

Submission N. 84

RECEIVED
09 MAR 2009
BY: ATSLIA

Submission to the House of Representatives Standing Committee on Aboriginal and Torres Strait communities: New Inquiry – Remote Community Stores in Aboriginal and Torres Strait Communities

Sara Hudson
Policy Analyst
CIS

Thank you for the opportunity to provide our views on remote community stores in Aboriginal and Torres Strait communities.

Aborigines and Torres Strait Island communities are unlike other small towns in Australia in three respects:

- There is no private enterprise. The only shops are communal or government run, and there are no motels, restaurants, or other retail outlets commonly found in small towns.
- Most businesses are run by outsiders and not locals as residents of remote communities lack the necessary skills. Very few Aborigines and Torres Strait Islanders in these communities can read and write having been denied a decent education through misguided and separatist education policies.
- Inexplicably, even where the climate is favourable, as in East Arnhem Land, fruit and vegetables are not grown locally.

No private enterprises due to communal title land

Providing retail services for small townships has inherent difficulties, but other Australian townships of comparable size have thriving shops, motels, service stations, and other commercial enterprises. The absence of private property rights is the principal barrier to the development of an economy in remote Indigenous communities. Because there is no individual title to land in remote Indigenous communities, there

can be no private enterprises. Banks will not provide financing without individual title over land. The few stores that do exist are mostly communally owned or government run. There is no competition, management is frequently poor, and prices are high.

As there are no other commercial services in remote communities, stores often have multiple roles – many operate as a bank, providing the only means of credit. The practice of running up a tab (or ‘book-up’) is widespread. Book-up practices can result in the exploitation of Indigenous consumers as well as leading to insolvency for the stores. Recently, an Aborigine-controlled shop was run into the ground after collecting a series of unpaid loans to community members. When the shop ran out of food, State and Federal governments had to fly in emergency supplies.

Cultural practices often create enormous pressure for stores to operate in a way that is not strictly commercial. The practice of ‘demand sharing’ for instance – where employees are pressured into sharing a business’s earnings, assets or stock with relatives or influential people in the community – is not uncommon. An Aboriginal checkout operator, when confronted by relatives with a full shopping trolley but no money, may feel pressured to let them have the goods for free. This could be because keeping the goodwill of family or esteemed members of the community is more important than following good business practices. Some stores put proceeds back into the community to help fund activities, such as sports carnivals, and for ‘Christmas shopping bonuses for community members.’ The commercial viability of stores is often put at risk by these types of cultural arrangements.

Because of large debts and the lack of cash flow, many community stores are depleted of supplies. Stores often resemble those found in communist Russia, with no variety in products and hardly anything on the shelves.

Other factors push up the price of goods in remote stores. Most remote communities do not have regular grocery deliveries, and in some communities people resort to spending hundreds of dollars on taxi fares to do their grocery shopping. Also, taxis charge exorbitant fees for transporting goods. Some roads are so badly maintained that it is difficult for food suppliers to reach the communities. What could be a 2-hour drive in good weather and road conditions generally takes much longer because of the poor state of most roads. During the wet season, roads are often impassable, and the only way for stores to receive supplies is to have the goods flown in by air charter. This adds substantially to the cost of food.

East Arnhem Land stores are at a grave disadvantage because of the absence of all-weather roads. Groceries, fruit and vegetables are brought to Nhulunbuy by barge. For economies of scale reasons, barge traffic was recently reduced from three times to once a week. According to Northern Territory data, Nhulunbuy has the highest grocery prices in Australia. Fruit and vegetables are fresh only on barge day. Expensive groceries, fruit and vegetables then face high distribution costs because there are no all-weather roads from Nhulunbuy to the hinterland.

It is common for stores to stockpile non-perishable items (particularly in the wet season), but they can’t stockpile fruit and vegetables. The few vegetables available for

sale are often overpriced and of poor quality. In one store, lettuces cost \$5 and bunches of broccoli \$9.

Delivering food to remote stores is also hampered by the permit system. Permits should not be required for the delivery of groceries, fruit and vegetables. Open access on all roads is vital for communities to have stores and other retail facilities that most Australians take for granted.

Relatively modest Northern Territory investment into upgrading roads not serviceable in the 'wet' could reduce remote retail costs substantially, notably in East Arnhem Land. But road improvement has to be supported by open access without the permits, which currently cause unconscionable delays in deliveries.

Locals lack the skills needed to run their own stores

Due to the failure of education in remote Indigenous communities, most residents have very limited literacy and numeracy. As a result, stores are staffed by non-Indigenous staff. The training programs do not work because they take in illiterate and non-numerate candidates. It is absurd to think that these trainees will be able to serve in shops, order goods, or manage even basic financial accounting. The certificates awarded by these training courses are worthless. This is also a problem with the Community Development Employment Program (CDEP), which was meant to provide a 'stepping stone' to employment. Illiterate and non-numerate CDEP participants cannot staff shops, let alone be trained to take over from non-Indigenous managers. Illiteracy and non-numeracy are also at the heart of 'book-up.' Families cannot manage fortnightly incomes paid digitally into their bank accounts. Unless educational standards are improved, there cannot be any improvement in the shop situation in remote communities.

No fruit and vegetables grown locally

More than 20 years ago, a study on healthy living practices in communities in South Australia found 'no evidence of productive food plants within any community housing yard areas...'¹ Despite widespread awareness of this issue, most communities still do not grow their own fruit and vegetables.

According to Health research, 90–95 percent of Aborigines and Torres Strait Islanders' dietary intake in remote communities comprises packaged food and drink.^{2, 3} The government has released guidelines for stocking healthy food in remote community stores, but these guidelines ignore the reason why fresh food and vegetables are not stocked (or only sold in limited quantities and of poor quality).

The lack of market gardens or even vegetable plots in Aboriginal communities is the result of communal land ownership. Residents would be able to have gardens and keep chickens if they owned their own home blocks. Worldwide, garden plots are only successful on individually owned land. Arguing that gardening is not an Aboriginal tradition is like arguing that Aborigines should not play football.

Community leases to encourage private enterprise

Communities in the Northern Territory and in other native title areas need to have private property rights if they are to have real economies, with the retail facilities of other small Australian towns. Establishing viable businesses in small communities may be difficult, but hundreds of small towns throughout Australia have shown that it is possible. Many are selling locally grown produce or cooked food. Residents would be encouraged to learn new skills if they saw the evidence and benefits of commercial development.

Ninety-nine year leases could provide a mechanism for private enterprise development. Communities that want to grow fresh food can do so by using the 99-year legislation to establish private homeownership, which will give residents garden plots around their houses. Commercial 99-year leases would enable the establishment of privately owned shops, fast food outlets, motels, and other businesses. Communities that want to see such development and yet maintain ownership of their land will have to take head leases on their land to enable the allocation of individual homeownership and commercial leases as described in the forthcoming CIS Policy Monograph 92 *From Rhetoric to Reality: Can 99-year leases lead to homeownership for Indigenous communities?*⁴

The Centre for Independent Studies (CIS)

The Centre for Independent Studies is the leading independent public policy think tank in Australasia. Founded in 1976, our work is informed by a commitment to the principles underpinning a free and open society based on:

- individual liberty and choice, including freedom of association, religion, speech and the right to property
- an economy based on free markets
- democratic government under the rule of law
- an autonomous and free civil society.

The CIS works on aspects of social and economic policy affecting both Australia and New Zealand. The Centre prides itself on being independent and non-partisan in its funding and research. It is funded by donations from individuals, companies, and charitable trusts, as well as by subscriptions and book sales.

'Independent' in our name means:

- we are politically non-partisan
- our research is not directed by our supporters
- we are financially independent of government.

¹ Nganampa Health Council Report, 'Uwankara Palyanku Kanyintjaku: An Environmental and Public Health Review within the Anangu Pitjantjatjara Lands,' also known as the UPK report (31 December 1987), 17.

² Amanda J Lee, Ann PV Bonson, and Jennifer R Powers, 'The Effect of Retail Store Managers on Aboriginal Diet in Remote Communities' *The Australian and New Zealand Journal of Public Health* 20:2 (1996), 212–214.

³ Nganampa Health Council, Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council Anangu Pitjantjatjara, and all community councils on the Anangu Pitjantjatjara Yankunytjatjara Lands, Nena Bierbaum (ed) *Mai Wiru: Process and Policy Regional Stores Policy and Associated Regulations for the Anangu Pitjantjatjara Lands* (Alice Springs, NT: Nganampa Health Council, 2002).

⁴ Sara Hudson, *From Rhetoric to Reality: Can 99-year leases lead to homeownership for Indigenous communities?* CIS Policy Monograph 92 (Sydney: CIS, 2009).