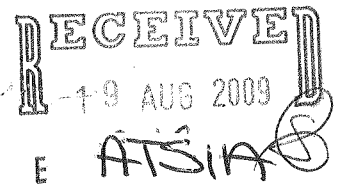




Australian Government

Department of Families, Housing,
Community Services and Indigenous Affairs



Submission No 62a

Response from Brian Aarons and Laura Toyne, as representatives of FaHCSIA's stores licensing function, to questions taken on notice and additional questions from the House of Representative Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into remote community stores.

ADDITIONAL QUESTION (ADVISED BY EMAIL 12 AUGUST 2009)

In evidence you stated that FaHCSIA will licence 'the operator' of the store, which can be the manager or store committee. Is FaHCSIA under any obligation to consult with the community about the licensing of stores?

Whilst the Act does not specify community consultation as an assessable matter in licensing community stores, assessors may gather, and the Delegate may consider community feedback or information gathered in making their assessment an in making a licensing decision.

Subsection 93 of the *Northern Territory National Emergency Response Act 2007* ('the Act') defines the assessable matters that must be taken into consideration in licensing community stores:

Subsection 93 Meaning of assessable matters

The *assessable matters*, in relation to a community store, are the following:

- (a) the community store's capacity to participate in, and (if applicable) the community store's record of compliance with, the requirements of the income management regime;
- (b) the quality, quantity and range of groceries and consumer items, including healthy food and drink, available and promoted at the community store;
- (c) the financial structure, retail practices and governance practices of the community store;
- (d) any matters specified by the Minister under subsection 125(2) to be assessable matters;
- (e) any other matter that the Secretary considers relevant to the provision of high quality community store services.

QUESTIONS ON NOTICE

1. Is it possible under the current legislation to license a hub-and-spoke store model? (pp. 10-11 of transcript)

Subsection 92(1) of the *Northern Territory National Emergency Response Act 2007* ('the Act') provides that:

- (1) A business is a community store if:
 - (a) one of the main purposes of the business is the provision of grocery items and drinks;
and
 - (b) the business is carried on:

- (i) at premises in a prescribed area; or
- (ii) at premises in an area or place in the Northern Territory that is specified by the Minister under subsection 123(1) for the purposes of this paragraph; or
- (iii) at premises in the Northern Territory that are specified by the Minister under subsection 123(2) for the purposes of this paragraph.

Subsection 92(2) of the Act specifically excludes the following businesses from the definition of community stores:

- (a) a business that is solely a takeaway food shop or a fast food shop (including such a shop at which food can be consumed on the premises);
- (b) a roadhouse;
- (c) a business at premises in an area or place in the Northern Territory that is an area or place specified by the Minister under subsection 123(3) for the purposes of this paragraph;
- (d) a business at premises specified by the Minister under subsection 123(4) for the purposes of this paragraph;
- (e) a business of a kind prescribed by the regulations for the purposes of this paragraph.

While the provisions above do not specifically cover a 'hub and spoke' operations, such a business is not necessarily excluded from the provisions. Business models that operate as a 'hub-and-spoke' type store operation, and that fit within the definition of a community store under section 92 of the Act, are therefore able to be licensed if:

- both the 'hub' (ie the base/warehouse/distribution point), and the 'spoke' (shopfronts) are located in prescribed areas of the Northern Territory; and
- the business trades primarily in groceries and drinks.

Each part of such an operation i.e. both the hub and the spokes would need to be individually assessed to see whether it meets the requirements specified in the Act.

2. Has there been any work done on the financial costs to stores (individual and corporate) of going through the licensing process?

FaHCSIA has commissioned a consultant to determine the financial costs to stores of participating in the licensing scheme. The consultant is due to report at the end of August 2009.

3. Can you grant provisional licences to stores to allow them time to satisfy the requirements under the Act?

The purpose of licensing community stores is to ensure that the store offers a reasonable range and quality of groceries and consumer items, is being managed and governed soundly and that it has a sound financial structure and practices.

The licensing of community stores is currently driven by the need to have a well managed and operated store. Generally, a store will not have IM funds sent to them unless they are licensed.

The Act does not allow for the issuing of provisional (or temporary) licences to community stores. Instead, officers from the Community Stores Licensing Section can work with community store operators and owners to identify significant deficiencies and suggest changes that will need to be made and actions that should be undertaken to ensure that the store can demonstrate, or has the capacity to meet, the requirements under the Act.

ADDITIONAL QUESTIONS

An on-site assessment of the Mapuru Co-op was conducted by FaHCSIA officers in late June 2009. A brief in relation to the assessment is currently being prepared for consideration by the delegate and a decision should be made very shortly.

b. What are reasons that the Mapuru shop may not be licensed?

Community stores are licensed if they can meet standards regarding the quality, quantity and range of food, have sound retail and governance practices and a sound financial structure (in accordance with the requirements of the Act).

The delegate has not made any decision in relation to whether the Co-op will be issued with a licence and therefore no further information is available at this time.

c. What are the circumstances and processes that would be required for the Mapuru shop to be exempt from licensing provisions and to be able to receive income managed funds?

It is FaHCSIA's policy that stores in a prescribed area are subject to the Community stores licensing legislation and are required to be licensed for them to participate in the IM regime (and to therefore be approved as a merchant for the BasicsCard).

Under the Act the Minister or Departmental Officials have no capacity to exempt the Co-op from the Community Stores licensing regime.

FaHCSIA is currently considering the impact of its policy position on income-managed customers in the Mapuru homelands region.

3. Does FaHCSIA have any baseline data on levels of financial literacy prior to income management? (see p. 58, ASIC evidence)

We are still seeking advice from FaHCSIA colleagues in relation to this question and will forward any information provided as soon as is possible.