



KOWANYAMA ABORIGINAL SHIRE COUNCIL

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19 February, 2009

Secretary
Standing Committee on ATSI
(Community Stores)
PO Box 6021
Parliament House
Canberra
ACT 2600

Submission No 48

RECEIVED
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BY:.....ATSI.....

Dear Sir/Madam,

Re: Inquiry into community stores in remote Indigenous communities.

On behalf of Kowanyama Aboriginal Shire Council please find the following as a submission regarding our community stores. Kowanyama is a remote and isolated community on the West coast of Cape York with a population of approximately 1200 people. The community is currently experiencing the "wet season" with an expectation that road supplies will not resume until May 2009 after being cut in late December 2008.

Council is currently seeking assistance from EMQ for an emergency resupply for food and fuel as the retail stocks of ULP have been depleted. We expect a favourable response this coming week.

The community has one major food retailer operated by the Queensland Government. This store also operates the only fuel outlet and as stated previously has recently run out of ULP (Opal) fuel. There are three smaller operations which trade in food lines and these are:- The Coffee Shop which is operated by the Anglican Church, the Kowanyama Guest House which operates a Takeaway Food outlet and sells a range of non-perishable food products and variety goods and the Kowanyama Takeaway which also sells a small amount of non-perishable food lines.

All of these operations stockpile inventory, especially non-perishable items and those with long shelf life expectancy well before the roads are closed for the "wet season". During the "wet" aircraft deliver perishable goods, usually once per week. It has been reported that the Government Retail Store has been receiving deliveries between three to five days per week and as can be imagined this adds considerably to the cost of goods. It has also been reported that the other stores have used aircraft to uplift supplies to meet the shortfalls of the Government Retail Store.

Statistics reported by the ABS, March 2008, indicated that Kowanyama was the third most disadvantaged community in Queensland and the seventh most disadvantaged in Australia (Census of Population and Housing: (SEIFA). It is hoped that the committee will consider the disadvantages of not only Kowanyama but the other communities identified in this report.

Specific comments regarding the Terms of Reference follow:-

- Food supply, quality, cost and competition issues:
 - Food supply; during the “dry season” food supply by road transport is regular and meets community needs for all operations. However, the “wet season” closes the roads for up to six months and there is considerable reliance on aircraft deliveries for perishable goods.
 - Quality; there are numerous “quality” issues for all operations but particularly the Government Retail Store as reports indicate that items, especially perishable items, have been kept on the shelf beyond the “use by” date. There is no representative authority to monitor or respond to consumer complaints and there appears to be a complacent attitude that reflects “do you want it or not?”.
 - Cost; as stated previously all goods are either trucked (“dry season”) into the community or delivered by air (“wet season”) which adds to the cost of goods on the shelf. The stockpiling of non-perishable items delivered by road has the obvious cost savings over aircraft delivery. However, it appears that this season there have been more aircraft delivering food to Kowanyama than in previous years. The reason for this is currently unexplained. Indicative prices between Cairns and Kowanyama would indicate that prices can be 200 – 300% higher in Kowanyama. For example, wholemeal bread in Kowanyama \$4.79 (Cairns \$1.89), pumpkin \$3.24/kg (Cairns \$1.43), carrots \$3.75/kg (Cairns \$2.49), onions \$3.05/kg (Cairns \$1.99).
 - Competition issues; there is a distinct lack of competition with the Government Retail Store with the other operators being much smaller. The opportunity for competition would be apparently negligible as the community could not sustain two larger operators.
- The effectiveness of the Outback Stores Model, and other private, public and community store models:
 - Unfortunately we are unable to comment on the Outback Stores model, however the current Government Retail Stores model appears to need a serious investigation and overhaul of procedures and practices that will reflect and meet community needs. As the main retail store within the community it is essential that stocks of all consumer products are adequately maintained including fuel. The other smaller operators appear to operate satisfactorily and within the constraints of their size.
 - It must be noted that the Government Retail Stores were to be divested to either Local Government or to private operators approximately two years ago. A plan was developed and through some limited consultation with Kowanyama Council expressions of interest were made for Council to take over the operation. Council sought advice from a range of operators of which Outback Stores were one. Initial discussions indicated that this model had merit and may have been adopted by Council if the Queensland Government had continued with the divestment process. To date Council has had no formal indication that the divestment strategy of the Government is to be continued or discontinued.

- The impact of these factors on the health and economic outcomes of communities:
 - Health; the regular supply of fresh and non-perishable produce for the health and well-being of any community is well documented. Kowanyama is no exception but faces a level of remoteness and isolation that is exceptional and rarely duplicated.
 - Economic outcomes; there appears to be an opportunity especially in the area of local purchase of perishable products which could include eggs and a range of fruit and vegetables. Also improved management practices by the Retail Store to ensure that essential items remain in stock with an appropriate inventory management system.
 - It is disappointing to see that after many years of State Government operation of the Retail Store that the Managers and Assistant Managers have not been recruited from within the community. There appears to be a lack of a concerted effort to develop the skills and experience of local staff and the related professional development opportunities for Kowanyama residents to succeed in these roles. This is not isolated to the Retail Store, other operators can also actively investigate these opportunities and reduce staff costs which in turn will reduce prices on the shelves. Council has within their lease with two retail operators a clause which binds the operator to train locally recruited staff with the intention of taking over the operation. Those retailers that do not have an operational staff succession planning process should be encouraged to adopt one as soon as possible.

Specific recommendations for consideration relate directly to the statement by the Chair of the Committee in the media Release, 4/12/08. "The Committee will consider the food security and cost of living pressures of these remote Indigenous communities which may go some way to close the gap between Indigenous and non-Indigenous Australians on life expectancy, educational achievement and employment opportunities".

It is Council's wish to work with the committee to see positive outcomes for the community in reducing the costs of food, transport and introduce the local production and sale of produce with the related employment and business opportunities these will realise.

For further clarification or information please contact the undersigned.

Yours faithfully,

John R. Japp
CEO