, there is no effective community competition between our stores, as outlined in our submission, and no effective community and supply chain. Predominantly, food is sold through IBIS, and whilst it is possible for residents to obtain food from the large supermarkets in Cairns, they must be registered clients with Sea Swift and pay a premium for the transport through-freight.⁶¹

3.60 Even in less remote locations such as Ilparpa Town Camp, Alice Springs, a lack of public transport creates an effective monopoly for corner stores that are accessible to a community. Tangentyere Council Aboriginal Corporation told the Committee:

Fourteen of the 16 town camps are not within 500-metre walking distance of any supermarket or healthy food option. They do have closer access to a corner store and, as I said earlier, the market basket survey showed that unhealthy food is more commonly bought there and also that the average basket would cost about \$200 more.⁶²

3.61 Given this situation, having a diversity of organisations available to provide management support to stores, is an essential aspect of competition. This provides a mechanism by which pressure is applied to management groups to ensure they are providing an appropriate service.

3.62 The Committee heard evidence of stores changing management groups or comparing costs and deciding to operate independently. Yarrabah Council in Queensland for example, told the Committee that they considered working through CEQ or Outback Stores for their store but decided to stay

61 Ms Yorkston, CEO, Torres Shire Council, *Committee Hansard*, 19 August 2020, p. 27.

62 Dr Anna Flouris, Executive Officer, Tangentyere Council Aboriginal Corporation, *Committee Hansard*, 23 July 2020, p. 37.

independent instead. This was because of an assessment that the other bodies would not yield a better result for them.⁶³

- 3.63 The Committee heard concerns that this competition is less effective in Queensland, due to the statutory nature of the CEQ management group. ALPA told the Committee:

We are also in the Queensland market but have found CEQ does not abide by competitive neutrality obligations, by trying to squeeze us and other independents out of the Queensland market, which they dominate with 27 stores. They also recruit our managers without any attempt to recruit, onboard and train their own. We estimate there are 15 or more former ALPA managers and senior managers now with CEQ.⁶⁴

- 3.64 The Committee also heard different practices are in place among different stores regarding evaluation of management groups. There is no requirement for management groups to regularly retender, though in some cases it happens naturally.

- 3.65 Outback Stores told the Committee:

That [tendering at the expiration of management agreements] generally occurs. It might not be written in the agreement. It depends on the community relationship and how long they've been managing the store. Outback Stores would be fully supportive if that's what brings more competition to the market.⁶⁵

- 3.66 Mai Wiru identified times when competition during a tendering process has taken place. They described a situation at Koonibba where Outback Stores and Mai Wiru competed for store management. ALPA nearly participated in the tender process too. Mai Wiru was awarded the service agreement. They also currently operate a store in Yuendumu which is in direct competition with another store managed by Outback Stores.

- 3.67 When asked whether tendering for management contracts would be realistic for Mai Wiru, they responded positively:

... we're in a very good position to tender. Our organisation is very lean. Everybody wears several caps. Our pricing structure is considerably lower than anybody else's because we don't have the

63 Mr Leon Yeatman, Chief Executive Officer, Yarrabah Aboriginal Shire Council, *Committee Hansard*, 19 August 2020, p. 2.

64 Mr King, CEO, ALPA, *Committee Hansard*, 23 July 2020, p. 31.

65 Mr Rathore, Outback Stores, *Committee Hansard*, 9 October 2020, p. 17.

big overheads. We run a fairly lean ship, which means that we can do the jobs mostly a whole lot cheaper because of the way we operate.⁶⁶

- 3.68 The Committee received consistent evidence that greater competition was needed in remote communities, to put downward pressure on prices and improve the quality of food and grocery provision.

Committee comment

- 3.69 The effective governance and oversight of community stores will be a vital part of any future solutions to food pricing and food security in remote communities. The Committee's view is that these need to be strengthened, principally in licensing, monitoring, and governance training.
- 3.70 A purely government designed, centrally created solution will not be effective without being reinforced by local communities taking actual responsibility for the governance and oversight of individual stores. All of this requires better training than is presently on offer. People put through the training course should be examined on their responsibilities. To do less than this is to create the appearance of local community governance without ensuring this local involvement is substantial or meaningful.
- 3.71 The availability and effectiveness of the training for directors of Aboriginal Corporations that run remote stores, and also for the managers and staff of these stores, will be critical going forward to increase and sustain the viability of these businesses, and also improve the quality of the services that they provide to their communities.
- 3.72 It was clear from the evidence to the inquiry that there are a number of skills that must be strengthened and fostered to improve the operation of remote stores. Improved governance and financial literacy among the governing board members is key, and it is therefore important that training can be tailored and provided as regularly as needed to facilitate this.
- 3.73 It is unacceptable for ORIC not to have had specific and tailored training for remote community stores since 2016, or for ORIC to imply that First

66 Mr Bate, CEO, Mai Wiru, *Committee Hansard*, 6 November 2020, p. 10.

- Nations store directors could rely on the support of other board members and management to discharge its duties.
- 3.74 The Committee's view is that ORIC and the NIAA should overhaul the current governance arrangements and tailor the training in a way that will increase participation by the directors of remote stores. The Committee suggests, as a matter of urgency, that ORIC should create and deliver training packages in both English and language that provide members of communities the skills necessary to make appropriate decisions to properly run the stores in the best interests of their communities.
- 3.75 The Committee notes that First Nations people in remote communities are no less able to be members of boards if the training is appropriate, in language, and provides the competency and governance skills required to oversee their responsibilities.
- 3.76 There also needs to be effective monitoring of participation in this training by ORIC and NIAA and a testing regime to ensure that those who have completed it have actually acquired the necessary understanding of their obligations under the legislation.
- 3.77 The NT licensing scheme appears to be a reasonably effective system for ensuring that remote community stores in the Territory are functioning in a way that will best serve their communities.
- 3.78 The Committee believes that monitoring to ensure good and robust governance of remote stores can be better achieved through a national expansion of the current NT remote store licensing scheme. This will benefit remote communities across Australia as it will help to ensure that service standards for these businesses are met and that there are proper consultations between directors, store managers and the wider community through the use of store committees.
- 3.79 The Committee believes that improved governance through an effective national licensing regime will better enable remote communities to have a say in the running of their local store and in the type of services that they would like it to provide.
- 3.80 It was noteworthy that under the *Stronger Futures* legislation, inspections of remote stores by NIAA currently require 10 days of notice. This is not satisfactory as it can distort the true picture in a store that may be struggling. The Committee would like to see this requirement removed so that unannounced inspections can take place as needed.

- 3.81 In addition, given the intersection of portfolio responsibilities, the Committee urges the strongest possible separation of the NIAA's policy-making and oversight functions, particularly in relation to Outback Stores.
- 3.82 The Committee also believes that there may be merit in Outback Stores, as a Commonwealth-owned management group, reviewing their roles and functions. This review should include the possibility of Outback Stores providing support for the operation of smaller independent stores that they do not operate. This support could include assistance in such areas as governance and staff training, access to supply chains and infrastructure
- 3.83 Finally, the Committee believes that as part of the new national licensing regime, there should be a proper tendering process for store management contracts when they come up for renewal. This should lead to some competitive pressure in the provision of services for remote communities.

Recommendation 5

- 3.84 **The Committee recommends that an independent review of the outcomes and quality of governance training conducted by ORIC be undertaken so that in future training be available in language, and that evidence be collected that those who have completed the training actually understand their duties and obligations as directors.**

Completion of initial governance training and some level of continuing professional development for directors and staff should also become part of the national licensing scheme.

Recommendation 6

- 3.85 **The Committee recommends that the Australian Government institute a national scheme of licensing and inspection of remote community stores.**

Recommendation 7

- 3.86 **The Committee recommends that the *Stronger Futures in the Northern Territory Act 2012* be amended to remove the requirement that stores be**

given notice before inspections.

Recommendation 8

3.87 The Committee recommends that remote stores provide material to inform communities on their use of rebates.

Recommendation 9

3.88 The Committee recommends as a means of applying competitive pressure that at the expiration of store management contracts, new contracts should ideally be open to competitive tender.

Food security in remote Aboriginal and Torres Strait Islander communities

Overview

- 4.1 The evidence to this inquiry indicates that the quality and variety of food that is available to many remote communities is commonly lower than in urban supermarkets. This lack of fresh healthy food options in many remote stores was a major concern to many of the contributors to the inquiry and to the Committee.
- 4.2 The evidence to this inquiry highlighted that food insecurity is not a new issue for remote First Nations communities and that diet-related and thus avoidable diseases are prevalent among First Nations people.
- 4.3 The *Stronger Futures Northern Territory Act 2012 (Cth)(Part 4)* defines food security in comparable terms, ie:
- ... a reasonable ongoing level of access to a range of food, drink and grocery items that is reasonably priced, safe and of sufficient quantity and quality to meet nutritional and related household needs.¹
- 4.4 The Council of Australian Governments (COAG) has defined food security as ‘the ability of individuals, households and communities to

¹ Monash University, *Submission 51*, p. 10.

acquire appropriate and nutritious food on a regular and reliable basis using socially acceptable means.²

- 4.5 The Committee found evidence that healthy food policies operate in many remote stores and that healthy food is often available, but in some cases the breakdown of the cold chain and the long distances food travels compromises the quality of fresh food.
- 4.6 Where healthy food is available it may not be a desirable option as the foods may not be familiar and the necessary equipment and skills for food preparation may be absent.
- 4.7 These factors put many First Nations people living in remote communities at risk of food insecurity. Some of those factors became more acute because of the COVID-19 pandemic.

Food security during the COVID-19 pandemic

- 4.8 Issues with food security for remote Aboriginal and Torres Strait communities were exacerbated during the early stages of the COVID-19 pandemic.
- 4.9 Mr John Armstrong submitted photographic evidence to the Committee of a shop notice at the store in Gununa, Qld. Mr Armstrong told the Committee that for at least 3 months, the store featured the sign shown below in Figure 1.

2 Australian National Audit Office (ANAO), *Food Security in Remote Indigenous Communities*, Commonwealth of Australia 2014, p. 11.

Figure 1 Notice previously given to customers in the community store in Gununa, Qld



Source Mr John Armstrong, *Submission 6*, p. 2.

4.10 Ms Sophie Boland told the Committee that during the lockdowns, food security issues increased with people unable to travel into centres like Alice Springs to do a large shop.³

4.11 Mr Neville Power, Chairman of the COVID-19 Commission Advisory Board, told the Committee transport across state and territory borders caused confusion and obstacles:

As the border closures came into place, there was considerable confusion as to what the details of those were and what was

3 Ms Sophie Boland, *Submission 11*, p. 1.

allowed and what wasn't allowed. There were also some significant delays at the borders.⁴

- 4.12 As a result of the COVID-19 pandemic, a Supermarket Taskforce was established by the Department of Home Affairs to work with the national COVID-19 Advisory Board. The Advisory Board was formed at the beginning of the coronavirus pandemic to assist the government with difficult problem-solving tasks related to COVID-19 and the restrictions introduced to deal with the pandemic. It worked with the Supermarkets Taskforce to help 'unblock supply chains and move food supplies to regional and remote areas and to navigate freight and transport challenges, including the movement of goods through the ports.'⁵
- 4.13 Also as a result of the COVID-19 pandemic, the NIAA established a *COVID-19 Food Security Working Group* (Working Group). The Working Group aimed to provide high level expertise and develop solutions to food security risks arising from the pandemic. These solutions were to include strategies and practical measures to assist remote stores to maintain food supplies.⁶ It also performed a monitoring function.
- 4.14 The Coordination functions of the Working Group and Supermarket Taskforce allowed these challenges to be managed. They resolved matters like: freight travelling across borders; the distribution of supplies that were donated by Coles and Woolworths; and the ensuring of reliable supplies for small independent stores and wholesalers.⁷
- 4.15 The Working Group has continued and is chaired by the NIAA and includes the following members: ALPA, CEQ, Outback Stores, Mai Wiru, TAH Northern Trading, Metcash, Sea Swift, PricewaterhouseCoopers Indigenous Consulting, AFGC, and representatives from the NT, SA, WA and Qld Governments.⁸
- 4.16 The roles of the Working Group, specified by the NIAA in its submission, include the following:
- share information and expertise to reduce the impacts of COVID-19 on food security in remote Indigenous communities
-

4 Mr Neville Power, Chairman, National COVID-19 Commission Advisory Board, *Committee Hansard*, 18 August 2020, p. 6.

5 Mr Power, Chairman, National COVID-19 Commission Advisory Board, *Committee Hansard*, 18 August 2020, p. 6.

6 NIAA, *Submission 36, Attachment E*, p. 39.

7 Mr Sam Jeffries, Group Manager, Central, NIAA, *Committee Hansard*, 11 June 2020, pp. 10-11.

8 NIAA, *Submission 36*, pp. 40-41.

- develop strategies and practical measures to assist remote stores to maintain supply and resupply of food, including through a focus on potential blockages in the food supply chain and distribution
- identify issues that might need to be elevated to the national coordination mechanism and potentially to National Cabinet
- develop and share guidelines for remote stores on minimising risks associated with the spread of COVID-19 in remote stores
- identify potential linkages and partnerships to support food security and
- undertake other priorities identified by the Working Group.⁹

4.17 The Working Group was an NIAA initiative and has been successful in addressing some of the key supply-related issues facing remote communities during the pandemic. NIAA stated:

The Food Security Working Group brings together food and grocery sector, government and other stakeholders... This was primarily to prioritise supply to remote stores to address supply shortages and meet the significant increases in demand in remote communities... Some of the key successes that we had include having a broad range of the industry, from the growers and manufacturers with the Australian Food and Grocery Council [AFGC] to wholesalers and retailers. Sometimes those groups have natural prejudices against each other. In the sector, it's about how they do business. We were able to build a relationship quite quickly to overcome the issues around supply problems.¹⁰

4.18 The AFGC also commented very positively on the activities of the Working Group, of which it is a member:

The group was meeting weekly. It had a very solid agenda-very structured. We very much focused on the problems and the resolution of those problems, to make sure that we could get food and grocery products to where they were needed. It was very collegiate and very collaborative.¹¹

9 NIAA, *Submission 36*, p. 39.

10 Mr Jeffries, NIAA, *Committee Hansard*, 9 October 2020, p. 10.

11 Ms Samantha Blake, Director, Industry Affairs, Australian Food and Grocery Council (AFGC), *Committee Hansard*, 23 September 2020, p. 33.

- 4.19 The NIAA commented also that the Working Group was primarily about maintaining a food security pipeline and that its members are the main players in this regard.¹²
- 4.20 The NIAA also outlined the importance of the Working Group to manage the sudden increase in people returning to country due to the pending lockdown:
- Quite a significant number of people were returned back to country prior to the remote travel restrictions being put in place, and that put added pressure on stores to be able to provide for the increase in population – in some communities, an increase of 20 or 30 per cent. That would have a greater impact on the stores.¹³
- 4.21 ALPA also commented very positively on its membership of the Working Group in its submission and indicated that it could see benefit in it continuing post-pandemic. ALPA states that ‘governed properly this group has the potential to combine buying power to achieve improved freight and base cost prices that could be passed on to consumers.’¹⁴
- 4.22 The University of Queensland (UQ) remarks in its submission that securing the food supply to remote communities during the pandemic was an impressive achievement by the Working Group.¹⁵
- 4.23 There were comments from AIG in its evidence that despite having a substantive market share, no independent stores were represented on the Working Group.¹⁶
- 4.24 NIAA noted in this regard however that this was an issue of having manageable numbers on the Working Group, and the fact that these stores do not have any kind of collective representation by the very nature of their independence.¹⁷

12 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 4.

13 Mr Jeffries, NIAA, *Committee Hansard*, 9 October 2020, p. 10.

14 ALPA, *Submission 106*, p. 6.

15 UQ, *Submission 23*, p. 12.

16 Mr Steven Smith, Chief Executive Officer, Aboriginal Investment Group (AIG), *Committee Hansard*, 23 July 2020, p. 3.

17 Mr Griggs, CEO, NIAA, *Committee Hansard*, 9 October 2020, p. 4.

4.25 A number of submitters express the view that the Working Group should be continued post-pandemic as the supply and affordability issues will remain for remote communities. Apunipima submits that an enduring collaboration like the Working Group will be needed:

Apunipima was pleased that this collaboration appeared successful in quarantining stock and ensuring adequate supply of food and essential goods reached remote communities when stock was limited nationally. However, food affordability and access issues are not only a concern during this COVID period, this is an ongoing concern and warrants ongoing commitment, investment and action across all sectors beyond the pandemic.¹⁸

4.26 The Law Council of Australia also submits that consideration should be given to continuing the Working Group in the longer term to address food security and pricing concerns.¹⁹

4.27 Similar supply chain issues to those that emerged during the COVID-19 pandemic are commonly felt during situations of natural disaster or during seasonal weather changes, particularly in Northern Australia, as outlined in Chapter 2.

4.28 The COVID-19 Commission Advisory Board confirmed this view. They told the Committee there is existing fragility in supply chains which COVID-19 exacerbated:

I believe that there were significant underlying issues in the supply chains which made those supply chains quite fragile, and the advent of the coronavirus disrupted them significantly.²⁰

4.29 There is potential for some of the lessons learned during the COVID-19 pandemic to be applied to ongoing challenges that are experienced annually.

4.30 When asked about their ability to assist remote communities in a post-COVID-19 environment in benefiting from Woolworth's economy of scale, Woolworths indicated they would be open to helping supply more remote communities through their wholesale operations. Mr Ian McDonald, Woolworths' General Manager for Wholesale, explained:

18 Apunipima, *Submission 87*, p. 18.

19 Law Council of Australia, *Submission 67*, p. 12.

20 Mr Power, Chairman, National COVID-19 Commission Advisory Board, *Committee Hansard*, 18 August 2020, p. 7.

We do have some wholesaling capability that we established recently which could provide the opportunity for us to supply some of the organisations that operate in the remote communities. That would probably be the key way we could assist... We have had conversations with organisations like ALPA and Outback Stores, and we have offered our services to them if they are interested. But we would be open to talking to other people as well.²¹

- 4.31 Rachel Elliott, Woolworths' Senior Manger Government Relations, explained further ways Woolworths was looking to assist:

Some very early areas that we are hoping to explore further are around things that we are discussing today: leveraging our supply chain to reduce costs to remote stores, and working with the New South Wales land council – as I said, they are very early conversations – on providing guidance and advice to organisations who want to set up their own food security solutions. Another learning throughout COVID has been around supporting Aboriginal and Torres Strait Islander brands to become Australian household names. These are the learnings that we have taken away. There's probably not too much detail yet, unfortunately, as it remains early days, but it's definitely on our radar.²²

- 4.32 ALPA expresses a belief that collaboration with the various actors in the food supply space, could have beneficial impacts on the cost and supply of food to remote communities. ALPA states:

Government, manufacturers, wholesalers and national supermarkets have the solution, it simply needs facilitation to reach the right outcome for Indigenous communities. If we get the right leaders around the table, no one will disagree, of that we are sure, but everyone needs to give a little to achieve the level playing field.²³

21 Mr Ian McDonald, General Manager, Wholesale, Woolworths Group, *Committee Hansard*, 24 July 2020, p. 23.

22 Ms Rachel Elliot, Senior Manager, Government Relations and Industry Affairs, Woolworths Group, *Committee Hansard*, 24 July 2020, p. 26.

23 ALPA, *Submission 106*, p. 31.

The prevalence of food insecurity

- 4.33 Professor Jon Altman presents a stark picture in his submission of the prevalence of food insecurity among First Nations people:

First people experience food insecurity and go hungry. This is something that is reported in the 2018–19 Aboriginal and Torres Strait Islander Health Survey [NATSIHS] where 43 per cent of respondents reported that they had run out of food and could not afford to buy more in the last 12 months.²⁴

- 4.34 Dr Markham and Dr Kerins also cited data from the 2018-19 NATSIHS and noted that the aforementioned figure of 43 per cent had increased from 37 per cent in the same survey conducted in 2012-13, suggesting that this 'increase in reported food insecurity is likely to reflect falling incomes over this six-year period.'²⁵

- 4.35 CRANApplus provides some further data on the rates of food insecurity among remote First Nations people:

National data (2012-2013) shows that more than one in five (22 per cent) Indigenous people were living in a household that, in the previous 12 months, had run out of food and had not been able to afford to buy more – compared with less than one in twenty (3.7 per cent) non-Indigenous Australian households that had gone without food. Indigenous people living in remote areas were more likely than those in non-remote areas to be living in a household that had run out of food and couldn't afford to buy more (31 per cent compared with 20 per cent).²⁶

- 4.36 UQ emphasises data in its submission that '31 per cent of remote Aboriginal and Torres Strait Islander people reported to be food insecure compared to 22 per cent of all Aboriginal and Torres Strait Islander people and 4 per cent of all non-Indigenous people.'²⁷

- 4.37 UQ further states that these figures could be a significant under-representation and that, as an example, 62 per cent of First Nations people in remote Northern Territory communities have been reported to be food insecure.²⁸

24 Professor Jon Altman, *Submission 15*, p. 6.

25 Dr Markham and Dr Kerins, *Submission 30*, p. 4.

26 CRANApplus, *Submission 63*, p. 4.

27 University of Queensland, *Submission 23*, p. 3.

28 University of Queensland, *Submission 23*, p. 3.

- 4.38 Further evidence on the high incidence of remote Indigenous food insecurity is provided by the submission from Research Institute for the Environment and Livelihoods, Charles Darwin University (RIEL), which indicates that 67 per cent of First Nations adults experience food insecurity.²⁹
- 4.39 The Australian Household Food Security Research Collaboration contends that ‘the true picture of food insecurity in remote and very remote communities is unknown’.³⁰
- 4.40 The Western Australian Council of Social Service (WACOSS) states in this regard that:

The prevalence and severity of food insecurity in Australia is not routinely measured. Food charity organisations report an incidence of 18 per cent of food insecurity across Australia. They also report high and increasing demand for food relief in remote areas, and say that they are currently unable to meet this demand.³¹

Causes of food insecurity

Overview

- 4.41 The higher food prices in remote First Nations communities, explored in Chapter 2, are a key driver of food insecurity in these regions. There are other causes however that require careful consideration and that are discussed in this chapter.
- 4.42 As outlined in Chapter 2, evidence was given to the Committee about the severe impact of seasonal weather patterns on food supply and therefore pricing. Stores often struggle to guarantee stock. Gidgee Healing shared photos with the Committee of a supply truck badly bogged in mud during the wet season and bare shelves in supermarkets caused by annual floods that cut off the lower gulf from other parts of the country. Their submission states:

29 Research Institute for the Environment and Livelihoods, Charles Darwin University (RIEL), *Submission 18*, p. 2.

30 Australian Household Food Security Research Collaboration, *Submission 94*, p. 4.

31 Western Australian Council of Social Service (WACOSS), *Submission 90*, p. [3].

During COVID-19, a mass shopping event and the stripping of the stores gripped the nation. People were shocked at the inability to buy fruit, vegetables and toilet paper. For those living in our region, this is an annual occurrence.³²

- 4.43 ALPA supplied the Committee with similar photos of roads destroyed in Ramingining during the 2011 wet season. The communities of Ramingining and Gapuwiyak were cut off from sea, air and road freight due to weather conditions.³³
- 4.44 Other factors that contribute to food insecurity among Aboriginal and Torres Strait Islander people living remotely include lower incomes, lack of access to food, no access to transport, house overcrowding, and a lack of food preparation skills, cooking facilities and fridges.

Remote First Nations communities have poorer access to food

- 4.45 As indicated earlier in the report, remote First Nations people typically rely on one community store, and possibly one additional takeaway business for food. Some lack the means to travel elsewhere due to the large distances involved. TAH Northern Trading notes in its submission in this regard that 'sourcing food from an alternative store is anything from a 20 km walk, to an expensive charter flight to the next community.'³⁴
- 4.46 The Centre for Rural and Remote Health (CRRH) notes that higher income earners in remote areas who have the means to travel, such as teachers or health professionals, will often shop in the larger towns or can afford to have food delivered. CRRH further states that this 'creates a vicious cycle of revenue shifting to outside economies making it difficult for remote stores to provide adequate food variety and availability to the local community.'³⁵
- 4.47 NTCOSS also emphasises that travel for remote First Nations people out of their communities is very problematic, particularly due to a lack of public transport options:

A higher proportion of Aboriginal people in remote and non-remote areas have less access to a motor vehicle compared with non-Indigenous Australians. The logistics of the public bus

32 Gidgee Healing, *Submission 64*, p. 6.

33 ALPA, *Submission 106*, p. 9.

34 TAH Northern Trading, *Submission 115*, p. [2].

35 CRRH, *Submission 100*, p. [6].

systems in regional centres (where available) are often a barrier, through infrequent services and short operating times.³⁶

- 4.48 Tangentyere Council comments on food insecurity for the Aboriginal residents the Alice Springs town camps, including public transport issues, stating:

Given that 89 per cent of Town Camps [14 camps out of 16] are located more than 500 metres from a supermarket, it is easier for Town Campers to access unhealthy food outlets compared with healthy food... at a much higher cost, of up to \$200 per shop.³⁷

- 4.49 Tangentyere Council further stated at a public hearing that town campers cannot access food deliveries from supermarkets, principally because of the stigma surrounding the camps.³⁸

- 4.50 NSWALC identified the problem of communities sometimes having no food retail outlet at all:

The lack of supermarkets in many remote towns in NSW is a principal barrier to food security for many remote Aboriginal residents. ... In three towns (Brewarrina, Goodooga, and Ivanhoe) there are no commercial supermarkets at all. In Walgett, the only supermarket in the town burnt down over a year ago, and until recently when a pop-up shop was opened, community members had to make a two-hour round trip to Lightning Ridge to shop for food.³⁹

- 4.51 Gidgee Healing, an Indigenous health organisation that operates in the Mount Isa and lower gulf areas of Qld, states simply that there is no public transport of any kind throughout its regions, which is a major barrier to food access for the remote communities living there.⁴⁰

36 NTCOSS, *Submission 56*, p. 7.

37 Tangentyere Council Aboriginal Corporation, *Submission 26*, p. 10.

38 Ms Maree Corbo, Social Services Co-Manager, Tangentyere Council Aboriginal Corporation, *Committee Hansard*, 23 July 2020, p. 37.

39 NSWALC, *Submission 14*, p. 2.

40 Gidgee Healing, *Submission 64*, p. 5.

Food preparation and storage is challenging in remote communities

4.52 The inability to store adequate supplies of food and the lack of cooking facilities to prepare healthy meals at home was identified in the evidence as one of the key barriers to food security.

4.53 Public Health Association of Australia (PHAA) and Cancer Council Australia comment in their joint submission that house overcrowding is a major cause of this:

... among Aboriginal people living in the Northern Territory, more than half (53 per cent) live in overcrowded houses... The AIHW [Australian Institute of Health and Welfare] performance framework presented in 2017 found that in remote communities homes without areas for food preparation and storage had increased from 5 per cent in 2002 to 8 per cent in 2015. Furthermore, 20 per cent of homes in very remote areas do not have facilities to prepare food.⁴¹

4.54 Dietitians Australia concurs that this is an important issue for remote communities stating that 'housing and basic essential amenities (eg, electricity and water) must be considered as part of any strategy to improve food insecurity' and are 'required to improve the nutritional health and wellbeing of Indigenous people.'⁴²

4.55 Miwatj Health Aboriginal Corporation expresses the view that house overcrowding also promotes the consumption of less healthy food:

A family, which anecdotally is more likely to have a freezer rather than a fridge, will elect to purchase non-perishable food in order to counter the limited shelf-life of fresh produce. With multiple family groups living in one home, the household will further choose pre-prepared food to account for the lack of nutrition hardware to cook for the number of people sharing the meal that day.⁴³

4.56 AMSANT commented in its testimony that access to whitegoods such as a fridge is variable in remote First Nations communities and can lead to a greater reliance on unhealthy meal options:

If they don't have access to that [a fridge] then obviously their ability to make healthy meals is dramatically restricted, and

41 PHAA and Cancer Council Australia, *Submission 69*, p. 12.

42 Dietitians Australia, *Submission 31*, p. 10.

43 Miwatj Health Aboriginal Corporation, *Submission 91*, p. 5.

they're often then reliant on those quick and easy meals from takeaway stores or 2 Minute Noodles type things, which we know are not healthy and can lead to long-term health issues.⁴⁴

4.57 PHAIWA comments in its submission that an additional issue facing remote First Nations households, from the perspective of adequate food storage and preparation, is an unreliable electricity supply and the need to use and top up the credit on 'power cards' to maintain this supply. PHAIWA notes that these households may not have the funds to keep these cards in credit and can therefore be without electricity for some time.⁴⁵

4.58 Aputula Aboriginal Corporation, from the southern part of the NT, also outlined the problematic nature of the household electricity supply for remote First Nations families:

We have a power box on the side of a house, and it works on credit like a ticket machine. We buy power cards worth \$10 each from local stores and insert them into the box, and our lights and power come on. When we run out of money, power goes off. If our power goes off because we run out of money, we then go to another family house that has power to keep our food good and to keep our children warm or cool depending on the time of year... Power is very expensive. The environment which is our home is extreme. In the deepest winter it can be under zero, and in summer over 50 is not uncommon.⁴⁶

4.59 Indigenous Allied Health Australia (IAHA) comments in its submission that 'too often, programs which are sound in theory fail to match the priorities or reality of communities, for example healthy eating programs delivered in the absence of the infrastructure (utensils, affordable food, electricity and food storage and preparation).'⁴⁷

4.60 A lack of 'food literacy' among remote First Nations communities was also flagged during the inquiry as a contributing factor to food insecurity and a number of contributors stressed that education and support for food literacy is therefore vital.

44 Mr Pike, AMSANT, *Committee Hansard*, 23 July 2020, p. 21.

45 PHAIWA, *Submission 101*, p. 23.

46 Ms Susan Doolan, Chairperson, Aputula Aboriginal Corporation, *Committee Hansard*, 24 July 2020, p. 8.

47 Indigenous Allied Health Australia (IAHA), *Submission 102*, p. 3.

- 4.61 Foodbank WA defines food literacy as the ‘ability to budget for and plan nutritious meals, choose nutritious foods to cook into the nutritious meals and enjoy the social aspect of eating.’⁴⁸
- 4.62 Foodbank WA emphasises in its submission that although ‘food literacy minimises the risk of becoming food insecure’ it is very difficult to achieve in remote communities:
- Regrettably, our willing participants cannot replicate, adopt or even adapt these behaviours while living in remote communities because the barriers they face cannot be overcome, even by the most motivated of participants. For them there is no way to achieve their ‘two and five’, even though they do know how to.⁴⁹
- 4.63 The Qld Government comments in its submission that ‘food literacy programs that have targeted First Nations people living in remote areas have reported success when they respond to local needs, values and experiences.’⁵⁰

Healthy and nutritious food options in remote communities

- 4.64 Food Ladder comments on a number of factors that contribute to a poorer availability of nutritious food in remote community stores:
- Single supply sources, stock management practices, carrying capacity of the store, delivery delays, consumer demand, road conditions and weather all impact on availability. The long delivery distances mean the shelf life of fresh vegetables is often as short as two days, making them lower in nutritional content and an unappealing purchase.⁵¹
- 4.65 Dietitians Australia also remarks that longer delivery cycles make it ‘untenable for store managers to keep a wide range of fruit and vegetables on display and in acceptable condition for the length of the delivery cycle.’⁵²
- 4.66 Takeaway options can often be more desirable in remote communities for the reasons indicated in the previous section. Bawinanga Aboriginal

48 Dr Roslyn Giglia, Nutrition & Food Security Manager, Foodbank Western Australia, *Committee Hansard*, 18 August 2020, p. 44.

49 Foodbank WA, *Submission 96*, p. 1.

50 Health and Wellbeing Queensland (Qld Government submission), *Submission 54*, p. 13.

51 Food Ladder, *Submission 25*, p. [7].

52 Dietitians Australia, *Submission 31*, p. 5.

Corporation remarked at a public hearing, however, that this takeaway food can often be both poor in quality and expensive:

Unscrupulous commercial business owners, through very private deals with traditional owners, set up food businesses such as fast food, takeaway and convenience stores that sell poor-quality food and offer poor choices at inflated prices.⁵³

- 4.67 AMSANT commented in its testimony that when dietitians and nutritionists are available in remote communities, they are often working closely with stores to improve the quality of the takeaway options.⁵⁴ AMSANT further stated:

There are lots of barriers to making those improvements, such as the skill level of cooks in the takeaway stores and the infrastructure that those takeaways have to be able to cook and prepare healthy meals. But I do know from experience that, when you are working in a store that makes those healthy meals, they are the first thing that sells.⁵⁵

- 4.68 Issues around the sale of high sugar products, particularly sweetened beverages, were raised on a number of occasions during the inquiry and were of interest to the Committee.

- 4.69 The Australian Medical Association (AMA) cites data from the National Aboriginal and Torres Strait Islander Health Survey (NATSIHS) 2018-19 indicating that among remote Aboriginal and Torres Strait Islander people over 15 years of age 42 per cent consumed the recommended number of serves of fruit per day, and 24 per cent regularly consumed sugar-sweetened beverages.⁵⁶ The AMA expressed the view that these figures are not surprising given the limited availability of nutritious foods in remote stores.⁵⁷

- 4.70 The AMA further comments in this regard:

53 Ms Ingrid Stonhill, Chief Executive Officer, Bawinanga Aboriginal Corporation, *Committee Hansard*, 12 August 2020, p. 41.

54 Mr Pike, AMSANT, *Committee Hansard*, 23 July 2020, p. 21.

55 Mr Pike, AMSANT, *Committee Hansard*, 23 July 2020, p. 21.

56 Australian Medical Association (AMA), *Submission 12*, p. 2.

57 AMA, *Submission 12*, p. 2.

Research has shown that the daily energy intakes of many Aboriginal and Torres Strait Islander people come from nutrient-poor, energy-dense foods.⁵⁸

- 4.71 The Committee heard that healthy food policies and programs are in place in many remote communities. Outback Stores, Mai Wiru. CEQ and ALPA all have healthy food policies in place that guide the supply and merchandising in their stores.
- 4.72 ALPA has a subsidy system in place for their pricing so that the cost of freight is removed from fruit and vegetables and is instead applied to less healthy options. Long term price discounts are applied to bottled water and healthy prepared food lines.⁵⁹
- 4.73 CEQ has the promotion of healthy food as one of its core goals. CEQ also cross subsidises fresh and healthy food with other less healthy foods.⁶⁰
- 4.74 Mai Wiru was established particularly because of nutrition concerns and its nutrition policy guides its operation in every store.⁶¹
- 4.75 ALPA have trialled a number of healthy food initiatives including the 'Healthy Choice Reward Scheme' in Aurukun, a consumer food subsidy scheme utilising a voucher system to reward people with fruits and vegetable vouchers for purchases they make.⁶²
- 4.76 ALPA comments in its submission that its Board of Directors 'passed 29 new nutrition policies that were informed by current nutrition research and our sales data which highlighted opportunities to curb unhealthy food consumption.'⁶³ ALPA further states:

Our new policies also focused on supporting customers to make healthy food and drink purchases and limit unhealthy purchases through modifications to the store environment, and the way products are promoted. We tested some of these bold nutrition policies through Healthy Stores 2020 (HS2020), a randomised controlled trial co-designed by ALPA, Monash University, Menzies School of Health Research and others in response to community leaders' requests to curb sugar consumption... It

58 AMA, *Submission 12*, p. 2.

59 ALPA, *Submission 106*, p. 9.

60 CEQ, *Submission 19*, p. 7.

61 Mr Bate, CEO, Mai Wiru, *Committee Hansard*, 6 November 2020, p. 8.

62 ALPA, *Submission 106*, p. 14.

63 ALPA, *Submission 106*, p. 17.

resulted in a 2.8 per cent (statistically significant) reduction in total free sugars sold, which is equivalent to 1.8 tonnes less free sugars being purchased. A massive achievement - over 12 months that equates to 7.2 tonnes less sugar going into 10 communities.⁶⁴

- 4.77 Licencing of stores in the Northern Territory is also driving greater health outcomes. Among the essential criteria for a store to be licensed in the Northern Territory is the requirement to 'have good quality, healthy food available including fresh fruit and vegetables.'⁶⁵
- 4.78 Sugar reduction strategies are being implemented by Outback stores and other store group operators. Outback Stores noted in its testimony that over a period of 10 years it has considerably reduced the volume of sugary drinks sold in its stores:
- If you go back about nine years ago, 80 per cent of drinks purchased in Outback Stores managed stores were full-sugar drinks. At the back end of this year we'll be pushing that below 50 per cent, down to about 49 per cent. Some of the strategies that we've put in place across the journey have seen some remarkable outcomes for the health and wellbeing of community members from 80 per cent from 10 years ago to below 50 per cent.⁶⁶
- 4.79 NIAA noted in its testimony that sugary drinks are not sold at all by stores in the APY lands.⁶⁷
- 4.80 While nutrition policies are in place in many stores, some contributors commented on the lack of coordination of nutrition policies for remote stores.
- 4.81 Apunipima states in its submission that although some stores have nutrition policies, and store groups such as ALPA and Outback Stores employ nutritionists, 'there is no longer a consistent, coordinated or workforce supported approach to support healthy remote food supply.'⁶⁸

64 ALPA, *Submission 106*, p. 17.

65 NIAA, *Food Security in Remote Indigenous Communities* <<https://www.niaa.gov.au/indigenous-affairs/health-and-wellbeing/food-security-remote-indigenous-communities#licensing>>viewed 19 November 2020.

66 Mr Borg, CEO, Outback Stores, *Committee Hansard*, 18 June 2020, p. 6.

67 Mr Griggs, CEO, NIAA, *Committee Hansard*, 11 June 2020, p. 8.

68 Apunipima, *Submission 87*, p. 15.

- 4.82 Monash University expresses the view that the First Nations knowledge of food and nutrition will be essential to address food insecurity in the future:

Creating a food system that protects from food insecurity, is resilient to shocks, and has self-determination at its governing core, requires recognition of the food and nutrition knowledge of First Nations Peoples and their capacity for intergenerational knowledge transfer.⁶⁹

The consequences of food insecurity

- 4.83 The consequences of food insecurity in remote communities were highlighted in multiple submissions and included poor health outcomes, particularly higher rates of various chronic illnesses, and also other forms of social harm.

Poor health outcomes

- 4.84 The AMA submitted there is a direct link between food insecurity among remote Aboriginal and Torres Strait Islander people and their higher rates of chronic disease:

There is no doubt that food insecurity is inextricably linked to the much higher rates of chronic disease among Aboriginal and Torres Strait Islander people in Australia. The leading contributors to the health gap between Aboriginal and Torres Strait Islander people and their non-Indigenous counterparts directly relate to diet - obesity, high blood cholesterol, alcohol consumption, high blood pressure, and low fruit and vegetable intake.⁷⁰

- 4.85 The National Rural Health Alliance (NRHA) states in its submission that the 10 year lower life expectancy for First Nations people is due principally to higher rates of chronic diseases, for which dietary intake is a key promoting factor. NHRA states that 'there is significant research and evidence linking food insecurity to a range of diseases, chronic health conditions and illnesses, child development issues and other health risk factors.'⁷¹

69 Monash University, *Submission 51*, p. 3.

70 AMA, *Submission 12*, p. 1.

71 National Rural Health Alliance (NRHA), *Submission 32*, p. [5].

- 4.86 The NT Government also commented on the poor health outcomes associated with food insecurity stating:

Food insecurity is associated with general poor health, and may worsen other health inequalities that are apparent in disadvantaged groups such as chronic disease, primarily heart disease, cancer and diabetes, [that] accounted for almost 80 per cent of the gap between Aboriginal and non-Aboriginal mortality in 2014-18 (Productivity Commission, 2020).⁷²

- 4.87 In addition to poor health outcomes, other forms of social harm are reported in the evidence to arise from the high prevalence and persistence of food insecurity in remote communities.

- 4.88 The NT Government states in its submission that food insecurity has impacts on child safety and family wellbeing:

Food insecurity can disproportionately impact on both children and older members of Aboriginal communities who rely on other family members for food and meals... Where food is not available at home, children are more susceptible to neglect and some incidents of youth crime can be attributable to young people breaking into properties and dwellings in search of food due to hunger.⁷³

- 4.89 The NRHA comments on the broader economic impact of food insecurity in Australia, although notes that this has not been calculated specifically for remote First Nations communities:

A recent available estimate of the financial cost of poor diet and nutrition... for the total cost to Australia of poor nutrition was more than \$5 billion per year, including direct healthcare costs of \$3 billion per year. The cost of poor diet or overweight/obesity in Aboriginal and Torres Strait Islander people has not been estimated.⁷⁴

- 4.90 The NRHA contends that the economic costs of food insecurity among remote communities, including its impacts on health, education,

72 Northern Territory Government, *Submission 52*, p. 1.

73 Northern Territory Government, *Submission 52*, p. 7.

74 NRHA, *Submission 32*, p. [10].

employment and economic productivity, should be calculated to determine the benefits of reducing it.⁷⁵

Options for increasing local food production

Overview

- 4.91 The possibility of increasing local food production to improve food security in remote First Nations communities through the use of market gardens to grow fruit and vegetables, through seafood, meat and bread production, and also through traditional hunting and gathering, was raised throughout the inquiry.
- 4.92 The evidence indicates mixed success for market gardens.
- 4.93 Other avenues for local food supply can be limited by food safety regulations and licences which local producers may not have the knowledge to navigate. Scale and reliability of supply is also a challenge.
- 4.94 However, many contributors to the inquiry expressed a belief that with the right assistance, there are avenues by which local food production could grow and help resolve some of the challenges facing remote communities.

Market gardens

- 4.95 NSWALC notes in its submission that 'the lack of locally produced food in remote areas in Australia has been recognised for years but attempts to address this situation have not been particularly successful.'⁷⁶
- 4.96 NSWALC further states in this regard that 'initiatives to establish market gardens often rely on volunteers, may lack technical support or have unrealistic aims.'⁷⁷
- 4.97 The Queensland Government in its testimony before the Committee stated that market gardens are 'dependent on the people that are in the community that are driving it and that they need to be adequately

75 National Rural Health Alliance, *Submission 32*, p. [10].

76 NSW Aboriginal Land Council (NSWALC), *Submission 14*, p. 6.

77 NSWALC, *Submission 14*, p. 6.

resourced and supported to be able to do that'⁷⁸. The Queensland Government further commented that 'there needs to be some succession in terms of growing the local capacity to be able to do that so it's not just the sole responsibility of one individual.'⁷⁹

- 4.98 The NIAA notes in its submission that it has invested in initiatives related to community garden, traditional food and farming projects, which were linked to Recommendation 17 from the Committee's 2009 inquiry into community stores. NIAA states, however, that:

This experience highlights that market gardens are not a quick fix, but take time to develop and meet the unique challenges of growing fresh produce in remote locations. Such initiatives should be supported only where it is demonstrated that long term sustainability can be attained.⁸⁰

- 4.99 The Police Federation of Australia (PFA) submits that 'police in some locations report attempts by locals to develop market gardens and grow their own fresh produce, which is often of a very high quality, only to see those attempts undermined by other community members.'⁸¹

- 4.100 EON Foundation, which provides training and capacity building to First Nations schoolchildren around food production and nutrition, has had success in establishing gardens and training local people in food production. However they acknowledge that a challenge remains in maintaining these sorts of projects after their support finishes. Of the 37 communities they have previously worked in, they are not able to determine how many of the communities are still growing their own food. EON Foundation explained to the Committee why so many market garden enterprises have not worked:

So it's about ownership by the whole community. It's not a whitefella thing. I've had it said to me, 'The Army went into the NT during the intervention and they built all these gardens. As soon as they left, they died. Well, what were they expecting?' That was a whitefella government project. That wasn't their project.

78 Dr Simone Natalu, Principal Lead, First Nations Communities, Health and Wellbeing Queensland, *Committee Hansard*, 12 August 2020, p. 3.

79 Dr Natalu, Health and Wellbeing Queensland, *Committee Hansard*, 12 August 2020, p. 3.

80 NIAA, *Submission 36*, p. 25.

81 Police Federation of Australia (PFA), *Submission 39*, p. 5.

They didn't know what to do with it. So I think the ownership, the invitation-only, has to be their idea.⁸²

Meat and seafood

4.101 Other avenues for local food production that were discussed in the evidence to the inquiry included seafood and meat production.

4.102 Research Institute for the Environment and Livelihoods, Charles Darwin University (RIEL) states in its submission that:

... culturally-aligned fisheries and aquaculture businesses on Aboriginal owned and managed land and sea are recognised as an important element of Indigenous socio-economic advancement in Australia. In coastal regions of northern Australia this is possible due to the relative abundance of Indigenous owned natural assets and the cultural, social and practices, knowledge and connections to country developed over thousands of years of habitation.⁸³

4.103 RIEL further states however that 'until recently, Aboriginal Traditional Owners and their families have had limited engagement in the mainstream commercial coastal fisheries sector.'⁸⁴

4.104 Bawinanga Aboriginal Corporation describes its own seafood venture that commenced in 2016 in its submission, stating:

We believe that running a seafood enterprise brings very significant benefits to the community in terms of nutritional health and wellbeing. It provides access to a nutritious, diverse and culturally significant food supply at an affordable price. Having the option to fillet the fish so it can be sold to community organisations and take-away stores is also a key element of improving nutritional outcomes for community members.⁸⁵

4.105 RIEL expressed the view that 'developing and running a fishing business in a remote Aboriginal community is no easy task... there is a great need

82 Ms Caroline De Mori, Executive Chair, EON Foundation, *Committee Hansard*, 8 October 2020, p. 3.

83 Research Institute for the Environment and Livelihoods, Charles Darwin University (RIEL), *Submission 18*, p. 2.

84 RIEL, *Submission 18*, p. 2.

85 Bawinanga Aboriginal Corporation, *Submission 24*, p. 5.

for innovative approaches to support logistical and infrastructure needs in communities... to support and maintain locally produced seafood.⁸⁶

- 4.106 Yothu Yindi Foundation notes in its submission that some remote communities can access fresh meat supplies from cattle herds.⁸⁷
- 4.107 Seisia Community Torres Strait Islander Corporation runs a small herd of cattle from which it supplies the local council supermarket.⁸⁸
- 4.108 The Hon Bob Katter MP contends in his submission that there are existing meat production resources in remote communities that should be utilised to supply remote stores and recommends 'the installation of small abattoirs for cattle, the farming of wild pigs and the utilisation and support of fisheries which already exist in locations like Normanton, Karumba and Mount Isa.'⁸⁹

Licences and food safety regulations

- 4.109 The Committee heard the presence of fishing licences and food safety regulations can be an obstacle to local food production developing at a sufficient rate to become a source of local supply to stores.
- 4.110 ALPA gave evidence to the Committee about work that they are doing to support the revitalisation of local fishing industry in Galiwin'ku and Milingimbi. ALPA states:

The first challenge is the access to the necessary licenses required to be able to catch fish for commercial sale, next are the regulations required regarding the processing of the fish if it is going to be sold in a store retail environment. To date these small businesses have not evolved to a point where they can process their catch to food safety standards for sale within the ALPA stores. They are however able to sell whole fish to the community unprocessed which is generating some income and providing a new source of food...⁹⁰

86 Associate Professor Natasha Stacey, Communities and Livelihoods, Charles Darwin University, *Committee Hansard*, 23 July 2020, p. 8.

87 Yothu Yindi Foundation, *Submission 22*, p. 7.

88 Mr Arthur Wong, Chief Executive Officer, Seisia Community Torres Strait Islander Corporation, *Committee Hansard*, 19 August 2020, pp. 8-9.

89 Hon Bob Katter MP, *Submission 65*, p. [10].

90 ALPA, *Submission 106*, p. 29.

4.111 ALPA also trialled a commercial Food Ladder in Ramingining and found that it succeeded in providing fresh food but could not sustain a scale that was commercially viable or that met consumer demand.⁹¹

4.112 Mai Wiru also identified scale as an obstacle to local food production, but identified reasons other than food licencing and regulations as the barriers to scale:

We sell their oranges and mandarins when they have them in season. But, for the volume that we use in our stores, we haven't come across any organisation or group that can provide the amount that we need, and obviously it comes with its own issues about freighting the goods, from wherever they are, from their orchards to our stores in time to meet our trucks to go to other stores. They often have trouble getting pickers to get the gear off the trees. There are a whole range of issues and problems.⁹²

4.113 CEQ identified some similar challenges. CEQ states in its submission:

Difficulties that CEQ has faced in the past dealing with local business include:

- No formal certifications for examples Hazard and Critical Control Point (HACCP) certifications on food stuffs;
- Business structures of vendors not being suited to commercial trading terms, for example not registered for GST;
- Small business adherence to labelling requirements; and
- Quantity and Quality of supply, for example small quantities and uneven quantities.⁹³

4.114 Apunipima notes that 'traditional foods or other locally produced meat or seafood could be linked or sold through the store' but cautions however that:

... there can be many barriers for stores in stocking and selling locally produced food. Some common barriers include local businesses having no Hazard and Critical Control Point (HACCP) certification or having business structures that limit commercial trading terms or business being unable to provide consistent quantity and quality.⁹⁴

91 ALPA, *Submission 106*, p. 29.

92 Mr Bate, CEO, Mai Wiru, *Committee Hansard*, 6 November 2020, pp. 12-13.

93 CEQ, *Submission 19*, p. 10.

94 Apunipima, *Submission 87*, p. 17.

- 4.115 Hous Torres Strait Regional Authority believes Commonwealth legislated quarantine zones establish a buffer in the Torres Strait for security reasons but this also limits the creation of larger scale market gardens because ‘in some areas, produce can only be sold across neighbouring islands.’⁹⁵
- 4.116 Despite these challenges, many expressed a view that local food production at a large scale is a viable pathway to pursue, if the right support can be put in place to overcome the obstacles that currently exist.
- 4.117 CEQ stated a firm belief that there is demand for locally produced food and that it has the ability ‘to provide a channel to market for such goods.’⁹⁶
- 4.118 NSWALC recognised the potential for bush foods to be viably produced at scale, giving the example of the Northern Australia Kakadu Plum Alliance. They told the Committee that the bush food market is currently valued at \$20 million annually, but it is estimated that Aboriginal and Torres Strait Islander people make up only 1-2% of the market.⁹⁷
- 4.119 Woolworths told the Committee their experience in the Supermarket Taskforce has made them aware of the need to support Aboriginal and Torres Strait Islander food production initiatives. Woolworths stated:
- Another learning throughout COVID has been around supporting Aboriginal and Torres Strait Islander brands to become Australian household names.⁹⁸
- 4.120 Apunipima expressed a belief that in order to make local food production more feasible, large-scale initiatives rather than small scale community gardens should be explored. They recommend engagement with primary industry, small business development and all levels of government to explore the feasibility of such initiatives with a solid economic and business foundation.⁹⁹

Traditional foods

- 4.121 The potential role of traditional foods in helping to addressing food insecurity in remote communities was also raised. A number of
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95 Torres Strait Regional Authority, *Submission 53*, p. 7.

96 CEQ, *Submission 19*, p. 10.

97 NSWALC, *Submission 14*, p. 5.

98 Ms Elliot, Woolworths Group, *Committee Hansard*, 24 July 2020, p. 26.

99 Apunipima, *Submission 87*, p. 17.

contributors have expressed the view that they have an important role from both a nutritional and a social perspective.

4.122 The Australian Household Food Security Research Collaboration places a strong emphasis on the role of traditional foods in addressing food insecurity:

Access to traditional foods is an important safety net to deal with food insecurity in addition to being significant in cultural connections to country, health and wellbeing. An estimated 51 per cent of First Nations peoples aged 15 and above participated in harvesting locally sourced food in the last 12 months, which increases to 76 per cent in remote Australia.¹⁰⁰

4.123 Professor Altman notes in his submission that 'Indigenous people in remote Australia have increasingly struggled to access bush foods and this has contributed to food insecurity.'¹⁰¹ Professor Altman further expresses the view that the current working hour obligations under the Community Development Program (CDP) limit the capacity of First Nations people to self-provision on country.¹⁰²

4.124 TAH Northern Trading comments that 'most people in communities still have skills to hunt and gather but again this is not always successful as any fisherman will tell you.'¹⁰³

4.125 NSWALC states in its submission that Governments can assist in rebuilding the capacity of communities to supply their own foods by returning land and fishing rights to Aboriginal people. In their submission they state the NSW Government could support cultural fishing by:

- commencing Section 21AA of the *Fisheries Management Act 1994*,
- removing restrictions on Aboriginal cultural fishers and cultural fishing activity, including for example regulations relating to size, gear, method and closure, and
- placing a moratorium on prosecuting Aboriginal cultural fishers.¹⁰⁴

100 Australian Household Food Security Research Collaboration, *Submission 94*, p. 12.

101 Professor Jon Altman, *Submission 15*, p. 6.

102 Professor Altman, *Submission 15*, p. 7.

103 TAH Northern Trading, *Submission 115*, p. 2.

104 NSWALC, *Submission 14*, p. 5.

Remote community stores as an essential service

- 4.126 Various contributors to the inquiry expressed the view that a remote store should be regarded as an essential service in its community in the same way as health, education or other social services.
- 4.127 The Australian Household Food Security Research Collaboration argues in its submission that ‘as community stores are the main and sometimes the only provider of food in remote community they should be considered an essential service rather than a business.’¹⁰⁵
- 4.128 WACOSS comments that ‘many of the stores servicing remote Indigenous communities of less than 100 people operate more as an “essential service” than as a “viable business”’.¹⁰⁶ WACOSS further states:
- This is reflected by community ownership of these stores, rather than as privately-held businesses. The challenges these retailers experience stem from remoteness, lack of population density, issues with food supply transport logistics, and multiple and small disparate communities.¹⁰⁷
- 4.129 Outback Stores points out that many services in remote communities are considered essential, such as housing, health, education, power and water, and are therefore directly managed and funded by government, but comments that:
- Remote community retail stores and the provision of food security in remote communities, whilst considered by many as an essential service, are neither directly managed nor receive any direct ongoing funding for the provision of services from the different levels of government.¹⁰⁸
- 4.130 PHAA and Cancer Council Australia also state that remote stores operate in vastly different circumstances from their counterparts in urban areas, are often the only food store in their community, and should be viewed as an essential service.¹⁰⁹

105 Australian Household Food Security Research Collaboration, *Submission 94*, p. 4.

106 WACOSS, *Submission 90*, p. [4].

107 WACOSS, *Submission 90*, p. [4].

108 Outback Stores, *Submission 85*, p. 4.

109 PHAA and Cancer Council Australia, *Submission 69*, p. 4.

4.131 AMSANT concurred with this view in its testimony:

The Australian government must acknowledge that remote community stores are not just local businesses but provide critical social services to remote communities. Vulnerable people rely on them to get healthy food and other essential items. Nobody else is expected to provide such an essential service in a remote area and also make a profit.¹¹⁰

Committee comment

4.132 Based on the available evidence, the prevalence of food insecurity in remote Aboriginal and Torres Strait Islander communities has not improved since the Committee conducted its 2009 inquiry into remote community stores.

4.133 Aboriginal and Torres Strait Islander people living in remote communities in Australia experience high levels of diet-related chronic disease. The committee believes that this persistent problem requires a more coordinated response.

4.134 The instability of the cold chain supplying many remote communities outlined in Chapter 2 is also a matter that needs to be addressed. The ability to ensure produce can arrive in communities unspoiled is essential to ensuring food security for people in remote communities.

4.135 The successes of the COVID-19 Food Security Working Group was of great interest to the Committee as they emphasised the value of a collaborative approach by the key actors to addressing food security issues for remote First Nations communities.

4.136 Remote First Nations communities were facing many food supply constraints prior to the pandemic and will continue to face them when the pandemic is over if nothing changes. The Committee believes that the Working Group should remain in place post-pandemic and continue to assist the Government to improve food pricing and food security in remote First Nations communities.

4.137 The Committee would also like to see the major supermarket chains play a greater role in the post-COVID world in helping to guarantee food

110 Mr Pike, AMSANT, *Committee Hansard*, 23 July 2020, p. 16.

security to remote communities. The Working Group should be expanded to include input from the major supermarket chains.

- 4.138 The Committee would like to see an increasing role for local food production as part of the solution to food insecurity, it is clear that this will not be successful unless it involves community leadership and is at sufficient scale to provide a reliable source of produce for whole communities. The Committee is therefore not recommending new government investments in market garden programs or other similar initiatives where they are not locally led.
- 4.139 The Committee is, however, recommending that support be given to local food production initiatives to help them negotiate the food safety and other regulations that can make it difficult for them to grow their enterprises and enter the supply chain of store operators such as CEQ and ALPA.
- 4.140 The Committee would also like to see a competitive grants program introduced for remote communities to facilitate more reliable electricity supply and better storage infrastructure for remote stores, and to foster local food production schemes developed within these communities. It will be essential that these activities be driven by the remote First Nations communities themselves.
- 4.141 The Committee acknowledges that remote stores provide a critical service to their communities and cannot just be regarded as a retail business like any other. The Committee is therefore recommending that remote stores be eligible to apply for any Government grants that are earmarked for other essential services in remote communities.
- 4.142 The high cost and intermittent nature of the electricity available to many remote communities is clearly not conducive to food storage or the preparation of healthy meals in First Nations households.
- 4.143 The Committee is also concerned that many Aboriginal and Torres Strait Islander residents in town camps cannot receive food deliveries from urban supermarkets in their vicinity. The Committee would like the NIAA to address this issue with the relevant businesses and devise solutions to ensure that such deliveries can be made.

Recommendation 10

4.144 The Committee recommends that the Australian Government, in partnership with the States and Territories and First Nations people, develop a strategy for food security and nutrition for remote First Nations communities.

Recommendation 11

4.145 The Committee recommends that the Food Security Working Group that was established during the COVID-19 pandemic be maintained and tasked with:

- identifying improvements to the logistics of food and grocery supply into remote communities
- assessing the viability of warehousing greater volumes of food and groceries in more remote parts of the supply chain
- identifying ways to improve the replenishment cycle of food and groceries in remote community stores
- ensuring food supply during pandemics, natural disasters and seasonal changes
- identifying ways which the major supermarket chains can help play a role in driving down food prices and guaranteeing supply for remote communities
- identifying ways in which Outback Stores might assist independent community stores with the supply of food and grocery stock.

Recommendation 12

4.146 The Committee recommends that the Australian Government support local food production in remote communities to meet food safety standards and other regulations in order to encourage the greater use of locally sourced food.

Recommendation 13

4.147 The Committee recommends that the Australian Government introduce a remote community competitive grants program, with a focus on:

- access and continuity of power
- improving cold and dry storage in communities
- promoting and supporting local food production schemes such as mobile abattoirs, fishing enterprises and community gardens.

Recommendation 14

4.148 The Committee recommends that community stores be eligible to access and apply for any grants that might be available to other essential services in remote communities.

Recommendation 15

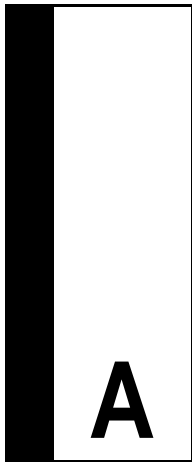
4.149 The Committee recommends that the Australian Government consult with the relevant State and Territory Government agencies to develop solutions to deliver reliable electricity to remote communities.

Recommendation 16

4.150 The Committee recommends that the NIAA consult with the relevant stakeholders to ensure that Aboriginal and Torres Strait Islander residents of town camps can receive food deliveries from supermarkets in their vicinity.

Julian Leeser MP
Chair

24 November 2020



Appendix A – Submissions

1. Name Withheld
2. Confidential
3. Confidential
4. Ernabella Arts
5. Seisia Community Torres Strait Islander Corporation
6. Mr John Armstrong
7. Mr Rick Pratchett
8. Name Withheld
9. Australian Food and Grocery Council
 - 9.1. Supplementary submission
10. Sefa
11. Ms Sophie Boland
12. Australian Medical Association
13. AMRRIC (Animal management in Rural & Remote Indigenous Communities)
14. NSW Aboriginal Land Council
15. Professor Jon Altman
 - 15.1. Supplementary submission
16. Hon Chansey Paech MLA
17. Torres Shire Council

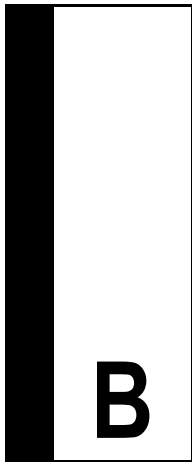
18. Research Institute for the Environment and Livelihoods,
Charles Darwin University
19. Community Enterprise Queensland
20. Department of Social Services
21. Menzies School of Health Research
22. Yothu Yindi Foundation
23. University of Queensland
24. Bawinanga Aboriginal Corporation
25. Food Ladder
26. Tangentyere Council
27. Choice, Consumer Credit Legal Service (WA) Inc., Financial Counselling
Australia and Indigenous Consumer Assistance Network Ltd (ICAN)
28. University of Technology Sydney
29. Milingimbi Art and Culture Aboriginal Corporation
30. Dr Francis Markham and Dr Sean Kerins
31. Dietitians Australia
32. National Rural Health Alliance
33. Queensland Human Rights Commission
34. National Aboriginal and Torres Strait Islander Women's Alliance (NATSIWA)
35. Dr Dympna Leonard
36. National Indigenous Australians Agency (NIAA)
 - 36.1. Supplementary submission
 - 36.2. Supplementary submission
 - 36.3. Supplementary submission
 - 36.4. Supplementary submission
37. National Heart Foundation
38. Woolworths
39. Police Federation of Australia

40. Aputula Aboriginal Corporation
41. Dr Shelley Bielefeld and Dr Heron Loban
42. Ninuku Arts
43. Thumbs UP! Ltd
44. Mr John Hewitt
45. Mr Nigel Gill
46. Mr Martin Schahinger
47. Indigenous Data Network
48. MoneyMob Talkabout
 - 48.1. Supplementary submission
49. Cape York Institute
50. Australian Competition and Consumer Commission (ACCC)
 - 50.1. Supplementary submission
51. Monash University
52. Northern Territory Government
 - 52.1. Supplementary submission
 - 52.2. Supplementary submission
53. Torres Strait Regional Authority
54. Health and Wellbeing Queensland
 - 54.1. Supplementary submission
55. Monash Business School
56. Northern Territory Council of Social Service
57. Mr John Birse
58. New South Wales Government
59. Ms Kate Mead
60. Aboriginal Peak Organisations of the Northern Territory (APO NT)
 - 60.1. Supplementary submission
61. Indigenous Eye Health, University of Melbourne

62. Kowanyama Aboriginal Shire Council
63. CRANaplus
64. Gidgee Healing
65. Hon Bob Katter MP
66. Wirrimanu Aboriginal Corporation
 - 66.1. Supplementary submission
67. Law Council of Australia
68. Sea Swift
 - 68.1. Supplementary submission
69. Public Health Association of Australia and Cancer Council Australia
70. Queensland University of Technology
71. Name Withheld
72. Name Withheld
73. Dr Madeleine Roberts
74. Name Withheld
75. My Voice PTY LTD and Australian Federation of Disability Organisations
(Titjikala community)
76. Name withheld
77. Confidential
78. Confidential
79. Name Withheld
80. Name Withheld
81. Confidential
82. Name Withheld
83. Confidential
84. Confidential

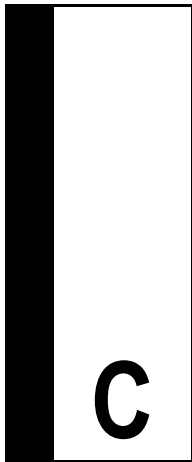
85. Outback Stores
 - 85.1. Supplementary submission
 - 85.2. Supplementary submission
 - 85.3. Supplementary submission
86. Name Withheld
87. Apunipima Cape York Health Council
88. Yarrabah Aboriginal Shire Council
89. Queensland Aboriginal and Islander Health Council (QAIHC)
90. Western Australia Australian Council of Social Service (WACOSS)
 - 90.1. Supplementary submission
91. Miwatj Health Aboriginal Corporation
92. Aboriginal Health Council of Western Australia
93. The Centre of Research Excellence in Food Retail Environments for Health (RE-FRESH)
94. Australian Household Food Security Research Collaboration
95. Boab Health Services
96. Foodbank WA
97. Ms Phyllis McKeen
98. Walgett Dharriwaa Elders and Walgett Aboriginal Medical Service
99. The George Institute for Global Health
100. Centre for Rural and Remote Health, James Cook University
101. Public Health Advocacy Institute of WA
102. Indigenous Allied Health Australia
103. Aboriginal Investment Group
 - 103.1. Supplementary submission
104. Mr Karl Snowsill
105. Central Australia Health Service
106. Arnhem Land Progress Aboriginal Corporation
 - 106.1. Supplementary submission

- 107. Centrefarm Aboriginal Horticulture Ltd
- 108. Confidential
- 109. Name Withheld
- 110. West Australian Government
 - 110.1. Supplementary submission
- 111. Confidential
- 112. Laynhapuy Homelands Aboriginal Corporation
- 113. Confidential
- 114. Confidential
- 115. TAH Northern Trading
- 116. Confidential
- 117. Confidential
- 118. Confidential
- 119. Confidential
- 120. Confidential
- 121. National Covid-19 Commission Advisory Board
- 122. Coca-Cola Amatil
 - 122.1. Supplementary submission
- 123. Office of the Registrar of Indigenous Corporations (ORIC)
 - 123.1. Supplementary submission
- 124. Kere to Country Pty Ltd
- 125. Mr Barry Walden
- 126. Dr Zoe Staines and Dr Kiah Smith
- 127. North Australian Aboriginal Justice Agency (NAAJA)
- 128. EON Foundation



Appendix B – Exhibits

1. Charles Darwin University: The Yokarra Crew - What we learned from catching and selling fish in and around Maningrida, Arnhem Land
2. Charles Darwin University: Maningrida Homelands Fishing Business in Arnhem Land, Northern Territory Story Book
3. National Rural Health Alliance: Joint Policy Statement: Towards a National Nutrition Policy for Australia
4. National Rural Health Alliance: Nourish not neglect: Putting health on our nation's table
5. Mai Wiru: Health and Wellbeing Nutrition Policy



Appendix C – Public hearings

Thursday, 11 June 2020 – Canberra

National Indigenous Australians Agency (NIAA)

- Mr Ray Griggs, Chief Executive Officer
- Mr Blair Exell, Deputy Chief Executive Officer-Policy and Programs
- Mr Sam Jeffries, Group Manager-Central

Australian National Audit Office (ANAO)

- Ms Deborah Jackson, Executive Director-Performance Audit Services Group
- Ms Isabelle Favre, Senior Director-Performance Audit Services Group

Thursday, 18 June 2020 – Conference call

National Indigenous Australians Agency

- Mr Ray Griggs, Chief Executive Officer
- Mr Sam Jeffries, Group Manager-Central

Outback Stores Pty Ltd

- Mr Michael Borg, Chief Executive Officer
- Mr Jayveer Rathore, Chief Financial Officer

Thursday, 23 July 2020 – Conference call

Aboriginal Investment Group and Northern Land Council

- Mr Steve Smith, Chief Executive Officer-Aboriginal Investment Group

Research Institute for the Environment and Livelihoods, Charles Darwin University

- Associate Professor Natasha Stacey, Communities and Livelihoods – Charles Darwin University
- Associate Professor Julie Brimblecombe-Monash University
- Ms Gianna Bonis-Profumo, PhD Candidate-Charles Darwin University
- Mr Beau Cubillo, PhD Candidate and Academic Adviser-Monash University
- Mr Clement Bresson, PhD Candidate-Centre for Aboriginal Economic Policy Research, Australian National University

Menzies School of Health Research

- Associate Professor Julie Brimblecombe, Honorary Fellow
- Dr Emma McMahon, Research Fellow

Aboriginal Peak Organisations of the Northern Territory and Aboriginal Medical Services Alliance NT

- Mr John Paterson, Spokesperson for APO NT and Chief Executive Officer-Aboriginal Medical Services Alliance NT
- Mr Ben Pike, Food Summit Project Manager-Aboriginal Medical Services Alliance NT

Northern Territory Government

- The Hon Selena Uiibo, Minister for Aboriginal Affairs

Arnhem Land Progress Aboriginal Corporation

- Mr Micky Wunungmurra, Deputy Chairperson
- Mr Alastair King OAM FAICD, Chief Executive Officer
- Mr Liam Flanagan, General Manager-Community Service

Tangentyere Council

- Dr Anna Flouris, Executive Officer- Strategic Development
- Ms Maree Corbo, Social Services Coordinator
- Ms Shirleen Campbell, Coordinator of the Women's Family Safety Group

Thumbs Up! Ltd

- Mr Graham 'Buzz' Bidstrup, Chief Executive Officer

Friday, 24 July 2020 – Conference call

NSW Aboriginal Land Council

- Councillor Anne Dennis, Chairperson and Councillor-North West Region
- Mr Stephen Hynd, Executive Director-Land, Legal and Strategy
- Mr Charlie Jacobs, Adviser to the Chief Executive Officer

Aputula Aboriginal Corporation

- Ms Susan Doolan, Chairperson
- Mr Darren Darts, Chief Executive Officer

Food Ladder

- Ms Kelly McJannett, Chief Executive Officer

MoneyMob Talkabout

- Ms Carolyn Cartwright, Managing Director
- Ms Chanelle McAuliffe, Financial counsellor

Woolworths

- Mr Ian McDonald, General Manager-Wholesale
- Ms Rachel Mead, Head of Diversity
- Mr Chris Peters, State General Manager for Queensland
- Ms Kate Eastoe, General Counsel-Food Group
- Ms Rachel Elliott, Senior Manager-Government Relations and Industry Affairs

- Mr Chris Cramond, Project managed supply support into Indigenous communities during COVID

Northern Territory Council of Social Service

- Ms Sarah Holder, Policy Manager
- Mr Jonathan Pilbrow, Policy Adviser

Wednesday, 12 August 2020 – Conference call

Health and Wellbeing Queensland (Queensland Government)

- Dr Robyn Littlewood, Chief Executive Officer
- Mr Mark Tuohy, Chief Operating Officer
- Dr Simone Nalatu, Principal Lead-First Nations Communities

Community Enterprise Queensland

- Mr Ian Copeland, Chief Executive Officer
- Mr Anthony Bird, General Manager-Finance

Sea Swift

- Mr Fred White, Chief Executive Officer
- Mr Lino Bruno, Chief Operating Officer

Yothu Yindi Foundation

- Mr Barry Hansen, Chief Financial Officer

Milingimbi Art and Culture Aboriginal Corporation

- Mr Joe Dhamanydji, Director
- Ms Rosita Holmes, Manager

Mr Martin Schahinger

Bawinanga Aboriginal Corporation

- Ms Ingrid Stonhill, Chief Executive Officer

Walgett Dharriwaa Elder and Walgett Aboriginal Medical Service

- Ms Christine Corby OAM, Chief Executive Officer-Walgett Aboriginal Medical Service Ltd
- Ms Wendy Spencer, Project Manager and Yuwaya Ngarrali Walgett Lead- Dharriwaa Elders Group

Tuesday, 18 August 2020 – Conference call

Cape York Institute

- Mr Mick Scheule, Senior Policy Advisor
- Ms Kerie Hull, General Manager-Engagement & Communication

National COVID-19 Commission Advisory Board

- Mr Neville Power, Chairman
- Ms Diana Hallam, First Assistant Secretary

Western Australia Government

- Mr David (Ralph) Addis, Director General-Department of Industries and Regional Development
- Mr Craig Ward, Lead-Complex Task Team: Remote Aboriginal Communities
- Mr Rohan Worsdell, Deputy Lead-Complex Task Team: Remote Aboriginal Communities

Western Australian Council of Social Service

- Ms Helen Creed, Chairperson Fair Food WA (through WACOSS)
- Dr Jennie Gray, Deputy Chief Executive Officer
- Ms Tracey Lee (Leela) James, Coordinator-Community Relief and Resilience
- Mr Lockie McDonald, Contracted to WACOSS and Fair Food WA

Public Health Advocacy Institute of Western Australia

- Associate Professor Christina Pollard, Director
- Dr Melissa Stoneham, Senior Research Fellow

Indigenous Eye Health, The University of Melbourne

- Professor Hugh Taylor AC, Head
- Ms Emma Stanford, Deputy Director-Senior Research Fellow
- Mr Karl Hampton, Senior Engagement Officer

Boab Health Services

- Ms Bernadette O'Brien, Credentialed Diabetes Educator
- Mr Giancarlo Mazzella, Community Development Officer
- Ms Leah O'Neil, Paediatric Dietitian
- Mrs Terri Oliver, Diabetes Educator
- Ms Trinda Kunzli-Rix, Dietitian
- Ms Bernadeen Gibb, former Paediatric Dietitian at Boab Health

Foodbank Western Australia

- Dr Roslyn Giglia, Nutrition and Food Security Manager
- Ms Leisha Aberle, Pilbara Team Lead

Wednesday, 19 August 2020 – Conference call

Yarrabah Aboriginal Shire Council

- Councillor Ross Andrews, Mayor
- Mr Leon Yeatman, Chief Executive Officer.

Seisia Community Torres Strait Island Corporation

- Mr Arthur Wong, Chief Executive Officer

Gidgee Healing

- Dr Marjad Page, Chief Medical Officer
- Ms Kiri Woodington, Dietitian

Apunipima Cape York Health Council

- Dr Mark Wenitong, Public Health Medical Advisor
- Ms Melinda Hammond, Population Health and Program Strategy Manager
- Ms Clare Brown, Program Advisor-Nutrition Strategy

Torres Shire Council

- Councillor Gabriel Bani, Deputy Mayor
- Ms Dalassa Yorkston, Chief Executive Officer

Wirrimanu Aboriginal Corporation

- Mr Bonnie James, Elder Wirrimanu
- Mr Nathaniel Stretch, Chair
- Mr Chris Mandigalli, Chair-Wirrimanu Community Store
- Mr Bede Lee, Deputy Chairperson-Wirrimanu Community Store
- Mr Warren Bretag, Joint Chief Executive Officer
- Mr Hugh Lovesy, Joint Chief Executive Officer

Friday, 28 August 2020 – Conference call

Australian Competition and Consumer Commission (ACCC)

- Mr Rami Greiss, Executive General Manager-Enforcement Division
- Ms Melinda McDonald, General Manager-Enforcement, Queensland and Northern Territory

TAH Northern Trading

- Ms Heather Scott, Director

Office of the Registrar of Indigenous Corporations (ORIC)

- Mr Selwyn Button, Registrar

Wednesday, 23 September 2020 – Conference call

Professor Jon Altman

National Rural Health Alliance

- Dr Gabrielle O'Kane, Chief Executive Officer
- Ms Colette Colman, Director-Policy and Strategic Development.

Police Federation of Australia

- Mr Scott Weber, Chief Executive Officer

Hon Bob Katter MP

Australian Food and Grocery Council

- Dr Geoffrey Annison, Deputy Chief Executive Officer
- Ms Samantha Blake, Director-Industry Affairs

Metcash

- Mr John Morris, General Manager
- Mr Luke Mackenzie, Manager, Government Relations

Thursday, 8 October 2020 – Conference call

EON Foundation

- Ms Caroline de Mori, Executive Chair and Founder
- Ms Jenny Hurse, NT Operations Manager

Friday, 9 October 2020 – Conference call

National Indigenous Australians Agency

- Mr Ray Griggs, Chief Executive Officer
- Mr Sam Jeffries, Group Manager-Central

Outback Stores

- Mr Jayveer Rathore, Chief Financial Officer

Thursday, 22 October 2020 – Conference call

Coca-Cola Amatil

- Mr David Box, State Business Manager
- Mr Marc Carmichael, State Manger, Northern Territory
- Mr Ashley Chaley, Group Public Affairs Manager

Friday, 6 November 2020 – Conference call

Titjikala Community

- Ms Margaret Campbell, Elder, Titjikala community
- Mr Douglas Wells, Supervisor and Civic Team Leader, MacDonnell Regional Council, Titjikala
- Ms Lena Campbell, Titjikala community member
- Mr Scott Williams, Titjikala community member
- Ms Janie Dianne Campbell, Titjikala Community Store Committee Member
- Ms Jennifer Summerfield, Titjikala community member
- Ms Thelma Doolan, Titjikala community member
- Ms Brittany Richards, Titjikala community member
- Ms Marie Shilling, Titjikala community member
- Ms Lorelle Stoeckel, Titjikala community member

Mai Wiru

- Mr Dennis Bate, Chief Executive Officer