

## Future of remote community stores

### The national licensing proposal

- 7.1 In July 2009, the Council of Australian Governments (COAG) agreed to consider national licensing of remote community stores as a core commitment to close the gap on health between Indigenous and other Australians.<sup>1</sup>
- 7.2 The Government announced that the policy proposal would be developed by the COAG Reform Working Group on Indigenous Reform and would be considered as part of COAG's plan for a national food security strategy for report late in 2009.<sup>2</sup>
- 7.3 The licensing of community stores was introduced in the Northern Territory to facilitate the introduction of income management under the Northern Territory Emergency Response (NTER). A second purpose was to ensure that approved stores in the Northern Territory were offering a reasonable range and quality of groceries and consumer items.<sup>3</sup>
- 7.4 Under the Government's policy all stores in NTER 'prescribed areas', covering 73 remote communities, associated communities and town

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1 Hons K Rudd and J Macklin, 'COAG: Closing the Gap between Indigenous and Non-Indigenous Australians', *Media Statement*, 2 July 2009.

2 Hons K Rudd and J Macklin, 'COAG: Closing the Gap between Indigenous and Non-Indigenous Australians', *Media Statement*, 2 July 2009.

3 Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), *Submission 62*, p. 17.

camps, would be licensed to participate in the income management regime.<sup>4</sup>

- 7.5 In 2007 Outback Stores was funded to ensure licensed stores were operational to provide fresh food to income managed participants in prescribed areas.<sup>5</sup> On 13 October 2008 the Government committed to the continuance of the NTER with income management as a fundamental element on the basis of its demonstrated benefits to women and children.<sup>6</sup>
- 7.6 During 2009, the agenda for legislation reform progressed with proposals for amendment of the *Northern Territory National Emergency Response Act 2007* (NTER Act), released in the discussion paper *Future Directions for the Northern Territory Emergency Response* (2009). Key reforms included:
- a redesign of licensing assessment criteria with a focus on store manager character, nutrition focus, store operation, retail and financial practices,
  - proposals for Government to require that a new store manager be appointed if the store is operating at poor standard or without a licensed operator,
  - Government decisions on licensing to be reviewable by the Administrative Appeals Tribunal, and
  - a revocation of Government's power to compulsorily acquire stores under the Act.<sup>7</sup>

## NTER store licensing definitions and requirements

- 7.7 Part 7 of the NTER Act sets out the definitions for community store licensing, defining that 'one of the main purposes of the business is the provision of grocery items and drinks' and excluding roadhouses and businesses which operate solely as takeaway or fast food shops.<sup>8</sup> Under

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4 *Northern Territory Emergency Response: Report of the NTER Review Board*, October 2008, p. 9.

5 In particular, to support unviable stores and provide infrastructure. Outback Stores, *Submission 47*, p. 7.

6 Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon. Jenny Macklin, MP, *Media Release*, 'Compulsory Income Management to Continue as Key NTER Measure', 23 October 2009, pp. 1, 4.

7 Australian Government, *Future Directions for the Northern Territory Emergency Response*, Discussion paper, 2009, pp. 7, 19–20.

8 Part 7 Division 1, sections 92(1) and 92 (2) respectively.

subsection 123 (4) the Minister may also specify businesses not applicable for the purposes of the Act.<sup>9</sup>

- 7.8 To achieve a licence the store is assessed on requirements that:
- it must be able to administer income management,
  - it must offer a reasonable range and quality of groceries and consumables, and
  - it is managed and governed soundly and has sound financial structures and practices.<sup>10</sup>
- 7.9 To be assessable the store must also be located in a prescribed area, or other areas identified in the Act. Under subsection 125(2) the Minister has discretion to specify additional assessable matters.<sup>11</sup>
- 7.10 Licences are issued for 12 months, or sometimes less if stores are not considered stable. The licence can be issued to a single store operator, or a joint licence may be issued with the store owners if they have particular input into the store operations. A separate category of licence, a corporate licence, can be issued to a management consultancy like Outback Stores or a regional corporate like the Arnhem Land Progress Aboriginal Corporation (ALPA) to manage its stores.<sup>12</sup>
- 7.11 On 20 July 2009 there were 86 community stores licensed and participating in income management in the Northern Territory. Of these, 27 stores are under corporate licences issued to Outback Stores and ALPA. Fifteen per cent of stores licensed are not Indigenous owned.<sup>13</sup>

## Evaluations and assessments of licensing

- 7.12 Government statements have indicated that the proposal for a nationally consistent licensing scheme, as agreed to by COAG, is to be advanced on the basis of substantial benefits achieved under the NTER licensing system, including wider access to nutritious food and families' increased purchasing of it.<sup>14</sup>

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9 Ref: Part 7 Division 1, section 92(2)( d).

10 Part 7 Division 1, section 93.

11 Part 7 Division 1, section 93(1)(d) and 93(1) (e).

12 Laura Toyne, Director, Community Stores Licensing, FaHCSIA, *Committee Hansard*, Darwin, 22 July 2009, pp. 14, 16.

13 Laura Toyne, Director, Community Stores Licensing, FaHCSIA, *Committee Hansard*, Darwin, 22 July 2009, p. 4; FaHCSIA, *Submission 62*, p. 14.

14 Hons K Rudd and J Macklin, 'COAG: Closing the Gap between Indigenous and Non-Indigenous Australians', *Media Statement*, 2 July 2009.

- 7.13 In October 2008, the NTER Review Board provided an independent assessment of the first 12 months of the NTER and did not find that licensing had advanced store standards significantly. Instead there was wide variability, with high prices, limited range, and poor quality noted.<sup>15</sup>
- 7.14 Government assessments of the NTER are based on three 'post licensing' surveys conducted with store managers over the first eighteen months of the NTER (2007-09). Overall the outcomes of these reviews indicated positive results for health with increased purchasing of healthy foods. However, final surveys also indicated no improvement in affordability of food items, particularly fresh healthy foods, and no decrease in nicotine sales.<sup>16</sup>
- 7.15 As noted earlier in the report, Menzies School of Health analysis of early Remote Indigenous Stores and Takeaways Project (RIST) data, which provided a breakdown of actual sales, did not support the finding of increased fresh food sales. Instead sales of whitegoods and non-food items had increased but there was no change in (low) fruit and vegetables and (high) nicotine sales.<sup>17</sup> There was mixed confirmation of these results in the inquiry. While overall sales increases were reported, some store operators attributed these to sale spikes under Government bonuses and stimulus packages delivered during the NTER assessment period.<sup>18</sup>
- 7.16 In relation to pricing, the Committee notes that Northern Territory Market Basket surveys for 2007-08 and Central Land Council (CLC) surveys over the same period respectively found that prices had decreased at community stores, and by contrast that they had increased since licensing was introduced. The CLC considered that other factors such as fuel prices may have influenced this outcome and that this merited a review of pricing issues generally.<sup>19</sup>

15 *Northern Territory Emergency Response: Report of the NTER Review Board*, October 2008, Chapter 2, p. 21.

16 FaHCSIA, *Submission 62*, p. 18, quoting Commonwealth of Australia 2008, *Second Stores Post Licensing Monitoring Report – 41 Stores, 2008*; *Final Stores Post Licensing Monitoring Report – 66 Stores, 2009*, p. 1; Australian Government, *Future Directions for the Northern Territory Response*, Discussion paper, 2009, p. 19.

17 Professor Jonathon Carapetis, Director, Menzies School of Health, *Committee Hansard*, Darwin, 20 August 2009, p. 78; *Submission 129*, p. 1.

18 Some stores confirmed increases in sale of whitegoods and others indicated a fall off due to the banning of book up. See respectively Mark Hutchings, Manager, Barlmarrk Supermarket, Bawinanga Aboriginal Corporation (BAC), *Committee Hansard*, Maningrida, 23 July, 2009, pp. 5-6 and Janet Chisholm, *Committee Hansard*, Alice Springs, 22 July 2009, pp. 106-07.

19 Central Land Council (CLC), *Submission 57*, p. 3; Carrie Turner, Acting Program Director Nutrition and Physical Activity, Department of Health and Families, Northern Territory (NT) Government, *Committee Hansard*, Darwin 22 July 2009, pp. 28, 29.

- 7.17 The range and significance of unintended consequences reported by the Commonwealth Ombudsman also suggested the need for more caution and review before regulatory change. In 2007 the Commonwealth Ombudsman set up an Indigenous Unit to handle complaints under the NTER. Its summary of some 600 of these complaints revealed:
- failure to gain a licence meant that people had to travel long distances to shop at another location, sometimes by air and often by taxi at great expense,
  - lengthy timeframes to licence stores meant that Income Managed funds could not be accessed leading to loss of business and significant disadvantage to community residents,
  - a reported loss of community control of the store to the Australian Government and Outback Stores under licensing arrangements, and
  - closure of stores due to inability or unwillingness to process Income Management, with associated workload and lack of compensation for this.<sup>20</sup>
- 7.18 Given the range of impacts, the Ombudsman recommended that Government should ensure that any proposed changes to the model of community stores acknowledges Indigenous expectations for their stores and be conducted in a spirit of genuine consultation and community engagement.<sup>21</sup>
- 7.19 The Committee notes that, overall, most of the unintended consequences reported under NTER are associated with both the process of licensing and the consequences of income management, which are referred to interchangeably in the FaHCSIA evaluations and ministerial statements about the advantages of licensing.<sup>22</sup>
- 7.20 There was strong support for national licensing among a range of stakeholders who saw that the system could provide better health outcomes, stronger accountability and more transparent store operations. Positive responses to Outback Stores, which entered communities as a licensed provider of income management, reported improved food supply and in some instances, greater confidence in the store:

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20 Commonwealth Ombudsman, *Submission 68*, p. [3].

21 Commonwealth Ombudsman, *Submission 68*, pp. [5–7].

22 *Final Stores Post Licensing Monitoring Report*, 2009, p. 1; Hons K Rudd and J Macklin, 'COAG: Closing the Gap between Indigenous and Non-Indigenous Australians', *Media Statement*, 2 July 2009.

From the day Outback Stores took over there was vast improvement and we felt secure in the fact store managers had to answer to someone. For too long stores in communities relied on the honesty of people who came into communities for one reason only and that was to make money. Just like stations where business no longer relies solely on cattle etc now they rely on the stations store.<sup>23</sup>

7.21 A key recommendation for the extension of store licensing nationally was to raise the standards of stores, providing a benchmark for store management standards and store operation.

7.22 John Smith, owner of Island and Cape, a private consultancy running stores in Cape York and the Torres Strait, saw that a national licensing scheme would open opportunities in a market otherwise dominated by Queensland government run or the Islanders Board of Industry and Service (IBIS) stores:

Anywhere you have private enterprise, there needs to be some guidelines. It must meet certain standards, whether they be about food security, employment or a wide range of other issues. As much as Island and Cape try to do the right thing, we suffer a lot from the wrongdoings of previous private enterprise.<sup>24</sup>

7.23 However, a number of submitters took the position that holding a licence was of secondary importance to the process of getting one: that is, under FaHCSIA's provision of external accounting and auditing during the assessment period. For this group, additional auditing assistance and advice was a preferred alternative to licensing; effectively a 'bottom up' approach to capacity building among existing community stores.<sup>25</sup>

7.24 Maningrida Progress Association (MPA) General Manager Bill Young, for example, considered that an annual licensing process was no replacement for Financial Officer Jimmy Tan's rigorous daily and monthly internal audits. While 'not a silver bullet', such audits would protect stores against the carpetbaggers circulating in Central Australian communities and Top End communities.<sup>26</sup>

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23 Kathy Gers, Yungngora Association Inc, *Submission 6*, p. [1]; see also Conway Bush-Blanasi, *Submission 7*; Tanya Luckey, Imanpa Yaatitjiti Store Committee Chairperson, Imanpa Community, *Submission 18*, p. 1.

24 John Smith, Owner, Island and Cape, *Committee Hansard*, Bamaga, 20 August 2009, p. 20.

25 Austin Taylor, Managing Partner, Meertens Chartered Accountants, *Committee Hansard*, Darwin, pp. 117-18, 120; Yuendumu Mining Company, *Committee Hansard*, Alice Springs, p. 92.

26 *Committee Hansard*, Maningrida, 23 July 2009, p. 26.

- 7.25 As administrators of stores which had licences revoked by FaHCSIA, Meertens Chartered Accountants were also not confident that licensing in itself was any guarantee of a store's financial viability.<sup>27</sup>

## Committee comment

- 7.26 The Committee notes the conflation of outcomes under the introduction of licensing with income management and considers that Government should engage in further consultation with Aboriginal communities about the future of their stores and conduct more rigorous data assessment in advance of a national licensing proposal.
- 7.27 As a step toward this, the Committee commends the consultation process conducted throughout the year over the *Future Directions for the Northern Territory Emergency Response* discussion paper. This paper proposed key community store licensing reforms, among others to be made to the NTER establishing legislation.<sup>28</sup>
- 7.28 The Committee otherwise holds the view that an evaluation of income management is not within the scope of this inquiry into remote community stores and considers that any national licensing proposal should concentrate on raising standards in the operation of stores which can be covered under a licence.

## The licensing process

- 7.29 The Committee notes that the licensing process is rigorous and can be lengthy, with licences taking between five months and a year to be processed. FaHCSIA advised that while an average licence may have 13 conditions attached these may number up to thirty. Assessors will at minimum conduct an annual visit but up to six visits may result if licensing conditions are to be met. At the end of the twelve month licensing period a new licence must be applied for.<sup>29</sup>
- 7.30 Licensing involves an intensive process of monitoring and assessment, especially if stores do not immediately meet licensing criteria. FaHCSIA's

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27 Stuart Reid, Manager, and Austin Taylor, Managing Partner, Meertens Chartered Accountants, *Committee Hansard*, Darwin, 22 July 2009, p. 120.

28 Involving continuing consultations in town camps and communities under the NTER, regional workshops in Darwin, Katherine, Nhulunbuy, Tennant Creek and Alice Springs, and consultations with key NT Aboriginal stakeholder bodies. Australian Government, *Future Directions for the Northern Territory Emergency Response*, 2009, pp. 7, 19-20.

29 Laura Toyne, Director, Community Stores Licensing, FaHCSIA, *Committee Hansard*, Darwin, 22 July 2009, pp. 4-5.

Director of Community Stores Licensing, Laura Toyne, advised that this is a constructive process for stores:

Such a regime brings transparency to the operations of stores. We can identify problems in the operation of stores and solutions that might work for that particular store and that particular community to fix those problems that have been found.<sup>30</sup>

- 7.31 Stanton's International, which was appointed by FaHCSIA to conduct assessments in the early days of the NTER, confirmed this reporting that remote store managers often have limited business knowledge and training and benefited from Stanton's intensive assistance to get their stores ready for income management administration.<sup>31</sup>
- 7.32 For stores with well developed financial management mechanisms in place the process went smoothly. Selwyn Kloeden of Finke River Mission advised:
- The FAHSCIA licensing audit was carried out last week of January and we received excellent comments about overall management and accounting. I personally do not find this regulation intrusive and welcome any activity to ensure quality service and positive outcomes for the locals.<sup>32</sup>
- 7.33 In addition to meeting food supply and storage standards, stores had to demonstrate technical capacity and probity in administration of the recipient's managed funds. While FaHCSIA provided financial assistance for this,<sup>33</sup> some witnesses considered the compliance burden and costs were significant impositions on store managers and store operating budgets.
- 7.34 Large stores like that run by MPA in Maningrida commented on the inefficiencies and costs associated with the NTER's rapid implementation of income management, followed by the shift to the more flexible Basics Card issued by Centrelink. MPA estimated it had cost \$150 000 to install the income management system alone.<sup>34</sup>
- 7.35 Smaller community run stores and private operators considered the ongoing costs of keeping a licence could put their business at risk,

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30 Laura Toyne, Director, Community Stores Licensing, FaHCSIA, *Committee Hansard*, Darwin, 22 July 2009, p. 5.

31 Ben Pace, Director, Stantons International, *Committee Hansard*, Canberra, 19 March 2009, p. 4.

32 *Submission 23*, pp. 5, 6.

33 Selwyn Kloeden, *Submission 23*, p. 6.

34 Bill Young, General Manager, Maningrida Progress Association (MPA), *Committee Hansard*, Maningrida, 23 July 2009, p. 21.



contrary to the policy intentions to ensure viable community stores. As one store operator advised, the process involved a great amount of paper work – a fortune in staples – in an already heavy work schedule.<sup>35</sup>

- 7.36 On this basis, Andy McGaw, Chief Executive Officer of Djarindjin Aboriginal Corporation, the Dampier Peninsula WA, rejected the idea of a national licensing system, considering the process would increase bureaucracy, may not improve store standards but could drive up costs in the community's owner operated store.<sup>36</sup>
- 7.37 Under corporate licences ALPA and Outback Stores are not subject to regular individual store assessment on the basis that a corporate entity can demonstrate a consistent methodology in management and operation of multiple stores.<sup>37</sup> Mark Hutchings, Manager, Bawinanga Aboriginal Corporation (BAC) Barlmarrk Supermarket in Maningrida considered this burdened the single operator disproportionately and asked for a 'level playing field' for store operators. He also reported that FaHCSIA requires a three full years of documentation on each inspection visit for price monitoring.<sup>38</sup>
- 7.38 A number of criticisms were raised regarding stores being refused licences or being subject to delays which had adversely affected businesses.<sup>39</sup> The Committee is not in a position to comment on these individual cases but it considers that any licensing or registration regime must take into account the diversity of communities and be able to assess businesses on their operations and the delivery of services rather than business structures.
- 7.39 The Committee is advised that FaHCSIA has commissioned a consultant to determine the financial costs of participating in licensing to stores, with a report due at the end of August 2009.<sup>40</sup> At the time of writing the report was not available.

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35 Lynne Leigh, Epenarra Station, *Committee Hansard*, Alice Springs, 28 April 2009, p. 107.

36 Ninti Corporate Services, *Submission 8*, p. 1; Andy McGaw, Chief Executive Officer, Djarindjin Aboriginal Corporation, *Committee Hansard*, Broome, 20 July 2009, p. 25.

37 Laura Toyne, Director, Community Stores Licensing, FaHCSIA, *Committee Hansard*, Darwin, 22 July 2009, p. 15.

38 Mark Hutchings, Manager, Barlmarrk Supermarket, Bawinanga Aboriginal Corporation (BAC), *Committee Hansard*, Maningrida, 23 July 2009, p. 8.

39 Lynne Leigh, Janet Chisholm and Joan Parton, *Committee Hansard*, Alice Springs, 28 April 2009, pp. 106-07; Robert Gosford, Spokesperson, Yuendumu Social Club, *Committee Hansard*, Alice Springs, 28 April 2009, p. 82. For FaHCSIA response see Laura Toyne, Director, Community Stores Licensing, *Committee Hansard*, Darwin, 22 July 2009, pp. 20-21.

40 FaHCSIA, *Submission 62A*, p. 2.

- 7.40 The Committee also notes calls for store committees to be empowered by more direct engagement in the licensing process. At present, licences are usually issued to the store operator, which may include an accountant in larger operations. However, there is also potential for joint licence holder arrangements. FaHCSIA advised that a chairperson of the store owner body or store committee may be involved depending on their capacity, and if they have day-to-day management or significant decision making responsibilities in the store.<sup>41</sup>
- 7.41 Fred Hollows Foundation saw the need for additional professional assistance to ensure that store committees are better able to undertake director decision-making, such as choosing the appropriate management model for their community store.<sup>42</sup>
- 7.42 The Central Land Council agreed that this is needed, recommending that all stores should have independent advice before entering into a contract with Outback Stores or any other manager or consultancy:

It is difficult to see how store committees can maintain their obligations under their contract with Outback Stores, and increase their knowledge and awareness of store practices, without some form of external assistance. In our view, it would be preferable that external assistance would come from a body other than Outback Stores (as the role of the store committee is to keep a check on Outback Stores).<sup>43</sup>

## Non-standard models

- 7.43 The main purpose of the licensing system is to monitor those stores that supply substandard food and are afflicted by poor management that puts food security at risk.
- 7.44 It was clear during the inquiry that most Indigenous communities want their own store irrespective of the challenges. To achieve this some may run co-operatives or small shopfronts that provide a more limited or selective range of stock. Other stores may act as a hub for supply to a network of 'homeland' communities, small clan or family based groups, by running bush order or bush delivery services. This is described as the hub and spoke model of supply.<sup>44</sup>
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41 Laura Toyne, Director, Community Stores Licensing, FaHCSIA, *Committee Hansard*, Darwin, 22 July 2009, p. 16.

42 *Submission 30*, p. 12.

43 *Submission 57*, p. 7.

44 Professor Jon Altman and Dr Kirrily Jordan, *Submission 64*, pp. 1-5.

- 7.45 The Committee was therefore concerned by some evidence that the rigidity of the definitions and assessment conditions applied under the NTER Act are causing problems for some of the less conventional but most innovative community run initiatives in the Northern Territory.
- 7.46 At hearings in Darwin, John Greatorex, an expert in Yolngu language and culture, reported on the impact the licensing regime had on the community owned and run co-op store at Mapuru, a small remote community in North East Arnhem Land.<sup>45</sup> Mapuru Co-op was set up in 2002 by community members to provide essential goods, provide employment and promote understanding of English and financial literacy in the community. The store was entirely community owned, run and staffed and had a healthy food policy in contrast to shops in nearby towns. In 2005 the Co-op won a National Heart Foundation Award for small rural and rural remote initiatives.<sup>46</sup>
- 7.47 Mr Greatorex advised that the introduction of income management in 2007 had effectively closed the store. Since that time a number of families had relocated to Galiwin'ku (Elcho Island) while others had to charter planes to shop there. The impact was greatest on the elderly.<sup>47</sup>
- 7.48 At the time of the hearing Mapuru Co-op was being assessed by FaHCSIA for licensing and a decision was pending. Mr Greatorex was of the view that the Co-op store would not comply:
- They do not qualify for that because they do not stock much of the fruit and vegetables. They do not stock lamb chops, T-bone steaks or things like that. It is virtually impossible for them to get frozen goods because of the time delays in travel. Also, they have made an active decision that it is much better for them to be hunting – that is, active on country – fishing, shooting a kangaroo or a wallaby or collecting shellfish and other things in the mangroves nearby than purchasing from the co-op. That has been an active decision.<sup>48</sup>
- 7.49 In some remote communities small population size, seasonal population shifts, or clan dispersal, means a community cannot support a store. In

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45 *Committee Hansard*, Darwin, 22 July 2009, p. 31.

46 John Greatorex, *Submission 109*, p. 1.

47 *Committee Hansard*, Darwin, 22 July 2009, pp. 31–33.

48 *Committee Hansard*, Darwin, 22 July 2009, p. 32.

these situations the hub and spoke model and bush delivery services can support food security.<sup>49</sup>

- 7.50 The Committee notes that a hub and spoke, or bush delivery system, is currently run by the BAC in Maningrida. This service offers outstation customers food and other goods at the same price as in town and there are no fees associated with this service. Goods can be purchased using Income Management or Basics Card under the licence held by BAC, and these are then delivered out to communities free of charge.<sup>50</sup>
- 7.51 Similarly, the Laynhapuy Homelands Association was developing a franchised system for delivery to homeland communities.<sup>51</sup> FaHCSIA indicated obstacles may be encountered for these types of proposals which are difficult to classify under the legislation. However, it also advised that these business models are not necessarily excluded.<sup>52</sup>
- 7.52 One of the strongest messages to this inquiry was that whatever regulatory arrangements are imposed, they must be flexible enough to allow for diversity of store models to not only survive but to thrive.<sup>53</sup>
- 7.53 Tania McLeod, Senior Coordinator – Governance, Fred Hollows Foundation, emphasised that the best way to do this is to ensure that the requirements are not too prescriptive:
- The more complicated it is, the more people will walk away because they are a bit confused. Keeping it simple and going across the major points that you need to know to run the store and to evaluate should be the best way to go.<sup>54</sup>
- 7.54 Others suggested that the best licensing process for stores should also take into account the essential questions for governance in community stores: 'Who owns the store?' and 'What is the purpose of the store?'<sup>55</sup> This would

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49 Dr Fay Rola-Rubzen, Core Project Leader, Desert Biz, Desert Knowledge Cooperative Research Centre (CRC), and Associate Professor, Curtin University of Technology, *Committee Hansard*, Alice Springs, 28 April 2009, pp. 47–48; Andy McGaw, Chief Executive Officer, Djarindjin Aboriginal Corporation, *Committee Hansard*, Broome, 20 July 2009, pp. 22, 29.

50 Mark Hutchings, Manager, Barlmarrk Supermarket, BAC, *Committee Hansard*, Maningrida, 23 July, 2009, p. 2.

51 *Committee Hansard*, Darwin, 22 July 2009, pp. 48–49.

52 Laura Toyne, Director, Community Licensing, FaHCSIA, *Committee Hansard*, Canberra, 20 August 2009, p. 12; FaHCSIA, *Submission 62A*, p. 2.

53 Fred Hollows Foundation, *Submission 30*, p. 12; Dr Fay Rola-Rubzen, Core Project Leader, Desert Biz, Desert Knowledge CRC and Associate Professor, Curtin University of Technology, *Committee Hansard*, Alice Springs, 28 April 2009, pp. 47–48.

54 *Committee Hansard*, Darwin, 22 July 2009, p. 111.

55 FoodNorth, quoted in Fred Hollows Foundation, *Submission 30*, p. 6.

require a greater recognition of the cultural context of community needs in running its store, including its vision for the health and well-being of the community.

- 7.55 Currently the system is not structured to take into account these factors. FaHCSIA advised:

The specific cultural aspects are not taken into account in terms of licensing because that is very much about the quality and range of food in the stores and standards of governance and that there are appropriate retail and financial accountability arrangements in place.<sup>56</sup>

## A licence for health

- 7.56 As outlined above, the Government's final review of community stores post-licensing in 2009 identified a wide range of benefits accruing to communities and to stores under the licensing regime, including improved ratios of fresh fruit vegetable availability and consumption, increased expenditure on whitegoods and clothing, decreased tobacco consumption and less incidence of humbugging.<sup>57</sup>
- 7.57 Despite reservations outlined, a range of nutritionists and regional health experts supported the introduction of national licensing regime. The Menzies School of Health, for instance, maintained that a national licensing scheme would have real merit to address non-competitive markets and promote consumer protection in remote communities.<sup>58</sup>
- 7.58 Fred Hollows Foundation saw the potential to put in place a framework to ensure that good practices are in place in stores, regardless of the store model. It noted that licensing of community stores under the NTER had foreshadowed this potential, but emphasised: 'The purpose of the licensing is to ensure there is food security rather than facilitating income management'.<sup>59</sup> The Foundation recommended that resources should be dedicated to assisting communities to improve their store to meet and exceed these minimum standards, within an acceptable timeframe.<sup>60</sup>

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56 Lynne Curran, Manager, Office of Indigenous Policy Coordination Group, FaHCSIA, *Committee Hansard*, Canberra, 12 March 2009, p. 21.

57 *Final Store Post Licensing Monitoring Report*, 2009, cited NT Government, *Submission 98*, p. 4; FaHCSIA, *Submission 62*, p. 18.

58 Menzies School of Health, *Committee Hansard*, Darwin, 20 August 2009, p. 78; *Submission 129*, p. 1.

59 Fred Hollows, *Submission 30*, p. 13.

60 Fred Hollows, *Submission 30*, p. 13.

- 7.59 There was also strong support for requiring that stores provide a core range of healthy foods under licensing. The Heart Foundation suggested this should be based on the Heart Foundation Buyer's Guide for managers of remote Indigenous stores and takeaways. It also considered that any store licensing system and/or funding arrangement should be dependent on compliance with a minimum core range.<sup>61</sup>
- 7.60 The Public Health Association referred to the 2008 National Nutrition Networks Conference Australia recommendation that, as part of a program for food security, government should focus on 'promoting the value of traditional food systems and ensuring community consultation and nutrition expertise is sought in key aspects of store licensing for remote communities'.<sup>62</sup>

### Committee comment

- 7.61 The Committee considers that there is potential to build ownership and develop the skills of store committee members by engaging them more directly in the management of their stores under the licensing system.
- 7.62 The Committee considers that any licence should have formal recognition of Indigenous ownership of the store. The licence should be issued to the Indigenous Corporation which owns the land on which the store is based, usually representatives on the store committee, or the owners should be engaged in a joint licence. This will ensure greater continuity when store managers leave but also engender greater community responsibility for and commitment to the sustainability of the store.
- 7.63 During the inquiry FaHCSIA advised that a licence may have more than thirty conditions attached. The Committee questions the need for this degree of prescription and cautions against making the process and administration unduly onerous for the store.
- 7.64 The Committee is also concerned that at times the licensing criteria may be too prescriptive and should support rather than exclude well functioning Indigenous business models that provide benefits within Aboriginal cultural frameworks. Government policy should not restrict the entrepreneurial flair of communities or individuals, but rather seek to provide safeguards to ensure the continuance of successful and innovative models.

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61 *Submission 26*, p. 14.

62 *Submission 27*, p. 2; see also Menzies School of Health, *Committee Hansard*, Darwin, 20 August 2009, p. 78 and *Submission 12*, p. 1.

- 7.65 The Committee recommends that FaHCSIA develop clear and simple licensing assessment criteria to ensure that the model can accommodate the full range of community owned and run store models. Written explanation of these criteria, in pamphlet or poster form, should be provided to stores in advance of processing to facilitate compliance.
- 7.66 Additionally, the Committee notes that the Minister for Families and Community Services and Indigenous Affairs has some flexibility in specification of stores and assessment criteria for the purpose of licensing.<sup>63</sup> The Committee considers that the Minister should give consideration to exemption of store and food supply models which have clear community benefit but do not meet the licensing requirements for community store.
- 7.67 The Committee also considers that licence refusal processes should be more transparent. While the referral of a Government decision on a licence to the Administrative Appeals Tribunal, as proposed under NTER legislation reforms, will provide a remedy, the Committee remains concerned that community owned and run stores would carry a significant burden in pursuing a matter.
- 7.68 The Committee holds the view that any regulatory arrangement applying to store managers must take into account the dual obligations to provide healthy produce at a good price and to run a viable business. The Committee considers that the licensing of stores can be a tool to support this.
- 7.69 In particular, as discussed earlier, the Committee sees merit in proposals that all remote community stores should be required to display pricing, promote healthy food consumption by using appropriate display techniques, and cross-subsidising healthy product in stores. But equally the Committee recognises that the imposition of a mandatory requirement for cross-subsidising healthy products, as desirable as it is, may impose an insurmountable burden for some stores.
- 7.70 The Committee therefore concludes that a licensing regime that focuses on ensuring that stores have a good range of fresh produce and have competent and honest managers in place provides the best assurance. To enable the widest range of store models to meet Indigenous needs, these criteria must be widely interpreted with a focus on fresh foods, quality and price.

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63 At Subsection 123(4) the Minister may specify businesses for the purposes of the Act, and under Subsection 125 (2) may specify assessable matters for stores. Refs: Part 7 Division 1 Sections 92 (2) (d) and 93(1) (d), respectively.

- 7.71 The Committee considers 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.
- 7.72 If a national licensing scheme is to be introduced across Australia, the Committee urges the Australian Government to take a number of factors into account, including concerns raised about the licensing process, governance structures, healthy store policies, and eligibility.



## Recommendation 29

The Committee recommends that, if the Australian Government proceeds with the proposal for a national licensing regime for remote community stores, the following should be taken into account:

- administrative processes to apply for and maintain a licence should be streamlined and easily complied with by Indigenous corporations, store committees and managers,
- there should be a well-defined procedure to appeal any decision to refuse a licence, such as through the Administrative Appeals Tribunal, and a refusal should also consider the interim and longer term impacts it may have on a remote community's food supply security,
- the definition of a community store should be sufficiently flexible to encompass bush delivery, hub and spoke operations and other food supply models which offer economic and health benefits to communities,
- licence assessment should be undertaken in a timely manner,
- licences should be issued either to store owners, or jointly to store owners and store managers,
- mandatory qualifications and accreditation should apply to store managers,
- licences should include a requirement for a healthy store policy and to display pricing, and
- licensing should be subject to a review to ensure it is not providing unfair advantages to corporately managed stores over individual and community stores.

## An assessment of Outback Stores

7.73 As part of the terms of reference for this inquiry the Committee has considered the effectiveness of the Outback Stores model for remote community stores.

7.74 The Committee received a submission from Outback Stores and took evidence on two occasions from the then Chief Executive Officer of

Outback Stores, John Kop.<sup>64</sup> During the Committee's inspection tour of remote community stores in the Northern Territory, it also visited two stores that were managed by Outback Stores. These stores were located in Jilkminggan and Bulman.<sup>65</sup>

- 7.75 In its submission FaHCSIA commented on the purpose of Outback Stores and the funds that were allocated to Indigenous Business Australia (IBA) for the specific funding of Outback Stores.

Outback Stores (OBS) is a non-government enterprise that was established by the Australian Government in 2006 to improve the commercial viability of remote community stores; provide a better range of affordable healthy foods; provide consistency in delivering and supplying quality products; increase local employment opportunities for Indigenous workers; and establish more efficient and reliable stores.

Indigenous Business Australia has received a total of \$77 million in funding for OBS. Of this funding, \$48 million was provided in the 2006-07 Commonwealth Budget for the management of viable community stores nationally, and \$29.1 million was provided as part of the NTER for both viable and not potentially viable stores in the Northern Territory.<sup>66</sup>

- 7.76 At hearings in August 2009, FaHCSIA advised that Outback Stores had been 'reasonably successful' in its role in having established 27 stores. It also considered that the model has proven it has the potential to be national provider: 'A network such as Outback Stores gives a sustainable platform for [food security] to be delivered in remote Australia'.<sup>67</sup>

- 7.77 In submissions to the Committee, however, Outback Stores indicated that that its cost model will not presently cover Northern Territory needs:

A stable population of 150 - 200 people is required to run a commercially viable store where all its operating costs can be recovered from reasonable selling prices. We are currently operating unviable stores in seven small communities of fewer than 150 people where we are supporting other government

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64 John Kop resigned from his position as CEO during the inquiry and Mr Alastair King has been appointed CEO Outback Stores. Alastair King was formally the General Manager of the Arnhem Land Progress Aboriginal Corporation (ALPA).

65 An overview of the Committee's visit to Jilkminggan and Bulman is at Appendix A.

66 FaHCSIA, *Submission 62*, p. 22.

67 Lynne Curran, Manager, Office of Indigenous Policy Coordination Group, FaHCSIA, *Committee Hansard*, Canberra, 20 August 2009, pp. 2, 3.

initiatives and we are contributing up to \$160,000 a year per store to cover the operating losses. We have funding to cover 10 unviable stores in the Northern Territory until 2011. We estimate there are 3000 people living in 20 small communities.<sup>68</sup>

- 7.78 Meertens Chartered Accountants confirmed from experience at Mimili that Outback Stores is not currently sustainable. Its management fees are often unpaid, meaning it pays its suppliers but not itself. However, Managing Partner Austin Taylor considered the model valid as it provided food security and other benefits to the communities involved.<sup>69</sup>
- 7.79 In effect the success of Outback Stores as a model depends on what the criteria for success is judged to be.
- 7.80 Outback Stores' food security role was generally supported in evidence, on the basis that circumstances in remote communities merit subsidisation. Desert Knowledge CRC, among others, saw that Outback Stores has a 'comparative advantage and a reason' (as a government funded entity) 'to get into areas where market failure exists'.<sup>70</sup>

## The findings

- 7.81 A combination of the evidence drawn from submissions and public hearings demonstrated that overall Outback Stores were contributing positively to the management of remote community stores to which they had been invited in to manage. However the Committee did receive evidence remarking on discontent with the operations of Outback Stores. The range of evidence is summarised below.
- 7.82 It should also be noted that some submissions commented that it was too early to give a fair appraisal of the Outback Stores model:
- ...given the short timeframe in which it has been operating, it would be prudent to allow some time to prove the model and to have an independent evaluation conducted.<sup>71</sup>

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68 Outback Stores, *Submission 47*, p. 44.

69 *Committee Hansard*, Darwin, 22 July 2009, p. 117.

70 Dr Fay Rola-Rubzen, Core Project Leader, Desert Biz, Desert Knowledge CRC and Associate Professor, Curtin University of Technology, *Committee Hansard*, Alice Springs, 28 April 2009, p. 48.

71 Fred Hollows Foundation, *Submission 30*, p. 7.

## Positives

- 7.83 A majority of health sector stakeholders supported the Outback Stores model to some extent. This can partly be attributed to Outback Stores focus on improving nutritional outcomes by way of encouraging healthy food sales. Some of the strategies to promote healthy food choices include in-store promotion of fruit and vegetables, low margins on fresh fruit and vegetables and the involvement of a nutritionist working with the remote community store.
- 7.84 The Fred Hollows Foundation commented that the nutrition policy and nutrition expertise that is built into the structure and philosophy of Outback Stores 'certainly has benefits in relation to access to healthy foods'.<sup>72</sup>
- 7.85 Joanne Cox prepared a submission on behalf of the Palyalatju Maparnpa Health Committee and made the following comments in relation to Outback Stores:
- Comments from community residents and agency workers suggest that the OBS [Outback Stores] model has improved the variety and quality of healthy food items available at the store over the past 12 months OBS have been in management. Other improvements include the introduction of pricing on the shelves, improvements in the quality of take-away meals and the reduction in costs of several healthy food and drinks.<sup>73</sup>
- 7.86 Anna Godden, a community member of Jilkminggan, commented on the improvements that have come to Jilkminggan since Outback Stores signed on to manage the store in July 2008:
- The general consensus in Jilkminggan is that the variety of everything in the shop is much better than previously. The quality and prices of the fruit and vegetables especially is of a high and most satisfactory standard, and there are now 5 aboriginal employees in the shop.<sup>74</sup>
- 7.87 The Committee received other submissions from communities happy to have a good food supply under Outback Stores. Tanya Luckey, Yaatitjiti store committee Chairperson at Imanpa, stated that she 'would like to see Outback Stores manage all community stores around our area', and

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72 Fred Hollows Foundation, *Submission 30*, p. 7.

73 Palyalatju Maparnpa Health Committee, *Submission 43*, p. 2.

74 *Submission 58*, p. 1.

considered that regionally consistent prices would keep business for Imanpa store, and produce projected surpluses.<sup>75</sup>

- 7.88 ALPA also expressed support for the Outback Stores model, which it considered offered choice to the consumer. ALPA Chief Executive Alastair King advised that ALPA works closely with Outback Stores under a Memorandum of Understanding, and together the models offered a way out of the boom and bust cycles that afflict stand alone stores.<sup>76</sup>

## Negatives

- 7.89 Some of the evidence received by the Committee highlighted negative impacts that Outback Stores have had on some remote communities.
- 7.90 The Fred Hollows Foundation expressed a number of concerns about the Outback Stores model in its submission. Firstly, it considered that a greater emphasis needs to be placed on the health and well-being functions of the store, such as stocking of healthy foods and supporting community nutrition programs.<sup>77</sup>
- 7.91 Secondly, the submission stated that the model disempowers community store committees, as Outback Stores removes their decision-making role over store management practices. The Foundation suggested that it is both ironic and unfair that store committees must sign over control to Outback Stores but must still bear full financial responsibility if the store operations fail.<sup>78</sup>
- 7.92 Thirdly, the Foundation was concerned about the future of unviable stores. This was emphasised in the following comment:

A number of "commercially unviable" stores have been established and are managed by Outback Stores with funding from the NTER. However, should external funding be withdrawn from those stores, it would not be viable for Outback Stores to remain in those communities and those communities are at risk of have no food supply without alternative models being considered. Policies and plans must be developed now to address the longer-term sustainability of these stores.<sup>79</sup>

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75 Tanya Luckey, Imanpa Yaaitijiti store committee, *Submission 18*, p. 1.

76 *Committee Hansard*, Darwin, 20 July 2009, p. 61.

77 Fred Hollows Foundation, *Submission 30*, p. 7.

78 Fred Hollows Foundation, *Submission 30*, p. 7.

79 Fred Hollows Foundation, *Submission 30*, p. 8.

7.93 The Palyalatju Maparnpa Health Committee advised that the introduction of Outback Stores to its region had adversely affected neighbouring community stores. It stated:

The poor consultation process between OBS and the other community run stores in the Kutjungka resulted in a change of freight company which resulted in a reduction in delivery of food from a weekly service to each of the community stores to a fortnightly delivery.<sup>80</sup>

7.94 Kadar Pearson and Partners (KPP), a Broome-based business working across the Kimberley, expressed concerns about a lack of transparency under Outback Stores management. The submission highlighted the tensions between Outback Stores' health objectives and the broader commercial role of the store as the economic hub of the community. KKP recommended that government funded Outback Stores should be required to operate more transparently, and training be offered to ensure the community's capacity to monitor contractual agreements with the store group.<sup>81</sup>

7.95 A number of Aboriginal community members, otherwise satisfied with having a viable store and secure food supply, worried that government funding would cease or were uncertain about their future control of the stores. Still other community owned and run stores feared or experienced pressure to 'invite' Outback Stores in or failed to be licensed.<sup>82</sup>

7.96 At hearings FaHCSIA discounted these concerns, and those about competition issues under Outback Stores, noting that communities enter a contract with Outback Stores voluntarily.<sup>83</sup>

7.97 A small category of stores experienced direct competition from Outback Stores as the licensed store because they were located in or near prescribed areas in the Northern Territory. Professor Jon Altman confirmed that in situations where there was a mix of licensed and unlicensed stores, competitive neutrality failed. In Yuendumu, for example, the community controlled store had suffered a significant turnover decline as income

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80 Palyalatju Maparnpa Health Committee, *Submission 43*, p. 3.

81 In a meeting with Outback Stores, Kadar Pearson and Partners Pty Ltd representatives were advised that information about the profits of a store were 'commercial in confidence'. *Submission 25*, pp. 5-7.

82 Lazarus Murray, Community Councillor, Roper Gulf Shire Council, *Committee Hansard*, Bulman, 21 July 2009, p. 6; Sunrise Health Service Aboriginal Corporation, *Submission 76*, p. 4; Mulan Aboriginal Corporation, *Submission 10*; Fred Hollows Foundation, *Submission 30*, p. 8.

83 Diane Hawgood, Manager, Indigenous Remote Service Delivery Group, FaHCSIA, *Committee Hansard*, Canberra, 20 August 2009, p. 4.

management directed buyers to use the Outback Store.<sup>84</sup> In this situation, licensing created a distortion which gave the government funded Outback Stores a commercial advantage over existing stores that are unlicensed.<sup>85</sup>

- 7.98 Proposals that Outback Stores would move from Indigenous Business Australia (IBA) ownership to FaHCSIA in the near future intensified concerns about this.<sup>86</sup> At hearings, FaHCSIA reassured the Committee that the food security and commercial management arms of Outback Stores would be rigidly fire walled between department agencies in Darwin and Canberra with 'very clear protocols' for separate governance of licensing, food security policy and Outback Stores management.<sup>87</sup>
- 7.99 The current owner of Outback Stores, IBA, nevertheless expressed concerns that the shift to FaHCSIA would marginalise Indigenous direction of the model at board level, with a serious impact on the strategic direction and running of the stores as vehicles for economic and social empowerment of Indigenous communities. It considered however that the transferral to FaHCSIA would allow a better alignment of Outback Stores' policy with the government's social policy objectives.<sup>88</sup>

## Committee comment

- 7.100 The Committee has evaluated the effectiveness of the current operations of Outback Stores and the response of many communities where Outback Stores are located. The Committee inspected both the Jilkmिंगgan and Bulman stores, managed by Outback Stores, which were operating well during the Committee's visit to stores in remote communities in the Northern Territory.
- 7.101 The Committee is satisfied that Outback Stores is able to increase access to a greater range of groceries, including fresh produce, in remote community stores. Therefore the potential improvements to health outcomes are recognised by the Committee.
- 7.102 The Committee also sees great merit in the training that Outback Stores provides for local Indigenous people in the area of retail management and

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84 Director, CAEPR, ANU, *Committee Hansard*, Canberra, 12 March 2009, p. 9.

85 Professor Jon Altman and Dr Kirrily Jordan, *Submission 46*, p. 1.

86 Robert Gosford, Spokesperson, Yuendumu Social Club, *Committee Hansard*, Alice Springs, 28 April 2009, p. 87.

87 Lynne Curran, Manager, Office of Indigenous Policy Coordination Group, FaHCSIA, *Committee Hansard*, Canberra, 20 August 2009, pp. 2-3.

88 IBA, *Submission 67*, p. 7.

good governance. This is an effective way of increasing capacity building for communities.

- 7.103 The Committee notes the transition of Outback Stores from IBA to FaHCSIA raises concerns about potential loss of Indigenous direction in the future operation of the model. The Committee supports Indigenous representation on the Outback Stores Board.

### **Recommendation 30**

**The Committee recommends that the Australian Government require that membership of the Outback Stores board include Indigenous representation.**

- 7.104 The Committee has some concerns regarding the operation of Outback Stores. Firstly, the Committee is aware that Outback Stores appropriated \$48.1 million to establish the company in 2006–07. This funding was provided for a four year period after which it was intended that the model would break even and would be self-sustaining.
- 7.105 The Committee is aware that Outback Stores is currently only managing 27 stores. It was expected that Outback Stores would be managing approximately 40 stores by the fourth year of operation. Initial estimations of the Outback Store model considered that the uptake of stores would be much greater. The Committee also understands that a number of stores which are currently being managed by Outback Stores are not commercially viable.
- 7.106 Clearly Outback Stores is not meeting the targets it originally established and it is difficult to envisage it becoming self-sustaining in the next few years, unless it does so by withdrawing from unviable stores and leaving these communities with no dependable food supply. Obviously this is not an option and the Committee is *not* critical of Outback Stores' overall performance to date.
- 7.107 The Committee has determined that there is a significant variance between the business task Outback Stores was established to fulfil, and the needs of food security which it is currently meeting. The Committee concludes that the issue is one of clarity of purpose for the Outback Stores group, and that the policy objectives behind Outback Stores should be adjusted to reflect the role it is currently fulfilling.
- 7.108 In short, from the volume of evidence received, the first hand assessment of a range of store models, and the anecdotal stories from many different



communities, the Committee makes the following comments regarding the future purpose and role of the Outback Stores group.

- 7.109 Firstly, the Outback Stores model offers a successful store management option for communities. In the long term operation of its stores it should be self-sustaining and stores should aim to be commercially viable and return any profits to the community in which they are located. A number of the recommendations set out in this report, such as efficiencies in supply chain logistics and accountable governance structures, will contribute to this. As with any small business, the first years of operation are unlikely to yield profits and some operating losses may be expected as infrastructure, business systems and training are established.
- 7.110 Outback Stores should continue to operate with the expectation that it will expand its number of viable stores and be available for those communities who wish to choose this store management model. The Committee recognises that there are also other store models which are working successfully in different areas of Australia and communities should always have the choice of a management model. Additionally care must be taken that Outback Stores, as a government supported enterprise, does not skew competition or create a monopoly. These issues have also been raised by the Committee in its recommendation relating to possible licensing and FaHCSIA's oversight of Outback Stores.
- 7.111 In addition, there are a number of community stores which are currently being managed by Outback Stores, some of which are currently unviable and may not have the capacity (due to size of a community or location) to become commercially viable in the future. The Australian Government has a serious responsibility to ensure not just food security, but the regular and secure provision of healthy food options to these communities year round.
- 7.112 This government responsibility will at times be inconsistent with the commercial responsibility of Outback Stores. However Outback Stores is well placed to be the delivery arm of this government responsibility while alternative models for community food delivery, such as the hub and spoke systems or regional clusters, are investigated.
- 7.113 These alternative models to ensure food security and the viability of these delivery models can only be negotiated with the community as it is the community who will assume long term responsibility for their own food management. The aim of any such interim assistance should be to establish community ownership and governance of a sustainable and well functioning delivery model that positively contributes to the health of its community.

- 7.114 The provision of interim store services to ensure continued food security should not be considered part of the business arm of Outback Stores. Rather, through a contractual arrangement with FaHCSIA, Outback Stores should be provided top-up funding on a case by case basis in order to maintain a store service in a community in the short term until more viable long-term delivery and supply options are established by the community.
- 7.115 In effect, Outback Stores would then have two roles. The first role is the management of commercially viable stores in communities that have made such arrangements with Outback Stores. This is consistent with the current stated purpose and start-up funding provided for Outback Stores. A second and essential task of Outback Stores would be to provide store services on a case by case basis as determined by FaHCSIA in consultation with the community while that community develops the capacity to oversee its own store or set up a supply model which is cost effective, meets the needs of the community and ensures sustainable food security into the future.
- 7.116 The Committee considers that the purpose of the Outback Stores group should be revised to recognise these two distinct roles. The funding already appropriated and any future funding to Outback Stores should be separated so that the commercial operations are not compromised by the interim need to intervene in those communities with non-viable stores or a lack of food security.
- 7.117 Government should, at the same time, ensure that food security is not at risk where Outback Stores currently manages unviable stores. Where appropriate alternative food supply models should be developed and supported.
- 7.118 Overall the Committee recognises that the Outback Stores model is performing very well and carrying out a delicate balancing act between running a commercial business and meeting social responsibilities in the delivery of food security. In this regard, the success of Outback Stores should not be put at risk by confusing its commercial operations with those of delivering food security to small currently not financially viable stores.

### **Recommendation 31**

**The Committee recommends that the Australian Government revise the purpose of the Outback Stores model to recognise the following two distinct roles:**

- **the commercially viable operation of a remote store where a community contracts it to manage their store, and**
- **under advice from the Department of Families, Housing, Community Services and Indigenous Affairs, the delivery of store services to communities where the current store is unviable or the regular supply of healthy food is not secured. Supplementary interim funding for these services be provided on a case by case basis.**

7.119 In line with the revised purpose of Outback Stores, the Committee considers that Outback Stores should disclose a financial statement of expenditure of the appropriated funds received to date.

### **Recommendation 32**

**The Committee recommends that the Australian Government require Outback Stores to disclose a financial statement of expenditure of the appropriated funds received to date.**

7.120 The Committee has seen different models and operators deliver food security successfully in different communities and these have been discussed through the report. The Committee considers that effective governance, community engagement by store operators and adequate infrastructure were the principal characteristics of successful stores and this was seen across the country.

### **Recommendation 33**

**The Committee recommends that, rather than support particular service providers, the Australian Government work proactively with individual communities to develop and support a diversity of good store operations or delivery models that recognise the unique needs and situations of those communities and ensure food security to all remote communities.**