

## **Inquiry into community stores in remote Aboriginal and Torres Strait Islander communities**

### **Further submission on behalf of Bamaga Enterprises Ltd**

Bamaga Enterprises Ltd (BEL) is a community owned tax exempt, public company limited by guarantee with charitable objects and operates numerous retail businesses in the Northern Peninsula Area including the Bamaga Tavern, Resort Bamaga, Bamaga BP and Bamaga Bakehaus. There are no shareholders and all profits are re-invested in community projects and infrastructure.

#### **1. Food supply, quality, cost and competition issues;**

The major issue in the five communities of the Northern Peninsula Area of Cape York (NPA) and Torres Strait is the cost of food and the major contributing factor to this is the freight costs. SeaSwift have a monopoly on the Cairns to Bamaga and Thursday Island routes and tranships to the outer island of Torres Strait. Since the demise of any competition to SeaSwift, freight rates have increased dramatically.

We have now just been informed by SeaSwift that freight rates will be increased again on July 1<sup>st</sup> and then again on Jan 1<sup>st</sup> 2010 especially on unleaded fuel and gas. ULP will increase by 6 cents a litre on July 1<sup>st</sup> and a further 5 cents a litre on Jan 1<sup>st</sup> 2010. The actual increases on base freight rates are in fact greater as they are based on the fuel levy being decreased from 9.50% to 6.50%. With the Queensland Government likely to remove the 8 cents a litre fuel subsidy in the up-coming budget, fuel prices at the bowsers will immediately increase by 14 cents a litre and by a total of 20 cents a litre come Jan 1<sup>st</sup> 2010.

Freight on gas will increase by 16% on July 1<sup>st</sup> and a further 15% on Jan 1<sup>st</sup> 2010. Gas is one of the most important elements in food production both at the Bamaga Resort, Snack bar and Bakery and these massive increases will impact on the price of bread, takeaway food and meals in the Resort restaurant. The later will result in increased charges for tour groups who are already struggling in these difficult times. Tourism is an important component of the NPA economy.

BEL's total freight bill in 07/08 when there was competition was \$250,000. In the 10 months to end of April 08/09 the freight cost was \$310,000 which is projected to be \$370,000 for the year; an increase of \$120,000 or 48%. BEL's freight bill for 09/10 is projected to be well in excess of \$400,000 or an increase of 60% since the Seaswift monopoly came into being.

With the new freight increases in the next financial year, the freight bill for fuel alone based on this last year's sales is projected to increase by \$25,000. These are unacceptable increases and place impossible strains on the income of local residents.

The dangerous goods levy has been increased from 15% to 25% which totally offsets any gains because of the 3% reduction in the fuel levy that was far too high in the first place given the massive reduction in oil prices over the last year.

Given that there is no likelihood of another shipping company coming on to the route, the only way to have competition is by road transport. The Cairns to Weipa is already a trucking

route and the additional road to Bamaga is now improved. The major problem is the ferry over the Jardine river; a 30 seconds journey that costs \$80!!! It is not suitable for large tankers and heavy freight trucks and closes at 5 pm and opens at 8 am which is totally unsuitable for long distance travel when it is a requirement the journeys start early and finish late to maximise the time on the road (Cairns/Bamaga can be done in long day's driving).

The traditional owners are no longer opposed to a bridge and as the Jardine river ferry is one of the major access points to the NPA it is time for a bridge. The Government has earmarked millions of dollars for road development around the Aurukun area but continues to ignore calls for a vital bridge over the Jardine. Of course in the wet season road transport is not possible and shipping is the only option.

The other option is for Government to subsidise the freight service as it does across Bass Straits (to the tune of \$130m, I believe?)

## **2. The effectiveness of the Outback Stores model, and other private, public and community store models;**

As regards NPA and Torres Strait there is a major problem with the present stores model especially with IBIS which owns stores on all the islands and in Bamaga. The Bamaga store is little used by NPA residences who shop at the stores in Seisia and Umagico. IBIS (through the Islander Industries Board – a State Government Authority) holds the trusteeship to the IBIS complex in Bamaga for the benefit of the people of Bamaga. There is absolutely no benefit to the people of Bamaga and IBIS is a totally inappropriate body to hold the trusteeship as it should be held by an organisation owned by the people of Bamaga.

It is the only commercial complex in Bamaga and is vastly under-utilised and is not maintained in good condition. No money has been spent on the buildings (apart from internally) since IBIS took over the store 20 years ago. It is a complex that could be converted into a thriving centre with numerous shop fronts for local businesses. It could become a community commercial centre piece. This will never happen as long as IBIS hold the trusteeship as IBIS senior management in Cairns has no interest or connection or communication with the community.

The former Bamaga Island Council tried for years to obtain ownership or the trusteeship of the complex without success.

IBIS still exists solely because of the vast amounts of State Government funding that is regularly pumped into it. It is, it appears, now better managed from Cairns but the management has no sense of community involvement, never sponsors anything or anybody, does not support local enterprises such as buying bread through the Bamaga Bakehaus but instead imports unhealthy frozen bread. The only benefit to the Bamaga community is through the employment of a few staff. No profits come back to the community.

The solution to this is to transfer the trusteeship of the IBIS complex to Bamaga Enterprises Ltd which is owned by the Bamaga Community. The complex can be

then better utilised and renovated/re-developed for the benefit of the people of Bamaga. IBIS can still manage the store in the medium term is necessary but with a rental stream flowing back to the people of Bamaga and a plan to transfer the store assets put in place. Alternatively, the store can be leased out to other interested parties with mainstream store expertise.

There is no need for the Bamaga store and complex to remain part of IBIS. It is a totally different issue to the Island Stores given the location and size of the complex in the centre of Bamaga.

### **3. The impact of these factors on the health and economic outcomes of communities.**

- The high freight costs means less food can be brought by residence, Cheaper & poorer quality food therefore is purchased. Fresh fruit and vegetables become a luxury. (half a cauliflower was \$9.95 recently) This obviously impacts on the health of the community that is already fighting an obesity problem.
- Increases in fuel freight costs means either less travelling (boats are also a major form of transport and recreation) or less food.
- The cost of food increases from takeaways because of increased freight costs on gas.
- Locally made fresh, healthy bread to replace imported frozen bread becomes more expensive with increased fuel (ovens) costs and gas costs.
- IBIS by not purchasing fresh healthy locally made bread from the Bamaga Bakehaus results in poorer health and less money flowing back into the community from Bakehaus profits.
- A bridge over the Jardine river would stimulate tourism and allow fuel, gas and general cargo to be road freighted thus providing competition to the freight monopoly of SeaSwift. It would also create the possibility of local owned trucking enterprises.
- By transferring the Trusteeship (at least but preferable ownership) of the IBIS complex in Bamaga to a community owned organisation would allow for the total transformation of the complex and provide shop fronts to encourage local businesses and more employment and would keep the income in the community.