



**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**

**Select Committee on Territory Food Prices**

***Price, Quality and Choice: Striking a Fair Balance***

**Inquiry into Food Prices**

**in the**

**Northern Territory**

**Volume 3**

**(Transcripts of Proceedings)**

**August 1999**

**PLEASE NOTE:**

- **The Hansard Transcript in this Volume are 'verbatim' and have been formatted for consistency purposes. They are uncorrected proofs and are made available under the condition that it is recognised as such. The substantial content of the transcripts from the hearings have not been changed.**
- **Copies of the 'Original' Transcripts can be viewed at the Table Office, Northern Territory Legislative Assembly Darwin NT 0800.**

# CONTENTS

---

## CHAPTER 1 – ALICE SPRINGS REGION

Alice Springs [\\*](#)

Aputula Community [\\*](#)

Red Centre Produce [\\*](#)

Yuendumu Council [\\*](#)

Yuendumu Community [\\*](#)

## CHAPTER 2 – BARKLY REGION

Ali Curung Council [\\*](#)

Ali Curung Community [\\*](#)

Tennant Creek [\\*](#)

## CHAPTER 3 – CANBERRA

Australian Competition & Consumer Commission [\\*](#)

NARGA [\\*](#)

## CHAPTER 4 - DARWIN REGION

Woolworths Supermarkets [\\*](#)

Alan Morris [\\*](#)

David Bath [\\*](#)

Peter Delis [\\*](#)

Office of Aboriginal Development [\\*](#)

Coles Supermarkets [\\*](#)

NT Chamber of Commerce [\\*](#)

NT Council of Social Service [\\*](#)

Maningrida Community [\\*](#)

Port Keats Community [\\*](#)

## CHAPTER 5 – EAST ARNHEM REGION

Nhulunbuy [\\*](#)

## CHAPTER 6 – KATHERINE REGION

Katherine [\\*](#)

Borrooloola [\\*](#)

Ngukurr Community [\\*](#)

---

# Chapter 1

## HANSARD TRANSCRIPTS OF PUBLIC HEARINGS

### *ALICE SPRINGS REGION*

---

Alice Springs

#### SELECT COMMITTEE ON TERRITORY FOOD PRICES

#### PUBLIC HEARING

ALICE SPRINGS – Tuesday 18 May 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA(absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

**Appearing before the Committee:** Michelle MALONEY, Drug GPS, Alice Springs;

Deb FRY, CA & Barkley –

Aboriginal Health Workers Assoc.

Peter TURNER

Liza BALMER, NPY Women's Council

Chris LILLICRAP, Independent Grocers

Sue GOUGH, Regional Public Health Nutritionist - Territory Health Services

Roy PRICE, Nutritionist -

Territory Health Services

## NOTE: This is a verbatim transcript –

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** My name is Richard Lim. I'm the Chairman of the Select Committee on Territory Food Prices. With me are Mr Philip Mitchell and Mr Steve Balch, member for Millner, member for Jingili. We have apologies from 2 other members, Mr Ah Kit and Mr Syd Stirling. They're both unable to attend this afternoon, but they will be joining us tomorrow when the session continues.

The way I intend to conduct the meeting this afternoon - this is a public hearing and while nobody, apart from 2 that have been allocated time to present and to talk to us. Because there are no other people who had rung for appointments, I'm just going to essentially leave it open for anybody who wants to talk, to put your hands up so that we know who you are.

With parliamentary hearings, although we do not request witnesses to give the information under oath, we expect that the information provided will be truthful. Whatever you say to the committee is privilege information. So you essentially can say just about anything you like, but we ask you to be a bit circumspect in saying what you have to say. The transcript of your submission, a copy of that will be provided to you for you to read through, so that you can make any corrections of factual errors that you might have made during the submission, and then the transcripts will be asked to be returned to the committee. We will then put them on permanent record. When the report is tabled in parliament, your submission will then become on public record as well.

Now, first of all, I ask anybody who wish to speak to the committee to put up their hands so that we can at least know who you are, and then we'll start from there.

**Mr PRICE:** Does that include invited people, Richards?

**Dr LIM:** No, Roy, I will address you shortly. I'm just asking for those who have not rung up for an appointment previously. You wish to, and your name is?

**Ms FRY:** Deborah Fry, project officer for the Central Australian and Barkly Aboriginal Health Workers Association.

**Dr LIM:** Thank you. Yes?

**Ms BALMER:** Liza Balmer, from the ...

**Dr LIM:** Can you speak up a bit so that we can record?

**Ms BALMER:** Liza Balmer from the Naanyatjarra Pitjantjatjara Yankunytjatjara Women's Council.

**Dr LIM:** Right. Thank you. Anybody else?

**Mr TURNER:** Now, when you say talk ...

**Dr LIM:** Yes?

**Mr TURNER:** ... I'm just going to observe, but I want to have some say. But, I wonder ...

**Dr LIM:** Yes, you may have your say, yes. So you wish to, Mr Turner?

**Mr TURNER:** Yes, but I won't say anything until I hear what's going on. Right?

**Dr LIM:** Okay.

**Ms HIRSCHBERG:** I'm Ruth Hirschberg, and I am an individual.

**Dr LIM:** Thank you. Mr Arrand, you had your hand up.

**Mr ARRAND:** Is that the Senior Citz, as well you know, in the Northern Territory.

**Dr LIM:** All right. I will slot each individual in through our afternoon. Mr Roy Price, who represents the Territory Health Service, will be speaking to us at 4 o'clock, and there's another person by the name of Des Rogers, at 6 pm. So we will schedule people in through the afternoon.

We propose to give each person 20 minutes maximum, so I hope you can restrict your comments to that time, unless we wish them to extend otherwise, we are not running out of time. The gentlemen in suits or ties, do you wish to make any comments at all?

**Mr EVERY:** No, Dr Lim. We're just here to observe and we'll be presenting in Darwin.

**Dr LIM:** Thank you. For those interested, the gentlemen in ties are from Coles.

**Mr MITCHELL:** What, all of them?

**Dr LIM:** Do you wish to make any comment this afternoon? No, okay.

Well, shall we start from my left and work our way down the room, and have you start first? Would you like to come and sit up there because we need to record what you have to say, and that little flat piece, yes, we will need for you to restate your name and whom you represent for the record.

**Ms FRY:** All right. My name is Deborah Fry. I'm the project officer for the Central Australian and Barkly Aboriginal Health Workers Association. I've actually come along as an observer, and one of my concerns was the lack of people here to represent people from remote communities.

Basically, in our role as Aboriginal Health Workers Association, we receive a lot of information from health workers that affect our client group in remote communities. One of them is the concerns of the food prices that the remote people have to pay out there. There has been a number of studies, and one just recently, and unfortunately, I haven't been able to obtain any documentation.

But one of the recent ones is the amount of what it actually costs families out of their average weekly income in some of the Pit lands, which is also very relevant to our remote communities, is 85% of their weekly income, for basic hygiene such as a mop and broom per year, and cleaning tools to keep the house in a reasonable hygienic state. But the fact that it's taking up 85% of their wages or income, is a very big concern, especially when you look at the areas of diabetes and renal failure and nutrition plays a major role in that.

From my own client group of diabetics and renal clients, to obtain the food in remote communities is very difficult. Some community stores are moving along the lines of adopting more healthier practices, but they're very, very limited and there needs to be some sort of formal structure for community stores and that to follow, where there has to be an inclusion of fresh foods and vegetables.

Now, we have in some areas where I have gone to visit, for a barbecued chicken, \$21, for a tin of oil with the heart foundation tick on, \$68 for a 2 L tin of olive oil. You know, these sort of things have to be questioned, especially when it's such a high incidence of diabetes and renal failure in our Aboriginal population group in central Australia. There needs to be more collaboration between relevant stakeholders to ensure that there's some sort of way that this can be dealt with. I don't know what the answer is myself, but I would just like to raise the awareness of behalf of the client group that I represent, that it has a big impact on them, and a lot of them are on CDEP wages or on Social Security benefits, and their income just does not meet the need, especially when they're paying the high prices in the remote communities.

By the time fresh food and vegies get out to these communities, they arrive in Alice Springs, by the time they get out to the communities, they're days old, the market or fridge life is only a number of days as compared to a week or so by the Alice Springs community. So, there has to be, my feeling is, the establishment of market gardens and so forth in communities. But to those people that are supplying the foods to these communities, is there a monitoring system to monitor how much they're charging communities? That sort of things is what I would like to know, because the jump in prices is just incredible out there. Like I said, for our renal clients and diabetics to access the proper foods is almost hopeless out there.

**Dr LIM:** If I may reassure you that the committee is in fact visiting several central Australian and Top End bush communities. The reason we did that, and they reason why we select those specific communities, is for their distance away from a regional centre, where the distance precludes the people coming in to Alice Springs, Tennant Creek, Katherine or Darwin or even Nhulunbuy, to shop easily in a major centre. We are aware of some of your concerns, and we are actually looking into that as well.

**Ms FRY:** One of the examples I would like to give is that I've had personal experience with, is the Borroloola Bulk Discount Store, where the prices double on the weekend of the rodeo. They are automatically doubled, so you're paying \$4 for a bottle of milk, \$4 for a loaf of bread, \$8 for a dozen eggs, and I mean, how can we monitor or put guidelines in that these stores are to follow. Because, I mean, the communities, like I said, there are CDEP or Social Security major, is their main source of income, and it just doesn't stretch far enough for them to cover the basic needs. So there needs to be a monitoring service that the public is aware of, that they can go to when situations like that do happen.

**Dr LIM:** If I can take a hard line on that aspect of it, suppose I were to say to you that if you're a local person and you are aware that food prices double during a festive occasion, could you not stockpile or buy your supplies a couple of days before the festive occasion, and allow the store owner, or store

operator or manager, to then make a bit of profit to weather himself or herself during his or her lean times when you don't have a festive event there? How would you feel about that?

**Ms FRY:** Well, the way I feel about that, is that a lot of my client group and Aboriginal people that I'm speaking on behalf of, they live from hand to mouth. They don't have the opportunity to buy in advance, which I've tried to encourage personally. But, unfortunately, the money isn't there. They buy as they can.

**Dr LIM:** Right, as they can. Thank you. I was wanting to provoke a response, that's all. Don't take it as what I feel. Are you aware of the Territory Health Services/Menzies School of Health Research project that is currently being undertaken in bush communities, on the healthy food and healthy food basket?

**Ms FRY:** I've had very limited knowledge on that. I do know that there is an initiative there happening, but ...

**Dr LIM:** You do know ...

**Ms FRY:** Yes. But I need to get more information.

**Dr LIM:** Well, I invite you to stay on until 4 o'clock when you can hear a bit about that as well.

**Ms FRY:** Okay. I thank you for your time.

**Mr MITCHELL:** Can I just ask - are you aware of other things from community to community - you travel around a fair bit, I know. You'd see that most communities are run differently.

**Ms FRY:** Yes.

**Mr MITCHELL:** Like, you go to Finke and that, and they're run by the local council, and then you go somewhere else, and they've leased their shop out and things like that, and things vary from place to place, which has a huge impact on prices. So I just - did you see a fair bit of that sort of stuff go on around the place?

**Ms FRY:** I can only talk on the communities and the input that I receive from our membership, that are a lot of remote health workers, and the issues that they have with their community stores and that. And I can't say whether a community-owned store is run better than a non-community-owned store. I don't have that information to give. But it would be interesting to find out. And I actually think that there needs to be quite intensive investigation into it.

**Mr MITCHELL:** Yes. I just want to reassure you that we are very well aware of everything that's said here today. I am really pleased that you came along, because it emphasises a lot of the views that we've already got on it, and highlights a number of factors that we really need to look at closely.

**Ms FRY:** Yes.

**Mr MITCHELL:** But at the end of the day, we won't be going around saying, 'They've got to lower their prices', or 'They have to lower their prices', and that sort of stuff. What we will be doing is making known things as we see it. We will be reporting that, and then it will be up to the response from either government or a number of, you know, the community, to act on. And what we are basically about at the moment, is investigating it, looking at it, bringing all these issues out, and making ourselves aware of everything that's going on. Just reassure you that we are coming to grips with a lot of that sort of stuff. But at the end of the day, we won't be saying, 'You know, you've got to put your prices down by half',

and all that sort of stuff. But we will be highlighting everything that we see that's not right.

**Ms FRY:** Now, I believe that there is a national indigenous nutrition strategy being developed. I'm not too sure of the timeframe for that. But does any of what you're doing here, will that feed into that strategy?

**Mr BALCH:** I think we've been in touch with the federal parliamentary committee that's operating at the moment. We've looked at the Health Department's, so I think all groups will feed to each other whatever they find, because there's invaluable information collected by every inquiry, I guess, and all of this body of information is going to be collated together and ...

**Dr LIM:** And I will make a copy available to them.

**Mr BALCH:** ... because as my colleague Phil just said, one of the critical things we're doing here, is we're really a fact finding group. We want to put out into the community and find out what's going on, how it's happening, and then advise the community of all. This is what happens, this is why this is here, this is what happens there. As you've rightly said, look at the structure of these remote community stores, how does one operate more effectively than the other, and maybe then, having identified some good examples, others then might follow and we might end up with better operations right across the board.

**Ms FRY:** A lot of the issues too, is that with the Social Security cheques and that, they are quite often sent to community stores. So the book-up system gets them in a vicious cycle that they can't break out of. Because I mean, they need the food to survive until the next, so they book it up. They can't break away from that, because then they've got no money after book-up to go somewhere else and buy cheaper food. So that there is another issue that needs to be investigated as well.

**Dr LIM:** Well, thank you, Deborah.

**Ms MOLONEY:** Can I use a little bit of Geoff's time and that is to answer the question that you put before between community...

**Dr LIM:** Can you please identify yourself first for the record?

**Ms MOLONEY:** Michelle Moloney. I've just moved from Canberra. I'm now working with the divisions of GPs.

**Dr LIM:** Have a seat.

**Ms MOLONEY:** I was up here when I was working with the national Senate epidemiology and population health, from the ANU. I did notice a difference between community-run stores and those that were run from people outside, particularly further up, where there was a strong influence from people within Darwin who have a lot of control over the community stores, and were paying outrageous prices. But also the thing that really struck me was the level of malnutrition that exists at a lot of these communities, and it was due, in fact, to a lot of these things. I just wanted to answer that one on ...

**Mr MITCHELL:** Thanks very much for that, because that's one of the things that is being highlighted, and we've already got a fair bit of anecdotal evidence, I suppose, on that so far. So thanks very much.

**Dr LIM:** Have a seat and please, reidentify yourself, and whom you represent.

**Ms BALMER:** I'm Liza Balmer from the Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's



Council, and I'm the nutrition project worker for young mums and children, targeting failure to thrive.

I think what the lady before me said covered most things. I'd just like to reiterate a few points. The first one was about the study that was done on the AP Lands and interim an expenditure study. The actual statistics were that for an average family of 6, covering all age groups, the average income was \$600, and to be healthy and just to survive and not be in hospital 6 times a year, it costs \$500.

**Mr MITCHELL:** \$600?

**Ms BALMER:** So it was proven people can't afford to be healthy. The other point about malnutrition in some of our communities, failure to thrive, failure to thrive is as high as 50% in children under 5, and it directly relates to poverty. There's obviously a lot of causes, but the major cause being poverty and people not being able to access adequate food and not being able to afford food.

I don't need to go into those points, but your points about community council ownership and Territory government ownership. The issues are the same throughout the ...

**Dr LIM:** The Territory government does not own any community stores.

**Ms BALMER:** Sorry, that people contract their stores to outside people, not to ...

**Mr MITCHELL:** So you're talking about business ...

**Ms BALMER:** Business enterprise and to community. The issues are the same in every store, is that each store at the moment is personality dependent. And that needs to be addressed. It depends on who is running the store at that time, we say, 'Oh, well, we'll take some good examples and people can follow that'. That's been done for 20 years, and there's been good stores. Some people run good stores, but every time a new store manager comes along, they change it to their own ideas, and their own values. And I think what this committee can do is set some guidelines and some policies in place, so that communities have a document that they can show their new store manager, something the council has in their hands all the time, is a guideline about how stores should be run.

What is the maximum price you can pay for one apple? Things like that. It's just ridiculous that in some places, a lettuce is \$6. Or where there are 25 children under 5 years, you can't buy a banana. So that this committee has the power to do things like that, to write a document that gives the guidelines and procedures for community councils to hire the right store manager, and to ensure that the store is run effectively.

**Mr MITCHELL:** I was just going to say, Liza, I'm not - I know exactly what you're saying. But as a committee, at the end of the day, as I said before, all we can do is write things up as we see it, the reasons why. As far as policies and that, we are sure that that will probably come, once we've found out whatever we're looking at here. Once we've found that out, there'll certainly be things evolving from that. But at the end of the day when we're reporting in August, we'll be just putting things as they are, as we see it, where we think things are wrong, where we think that they're okay, and all that type of stuff. And certainly policy will evolve, but we won't be able to turn around and say, 'Look, this is what the policy will be, and this is ...'. So while I understand exactly what you're saying, don't sort of ....

**Ms BALMER:** I understand what you're saying too. The people have been doing that. Everyone knows where the problems are and what they are.

**Mr MITCHELL:** Yes, and we're doing something about it.

**Dr LIM:** I think there's a community expectation that this committee will actually come out with a series of recommendations that will actually decrease the price of food in the Territory, and how stores should be operated, how shops in the major centres will be operated. Now, that is probably more than any committee in Australia could produce, because essentially we are a government or parliamentary body, we are not there to run business, we are not there to tell business how to conduct itself. However, we can perhaps provide the community with information that they can use for themselves to shop judiciously, and to stretch the dollar as best they can. That affects not only bush communities, or especially bush communities, but also in urban areas.

**Mr MITCHELL:** But even beyond that a little bit, if we see anomalies out there somewhere, and we come across anomalies - which we've already come across a few at the moment - we'll certainly be making that known to the public and what comes from there may well be policies. I don't know, I can't really speculate on that at this stage until we get to the end of the day, and we've worked through it all. But like I said, we understand exactly what you're saying.

**Ms BALMER:** All right. My second point in response to that is that communities in central Australia have one store. They don't have a choice. They cannot go anywhere else to get their food. Whatever's in the store at that time is what they're subject to. Therefore, store - the women from Women's Council believe that stores shouldn't be part of the enterprise system, the economic system of a community. They belong in the health infrastructure. There shouldn't be pressure on community stores to make a profit, so that they can get a pool, so that they can get an extra bus for that community. That shouldn't be at the expense of the people's health. The community store belongs with the clinic and the school and the renal centre. It's there to make sure, or to ensure that the people are healthy and that they can access the right food to be healthy.

**Mr MITCHELL:** Hear, hear!

**Dr LIM:** You're talking about when you, Perhaps on that note, I would invite Mr Price, unless you've got anything else to say.

**Ms BALMER:** No, that's all.

**Mr MITCHELL:** Liza, anything else you've got to say?

**Ms BALMER:** That's all.

**Mr MITCHELL:** Thanks very much.

**Dr LIM:** Thank you. On that note, I will actually ask Mr Price, who is representing Territory Health Service, to come and speak to the committee.

**Mr PRICE:** Before I start, can I help myself to a glass of water?

**Dr LIM:** Yes, please do, Roy.

**Mr MITCHELL:** Are you going to be that long?

**Mr PRICE:** Actually, I was interested you were saying, you were making the comment about the personality of the manager having a really significant influence. It's interesting, because having been out

to a few of the stores and visited the stores, you get comments like, 'Well, we stock what the people want, that's what they buy'. Maybe there's an influence there.

**Mr MITCHELL:** There's a lot more thinking that, yes.

**Ms BALMER:** And obviously they buy whatever he puts in the store.

**Mr PRICE:** Like I said, some stores do the biggest display of cigarette display.

**Dr LIM:** Okay. Coming back to the meeting, thank you for coming, Mr Price. I will ask you to identify yourself shortly. Roy and I go back a long, long way, back to the days when I was working as a private practitioner in Alice Springs, and using the services of Roy Price as the dietician, so he comes with a long background, a long history of dietetics within central Australia. So, Roy, I'll ask you to re-introduce yourself and ...

**Mr PRICE:** Thank you. My name is Roy Price, I work as a nutritionist currently in men's health, on a men's health project with Territory Health Services. However, I've been involved in a market basket survey with Territory Health Services has been conducted last year, 1998, and is currently under, we're currently doing surveys this year.

Before I go on, or answer any questions, I would like to make it quite plain that most of my involvement with the market basket survey has been at a desk in front of a computer, and not so much visiting communities, nor looking at what's available in the store. I've been involved in producing a measurement tool and analysing information that's come back from the surveys, and producing reports.

Perhaps who also might be useful in this discussion would be the regional public health nutritionist, Sue Gough, if it's okay by the committee.

**Dr LIM:** Yes, sure.

**Mr PRICE:** Why not interview 2 at once?

**Mr BALCH:** Yes, a good idea.

**Mr PRICE:** Kill 2 birds with one stone.

**Dr LIM:** Sue, come forward and also introduce yourself, and your position.

**Ms GOUGH:** Afternoon. I'm Sue Gough. I'm the Regional Public Health Nutritionist for central Australia, and part of the team that work for the Northern Territory food nutritional policy.

**Mr PRICE:** Shall I move on?

**Dr LIM:** Yes, please, Roy.

**Mr PRICE:** Well, the survey that was conducted during April and May last year is available in this report. This is released earlier this year. The results of that, what we did was we put together a basket of foods, a hypo ... Well, firstly, we determined what an average family could look like, an average family living in a remote area, could look like. And the family that we chose was one that was made up of 5 people. There was a 4-year-old boy, and 8-year-old girl, a 14-year-old male, a couple over the age of 20, and a grandmother over the age of 54. We then used this document as a guide, released by the National Health and Medical Research Council, a core food groups recommendations, which gives

recommendations about the amount of food that people need to - it's really about the design of a nutrition education tools. But we used the information in here as a guide to how to design our market basket survey. And there are guides here on just what proportions foods ought to be in, from particular food groups, for people to maintain their health and get all the vitamins and minerals that they require.

That information was used to design the basket of food. I have a short summary of how that was actually put together - not that document but another document - if the committee's interested in knowing more about how it was designed. This particular things hasn't been written up, and I've put together a draft today. I was intending to do something else with that information.

Then ...

**Dr LIM:** We can keep this copy?

**Mr PRICE:** Yes. Then approached nutritionists and Aboriginal health workers, Aboriginal nutrition workers working for Territory Health Services, and asked them what foods were commonly found in Aboriginal communities, and they gave us a list of foods. Then those foods that were commonly found were put together in the proportions recommended by these people, to create a basket of foods that would meet the nutrient needs of a family of 6 people for 14 days.

And then our idea then was to cost this basket in a number of different sites, and compare the results. We could also compare the cost of that basket of food for 14 days, with what people's entitlements might be from Social Security benefits, so we had a multipurpose tool.

We conducted surveys last year. We got the cooperation of universities in the cities. We got the cooperation of one particular supermarket who shall remain nameless - or supermarket chain - and we conducted surveys in one capital city supermarket in each capital city. We conducted surveys in one supermarket in each of the 50 centres of the Northern Territory, and also in 35 Aboriginal communities in the Top End, and 12 ...

**Mr MITCHELL:** Which centres was that, Roy, the main centres?

**Mr PRICE:** Yes, the main centres, Alice Springs, Tennant Creek, Katherine etc. And also as many Aboriginal communities as we could. During our 6- to 8-week survey period. 35 communities were surveyed in the Top End and 12 communities were surveyed in central Australia.

Results were, for a basket of foods that would meet the nutrient and energy needs for a family of 6 for 14 days: the average cost in capital cities was \$309; the average cost in Northern Territory district centres was \$351, which is 17% more expensive; and the average cost in Aboriginal communities was \$479, which is 55% more expensive than the average cost in the capital cities. The food groups which were most expensive were fruit and vegetables which were respectively 62% and 64% more expensive in Aboriginal communities than in capital cities.

We also surveyed the quality and variety of foods in those community stores, and we also asked questions during the survey period about whether stores had a nutrition policy and whether they had a store management committee, and the results of analysing the information from the Top End showed that those communities that had a store management committee had better quality, greater variety of healthy food at more affordable prices, although in central Australia, we surveyed too few community stores to be able to show that same result.

This year, we might be lucky to have enough opportunities to survey to get more than 12 stores surveyed. There are 26 Aboriginal communities serviced by Territory Health Services, there are just 2 remote nutritionists able to do that kind of work.

**Dr LIM:** During that pause, I might just like to welcome Mr Joel Fitzgibbon MP, who's the shadow minister for small business and Tourism. Welcome. Good for you appearing.

**Mr FITZGIBBON:** Thank you, Mr Chairman, very much ...

**Dr LIM:** Roy, when we asked you, with the bush community survey, was there any - when you related the difference between the Top End and the central Australian communities - were the northern, the Top End communities, able to supplement their diet with bush tucker, you know, they're in tropical zones where it is probably easier to find than in central Australia where it is so much harder.

**Mr PRICE:** It's not one of those things that we surveyed for. We put together an instrument that would measure the cost, the variety bush tucker, you know, they're in tropical zones where it is probably easier to find than in central Australia where it is so much harder.

**Mr PRICE:** It's not one of those things that we surveyed for. We put together an instrument that would measure the cost, the variety and the quality of foods in the community store, plus gather other information about the stores themselves. Other people have done work looking at people supplementing their diet from bush foods etc. Mandy Lee was a nutritionist that worked in the Northern Territory for a long time and did a lot of work. Her studied opinion was it was somewhere between 3% and 6% of calories was derived from bush food on average in the communities that she surveyed. That's mentioned in her thesis on store turnover method and food in Aboriginal communities, probably published in about 1994.

**Ms GOUGH:** They were also coastal communities, which tend to do a slightly more bush tucker as such. I've lived in central communities, desert communities, and they're often a long way away from sources of bush tucker, and they rely on someone in the community to get them to transport them out to be able to get it. So it's become almost a holiday atmosphere on the occasions they go out to get bush tucker.

**Mr MITCHELL:** So what you're saying there, is probably along the lines of other things that we've been hearing too, that particularly since communities have been congregated together, they tend to use up a lot of the bush tucker close by ...

**Ms GOUGH:** Not necessarily. The communities are not necessarily in the places where the bush tucker grows. Bush tucker's specific to areas, you'll get bush onions in an area here, and you might get another type of bush food in an area over there, and they come in at different times through the year. From being able to travel around and take advantage of these foods, people have been asked to stay in one spot, which is often not an area, not their traditional area, not where they ...

**Mr MITCHELL:** Yes, that was my point. Staying in one spot has negated a lot of that for those ...

**Mr BALCH:** You were making the point before that where there was a management committee there was more of a nutrition policy, in the main, you found.

**Mr PRICE:** That was discovered in the Top End of Australia, and it might indeed be true down here. Yes, it does seem that if the community itself has a vested interest in what is sold in the store, that it will

be better quality and have an influence over store policy, or over management.

**Dr LIM:** So does THS then have a policy to encourage communities to take ownership of the store, rather than letting somebody else run it?

**Mr PRICE:** Nutritionists are always attempting to encourage communities to have more involvement in their store. But as I said before, in central Australia, while in the Top End, I'm not quite sure what the numbers of district nutritionists there are. But it's only just recently there has been the creation of an extra position for a nutritionist in Territory Health Services to work in a rural area. There are now 2 people working in remote area, in the area of remote area nutrition, servicing communities from Docker River to Lake Nash.

**Ms GOUGH:** I'd just like to make the point, I think from Territory Health Service point of view, it's the decision of the community that's important, whether or not they want to run their own store or lease it out. What Territory Health Services have been doing has been putting it together, working with store managers and with community councils, putting together packages to assist community council on things like what attributes they need in a store manager, what mechanisms they need for having an influence on what and what doesn't happen in the store, having some outcomes and some standards by which, if the store manager isn't performing to the community council's standard, that something can be done about it, and looking at setting up policies - store nutrition policies to improve the variety of nutritious foods, and the accessibility and the freshness.

One of the problems with doing this - sorry - is that it's such a multi-agent thing. It's not just Health Services that poor store managers have to deal with. They have to deal with lots of other government agencies. And one of the things, one of the ways that we feel that you could see a big benefit, was if there was a central agency. It would take away a lot of the confusion, rather than having small business ...

**Mr BALCH:** interjecting.

**Ms GOUGH:** ... health, environmental health, transport, you know, and they've got to make a profit for the community council because generally it's the main source of income for the community. They have lots of other influences, and they've lots of government regulatory bodies to deal with too. Many of the store managers who are out there at the moment, are not necessarily trained in some of these types of things either. It would be less confusing and much easier to monitor if we had one sort of statutory or regulatory body that the store managers and the community councils could deal with.

**Mr BALCH:** You mentioned before you had some percentage comparisons in prices there. Does your report look at all, or give any evidence on what constitutes, what makes, why are those prices higher? What's the components that go together to make those prices as high as they are?

**Mr PRICE:** The report doesn't. Those things have been mentioned in other documents which were released, leading up to the release of the NT food policy, and quite well documented in those. Those are in the public domain and available to the committee.

**Ms GOUGH:** We can speak to some of the issues that contribute to those, but I don't think there's ever been any work done as to a proportion, a percentage type thing. I mean, distance and transport is obviously an ...

**Mr PRICE:** Is a nuisance.

**Ms GOUGH:** ... issue. Whether the store's in debt or not is an issue. The needs of the community ...

**Mr BALCH:** That's what I'm getting at. We're looking at whether there's a profiteering thing here or are there costs that these stores just have to cover.

**Ms GOUGH:** There's all sorts, profiteering.

**Mr BALCH:** We've heard from wholesale distributors, that, particular in central Australia, that it's a pretty competitive market and they have to price very finely in order to sell. If that's the case, and their margins are sharp and their prices are competitive, then where is this big price jump coming in? Is it all that it's the sheer distance that it has to go and the transportation costs ...

**Ms GOUGH:** That's not ...

**Mr MITCHELL:** It would be fair to say that that varies - sorry.

**Ms GOUGH:** I think it would vary from community to community, and that would be very difficult to establish. I mean, you can start with wholesale tax, for example. I believe that wholesalers in the Northern Territory pay tax on ...

**Mr BALCH:** Freight.

**Ms GOUGH:** ... the cost of goods as they accept them, whereas over in the eastern states, they pay tax, sales tax, on the price of goods that they purchase them at. Now, we're paying extra tax in that lot, and then they cut it. They're paying sales tax on the freight component, okay? Taking that out to a community, the food out to a community, there's the transport industry. The roads are rough, the temperatures high, it takes more fuel, it takes more maintenance, the life of the vehicle is approximately half of that, that stays on bitumen roads all the time, the cost of maintenance is much higher. In the community the cost of refrigeration, of keeping that refrigeration in the stores going. You get a refrigeration mechanic out and you've got both ways to pay for and then a minimum amount before you even get there.

Often you've got to pay for your delivery up front. If you've had financial difficulties in the community, there's often reputable companies won't deal with you, because you probably owe them money, so you get people taking them food in, frozen food in cold boxes and without refrigeration, which affects the quality. There are lots and lots of things. I could go on for a long time about the different things that ...

**Mr MITCHELL:** Just, Roy, on that one that on those figures that you gave us before, the \$309 in the eastern and southern areas, and then going up, that was based on hypothetical ideal basket wasn't it?

**Mr PRICE:** It was.

**Mr MITCHELL:** Not an actual -do we have any idea what we're looking into, what the actual basket may be on average. The answer of that might be a bit difficult, I know.

**Mr PRICE:** It probably reflects from area to area, store to store. It has been investigated, but not for that particular purpose. The Territory nutritionists are now starting to work on - what do we call it - the ...

**Ms GOUGH:** Indicator foods.

**Mr PRICE:** ... indicator foods. So to be looking for foods that we would hope to see change in the

purchase of, I guess, from this survey to the next survey, to combine with the information that we're getting from the market basket survey. That's probably based upon, and to a large extent, on the standard order for stores. But actual - a lot of work has been done previously with the store turnover method by Mandy Lee, who I mentioned before, who spent some time taking the invoices from stores and going through them laboriously to work out how much energy and how many, what proportion of nutrients were in those and then dividing it by the number of people in the community to get an average intake. That information is probably out of date now, as it's now I think, 75% of the food eaten in many stores comes from the takeaway.

**Ms GOUGH:** Yes, but food analysis that we did before showed the availability of food in a community. So if we divided, we knew how much food had gone in the community and gone out in a 3-month period, and if we divide the number of people, you get an idea of what's available to each person within the community. But it doesn't tell us what people are eating.

Doing a market basket survey gives us a cost comparison, because of people on CDEP or Social Security, and they get exactly the same as someone in Sydney or in Melbourne, but the costs are so much higher.

**Mr BALCH:** Yes, that's right.

**Ms GOUGH:** Okay. That gives us that information. Really, the only way to actually find out how people are eating, is to do diet intake records and that's not really appropriate for the type of people that we deal with. So we're looking more at choosing indicator foods to see which foods are being sold greater and lesser in stores. And we do know for a fact that the increase in takeaway foods, for example, from communities, has increased vastly. I mean, 5 years ago when we were doing the store turnover, crumbed chicken legs didn't appear on the items, on the invoices of foods that went in or out of community. Today, food distributors will tell you it's frozen chickens, meat pies, crumbed chicken legs and things like that, that are much more in demand. These foods of course, require chilling and carrying in freezers, which increases the cost of the transport again.

**Dr LIM:** So the variety of food has increased in bush communities?

**Ms GOUGH:** The variety hasn't necessarily increased. The variety of foods sold at the takeaway has increased, perhaps, but not necessarily with a positive impact on health. I think television advertising must answer and have some certain influence to that respect.

**Mr MITCHELL:** So you think a McDonalds might do all right out there?

**Ms GOUGH:** Well, if you see how much Kentucky Fried Chicken is flown into some of the island communities, and that in fact, taken back into the desert communities as well. It's quite surprising and quite unhygienic condition.

**Mr MITCHELL:** Can I just ask - I know it's getting a little bit on prices, but it's a very sensitive issue this. The type of takeaway foods that have been sold - and you say it represents 75% of what's going out of the store - what ...

**Ms GOUGH:** ... the evidence.

**Mr MITCHELL:** Okay, whatever it may be.



**Mr PRICE:** No, don't take ...

**Ms GOUGH:** It's increasing. Takeaway food costs is increasing.

**Mr MITCHELL:** No, what I was going to ask - even if it's 50% - the type of foods that are going out, have you done any looking at that, to see whether it is rubbish food or if there's some good stuff amongst it that's going out, or ...

**Ms GOUGH:** You could answer that because it's part of the market list.

**Mr PRICE:** There have been - the Queensland market basket which is similar to the Northern Territory market basket survey, does have a pie pack, a Mars bar, packet of chips and a can of coke on it. But actually, Territory Health nutritionist hasn't.

**Mr MITCHELL:** If you can't answer, it's okay. It's just ...

**Mr PRICE:** Yes, it hasn't been able to find the time to research ...

**Dr LIM:** I'm going to take a bit of departure now from bush communities, and ask you if you can give us any information about the urban areas in the Northern Territory. Obviously, even looking at the comparison between \$309 and \$361, there is a substantial difference. Can you pass any comment as to why it's so?

**Mr PRICE:** That's an average of all district centres including Darwin. The information wasn't analysed to pick on any particular communities. It's not something that the survey or the - it's not something that the communities. It's not something that the survey or the - it's not something that the survey or the report really addressed, no. It was more to - we were more focused on the people who were really paying through the nose, right?

**Ms GOUGH:** I'd like to comment on that if I may, because we got quite a lot of feedback from urban retailers when we were consulting with the food policy. There are some issues that other stores don't get. Overhead costs are most definitely higher, the cost of power and overhead in the Territory. I don't know if it's been monitored, but it's certainly been verbally reported that wastage and shoplifting and things like that are higher in the regional centres. Often to get staff, there's a higher staff turnover, so you're paying recruiting costs, and often to get staff in places like Nhulunbuy and Tennant Creek, you need to also provide housing ...

**Dr LIM:** Incentives, incentives.

**Ms GOUGH:** ... and incentives, yes. And again, just the overhead costs, the cost of if your fridge or freezer breaks down, if you need electrical work doing, if you've got cleaning. All those things cost more, so your general overhead costs are more. The foods been transported in, you've got the wholesale tax anomaly. All of those affect our urban places as well as our remote places.

**Dr LIM:** Did you find evidence of a high profit margin, or high profit expectations from the retailers?

**Ms GOUGH:** It wasn't anything that we looked at or that we actually measured. So, I would - it wasn't really something that we could assess. People tend to think that because the prices are higher, there's the higher profit margin. But that's very difficult to ascertain, and it certainly wasn't something that we looked at, or that was an issue when we were writing the food nutrition policy.

**Mr MITCHELL:** Could I just ask one last one? Out of the - that was 38 communities that you got that average?

**Mr PRICE:** 35 Top End communities and 12 central Australian.

**Mr MITCHELL:** That's what I was going to ask, what the break-up was. So it's 2:1 Top End to the centre. 24, or 25 in the Top End.

**Mr PRICE:** 35 in the Top End ...

**Mr MITCHELL:** 35, sorry.

**Mr PRICE:** Yes, and 12 in central Australia, which included 5 done in the Barkly, I think.

**Mr MITCHELL:** Okay.

**Ms GOUGH:** There's just one thing I'd like to add if you've finished.

**Mr MITCHELL:** Certainly.

**Ms GOUGH:** To push my own barrow. From the work that's been done around Australia, we know that these problems exist in the Territory, and particularly in our remote areas. I suppose we know what the situation is in the urban areas, but it is much more magnified in the remote areas. We know that these problems - and we've got reports on these, recent reports that have been done - the same problems exist in remote northern Queensland - northern Queensland per se - South Australia and WA.

**Dr LIM:** Yes.

**Ms GOUGH:** Surely, it's about time that these governments got together and pooled their resources, rather than each of them reinventing the wheel each time and going through this process time after time after time. It's certainly 6 years I've been working in the Territory and I know it's 6 years we've been trying to get these issues on the political agenda. I know that the same problems are occurring, and that the nutritionists in northern Queensland and northern WA and northern South Australia, are also lobbying and trying to get some of these issues on the agenda. It seems to me that probably the most efficient and effective way of utilising the state resources is to pool those and maybe get one regulatory body that can deal with some of these issues.

**Dr LIM:** You've always recommended, and northern Australia, haven't they? That's not really Queensland.

**Ms GOUGH:** Not even necessarily in northern Australia, it doesn't really matter. But the issues really have to be addressed. They're never going to address some of the budgetary issues with respect to health and the high cost of chronic lifestyle diseases until we address some of these base-line infrastructure issues. I mean, it's not really just in food pricing. There are lots of other infrastructure issues that are the same in those areas too.

**Dr LIM:** Let me make a provocative statement to you, and I'd like to hear your comment. I heard recently, somebody said that if we subsidised food into remote or sort of semi-remote areas such as Alice Springs, we allow more disposable income which they can abuse. Now ...

**Ms GOUGH:** I'm not in favour of subsidised ...

**Dr LIM:** Food.

**Ms GOUGH:** ... subsidisation of food. I think it's paternalistic and I think it's exactly what we're trying to get away from. We want to get communities empowered and have the capacity to make their own decisions and to run their own communities. And subsidy is not the answer. But better regulation, stricter monitoring, less inequity, and maybe a subsidy on transport costs or on fuel, and you could have a subsidy for remote fuel, remote transport providers where they get a signed document, like that bill was used. I don't know how you do it.

**Dr LIM:** By subsidised food I didn't mean that you'd put so many cents per can of whatever, but that if there was a discrepancy of something like \$170 between the capital city and a bush community, there's got to be a subsidy of some form, whether it be providing, as you said, transport subsidy or fuel subsidy, or a management subsidy, or the food subsidy.

**Ms GOUGH:** I think we've also got to realise that while some of these issues go towards those higher prices in the community, those higher prices are also established, because it's the community income. And if we can get other ways of bringing income into communities, they don't have to have their own percentage on top of food. Okay? So, I mean, I said infrastructure. There's lots of other things that we can do without being paternalistic and allow the communities to maintain control of their stores.

**Dr LIM:** I am aware that some stores in the bush are non-profit driven, whereas others are profit driven, and it appears that the non-profit driven community stores are better equipped to deal with the nutritional benefits for the community.

**Ms GOUGH:** I haven't come across a non-profit driven store, sorry.

**Dr LIM:** All right, that's fine.

**Ms GOUGH:** In all the regions and all the areas and all the communities that I've been in, I haven't come across - it's a business, and it's run as a business. The profit, a percentage of it, goes back into the community, and that's the community's decision and should be. I don't want to see that taken away from the communities either. But I think there are lots of other things that can be put into place to make it easier for the prices to be a lot lower than what they are now.

**Dr LIM:** Thank you. Are there any further comments you wish to add?

**Mr PRICE:** No, I think we've done very well.

**Mr BALCH:** You have.

**Dr LIM:** Members?

**Mr BALCH:** No.

**Mr MITCHELL:** No.

**Dr LIM:** Well, than you very much, both Roy and Sue. And I'm going around the room. The next person is Mr Turner. Mr Arrand is not here.

**Mr TURNER:** Anyone else like to go? I might speak over here.

**Dr LIM:** No, come on. No, we can't record you ...

**Mr TURNER:** Oh, you can't hear, is that right?

**Dr LIM:** That's right.

**Mr MITCHELL:** We can hear it, we just can't record it.

**Mr TURNER:** Well, I've heard ...

**Dr LIM:** Come take a seat first, introduce yourself.

**Mr TURNER:** Hello, Mr Turner here. No cameras.

**Dr LIM:** Your full name.

**Mr TURNER:** Peter, yes.

**Dr LIM:** Mr Peter Turner.

**Mr TURNER:** Turner, yes, right.

**Dr LIM:** Representing himself.

**Mr TURNER:** Representing many factions here.

**Dr LIM:** Many factions.

**Mr TURNER:** I've listened and I hope - you've got to grin and bear with me. I go off to bull of the crap crust. I've listened to things here. My family live in the bush, they're in the town bush, and I've heard what the communities have said. What I'm going to say, there is profiteering. I won't elaborate. Right? In certain areas.

Now, the nutritionists were talking about something interesting. This was about food pricing and that, and they're talking about, I heard you talk about bush tucker. As you know in the Centre it's very hard, but it is seasonal. One thing that did come up, going back before the war and just recently, a lot of people with the bush tucker, the old rabbit was often used, believe it or not, even though he was self-introduced. We've now wiped him out.

Now, contrary to what all the big farmers are saying, right, the cattle industry did a lot of destruction of the land etc. The rabbit was a source of food for meat, right? That's just about been wiped out. The kangaroos are wiped out in thousands. I'm talking about my old dad, he's an old pioneer, he was born in this country, he's a bushman and he knows a lot about this country.

Interesting though, I heard the nutritionist talking. The best way to beat the problem in communities, this country is a harsh country, but my dad's an old farmer. I wish I was fit enough, I'd be farming. A lot of this country, even though it's harsh, there's been a lot of bores go down. Now, we've farmed out a place called Alcoota Country. If you know the country at all, it's very harsh land, a mountainous area. My dad can grow just about anything. He can't now he's old - I don't want to get on this, I probably hope it doesn't go big news. My dad would kill me. Right.

Now, Hermannsberg started something interesting. All right. They've started to grow fresh fruit and

vegetables out at Hermannsburg and I reckon that's what should be done by the government to stop - I notice Coles people here. Good, good to see some big store is here to thing, because this is not just Coles, it's to do with the big food companies that profiteer. Right, now I'll come into that later. Right. Now, with the communities, they should be encouraged to grow their own vegetables. Bush tucker can be grown, right, and use it for the community, and anything over they can sell to these big fellows here, make profit. Because I hear Coles and Woolworths are supposed to be Australian-owned. I beg to differ, I think there's a lot of foreign interest in them, right, looking at the way the food comes in and everyone around here buys the food from these places. They seem to be catering for the yuppie market, the takeaway, whatever, whatever, right. And their food - I'll come into that later.

Now, it is very interesting with - you've got to grin and bear it, I'm straight off the cuff. These people in the nutritionists field, that's what they should be pushing to the communities - 'Grow your own tucker'. Right. Then you're going to solve your thing. Farm our own tucker. If you've got kangaroo, breed them up. Stop the white man buying them, killing them, putting them in Coles and Woolworths, breed them up for own use. And a lot of my traditional families and that would agree with me, the old people. They're starting to think like that. Because too much they've been exploited, the bush tucker. Right.

I won't go much into that. I could talk all day on things like that. Now we come to the town, pensioners, you know. I'm a pensioner. I've been around the town here and I really scratch my head and I can't understand why more people don't jump up and down about the conglomerates - no offence. Right.

I'll tell you a little story. I've gone down to South Australia in a season when the tucker - I notice in Coles and Woolies when season come in certain foods coming in. Now, for my driving down there, I can go to the vegetable - in Adelaide for instance, the greatest vegetable in Australia probably and other places - I can buy a bag of butternut pumpkins, 40 kg, 50 kg bag for \$10. I come back home, I give it away to family, right. They love it. 'Thank goodness you've come back'. But I can only go down once in a blue moon when I go back to my family. Right. And I can't believe the prices here.

Now, I did do a check one time, and I might be a little bit out in my figures. I asked how much does it cost to freight goods up here, whether it be food or whatever. Right. Interesting thing was it's between 15¢ and 20¢ I think a kilo, or something like that. Somebody will have to check that out, that's your job. Right. Now, even on that, if you work on a 40 kg bag, at the prices that Coles charge for butternut pumpkin. I'm just using this as one example, right. Or Woolworths. Not having a go at Coles, it's all you big conglomerates. At 23¢ on top of buying it from the wholesale down south, right- and this is interesting to all people, not only just here, it's in Australia, Australia wide. The conglomerates are buying - and I went, I go to the people that own these farms - they are slowly buying the farmers out, right.

A butcher down there, I know him, used to sell \$1.50 a kilo for beef, unbelievable, in a certain place in South Australia. He was telling me, that's what's happening. He says he feels sorry for us people in remote areas. Right. Now, it's interesting to see that, that butternut again. Now, if I wanted to make a profit out of it, I'd be a millionaire

Now, it's interesting to see that, that butternut again. Now, if I wanted to make a profit out of it, I'd be a millionaire on a 40 kg bag. And I'm wondering, where's all this money come in? Who's getting the money? And as a pensioner I do get concerned. Oranges are the same. You go to the Riverland, you can buy - you know, anyone been there - you can buy bags like that. Yet by the time it gets to this country, it's way over the moon. And you know, we get zone allowance, hey, the people that work - I don't know

if they do still get it. They get another allowance. That doesn't even cover the cost of food jumping up here. Unless I'm a politician - no offence - right, got to always bring that in.

The thing is, why is it so dear. Now, Coles are going to come up, and Woolworths, or Independent Grocers or whatever, are going to say, oh, this and that. Well, wear and tear of a truck -sorry. A lot of these trucks are controlled by these conglomerates, right. And I started to wonder about that, you know. Like, you know, they get cost, they get this discount. I think one of the interesting things I heard on the news the other day, which puts my mind, saying, 'Hang on'. There was a bloke of the federation of farmers said 80% of our produce goes overseas, 80%. That's produce, food whatever.

And every time I go to the markets, I see, you know, like here in Alice Springs at the big stores, I see things up and down. Like, I remember one time a thing that my pet hate is, the other day, I went to a supermarket and said, \$6.52. I'm not going to mention names, buy poor old Coles here, it wasn't them. So I won't have a go at them. I was \$6.52 for a 3 kg bag of Valencia oranges. And for the same orange, it was \$6.48 for a kilo. Something's wrong somewhere, right. And that's just giving you an idea what's going on here. There is profiteering. Cherries - they bring cherries up - this is Woolworths this time - \$12 to \$18 a kilo and you look at the cherry and they're rotten. You're buying this tucker that's coming from south, even though they say it's all you-beaut air freight and all that. I've bought bags of oranges from Woolworths, bags of oranges from Coles, wherever. You pick up a thing, they've got them in the bag, half of them are rotten. Potatoes, half of them are rotten, because they got them in these bags. So that's a rip-off too.

If they talk about they got the you-beaut things, technology and all that, well, you shouldn't be able to pick them. Anyone that's been in Woolworths has probably seen it, rotten cherries, rotten things, and they're still selling them \$19.99 - you know, all the big stores - \$19, that to me is ridiculous. You know, selling rotten stuff. God help the communities, if they're getting it. What's it getting to them like. They're probably getting charged \$50 a kilo, or whatever. You know, it's not that they get cherries out there, I suppose.

The big issue is, is the governments - and I did hear the nutritionists saying, the governments have got to start stepping in and I know the governments don't like to. But they've got to start stepping in to the big conglomerates, and say, 'Hang on'. Because, you know, as battlers in this country, and a lot of people are battlers. 90% of this country, I suppose, are. The rich wouldn't give a hoot about this. They're all got their finger in the pie. But us battlers have got to struggle through. And when you keep getting food going up, and the pensioners don't get compensated. Like, I was talking to me old fellow - he's gone now. I bet you he can give you a few more details. But it is interesting to know that their pensions are going, you know, they say they're going up, but they're going down and everything else is going up.

And interesting enough, the takeaway food industry is really starting to boom in the communities. I've been out at Santa Teresa and I've seen that, and that goes back to nutrition. I mean, and you go to Coles now, Woolworths, they've got all this you-beaut, made-up takeaway tucker now. Gone are the days when people would make good wholesome food. And you know, you hear about genetics. I get a bit freaky when I hear people mucking around with food. This is all related to this. How much is food going to cost when this comes in? And God help us, I really freak at that. And I hope people stop it.

But this is all controlled by government. I noticed - no disrespect to government - but there are people in government who are fair and honest, but the rich people only think of the buck. And that's what a lot of it is, it's greed and you know, nepotism or whatever. And I do think they've got to come down and start

thinking logically, because one time we were known as the - what do they call this country - the ...

**Dr LIM:** The lucky country.

**Mr TURNER:** The lucky country. We're now becoming an unlucky country. And a lot of it's due to greed of wiping out the vegetation. We had a great natural food, you know, bush tucker all around this country. You talk to traditional people. We are destroying the land for mass producing. Now, whether the big food companies are involved in it, I wouldn't know. That would be up to government to check out. But you're destroying the land. Interesting enough, I heard the professor, and this is all to do with food, right. This is why our food prices are going to get higher and higher, because ...

**Dr LIM:** I'll stop you there for a minute, Mr Turner, and perhaps address this question to the room. Anybody may wish to answer this. We talk about prices of food going up and up and up. Nobody has mentioned the fact that we in Alice Springs today, can buy a larger variety of food than ever before. When I first arrived here nearly 20 years ago, there was only essentially one supermarket, and it was only a small one at that. Suddenly there was another one, and we could buy just about anything we want to. Is that a luxury that we should be paying for, or is it something that is our right and therefore we should have it, and needs to be at no cost to us? Anybody can answer this question.

**Mr LILLICRAP:** I guess the more facilities you have, Mr Chairman, whether it's better roads or better transport, at the end of the day, consumers will pay for it.

**Dr LIM:** Is that fair?

**Mr LILLICRAP:** Well ...

**Mr TURNER:** The luxury food, yes. I can give you a question on that. The luxury food, now, Alice Springs, when you would have come here, was built on the local, catered a lot for the local people. The tourists shouldn't be very big here. A lot of the tucker we getting in the supermarkets, I've even queried some of the, for the tourist trade. It's not worried about us locals, it's the tourist trade. That's the real crux of the matter. And as he says, well, it's road transports and all this. It's all modern, you-beaut. That's why I can't understand why, you know, back in the old days when we had a dirt road coming up here, most of our tucker was grown in the town here, right. Anyone can know that, who's been here a long time.

**Dr LIM:** But if the tourist population makes up about, say, 20% of the Alice Springs population every day, then should not that food be available to those people?

**Mr TURNER:** Well, in that case, yes. Because that's what they want. I don't agree with it. I don't agree. You know, I reckon if a tourist comes to the country, they eat what the country's got. If they want their tucker, they have it back in their country. I'm a funny bloke like that, I'm an old bloke. I learned the old ways, and I believe you come to a country, you should try out their food. And I think that's what's happening with us. We're getting too much in of those, and we've had a lot of food scares, food poisonings and whatever, from, whether it's our goods or stuff coming into the country, a big scare in the fish industry up north. The more Australia opens up to the tourist dollar, we're going to find our food industry could be on shaky ground. And the big thing we've got to look at, is the land, the water.

There's an interesting thing, a professor - and if anyone was watching, I think the ABC a few days ago, he basically said the River Murray, the Murray, Darling area ...

**Dr LIM:** No, hang on. Don't go to that area, because that's just going right off what we're doing here.

**Mr TURNER:** Yes, but that's going on your food. This is where it's going to create food prices. If we don't look after the land, and our water supplies, which is getting inundated by salt, we're going to find that poor people are going to find it harder to live, and the people with money will be right. I could go onto a lot of issues, but I just ...

**Dr LIM:** I've got to stop at that. Any further persons or people like to talk.

**Ms BALMER:** I'd I just question, just about ...

**Dr LIM:** On the variety and range.

**Ms BALMER:** Should we have ...

**Dr LIM:** Yes.

**Ms BALMER:** If you've got some fairly, discrepancy between regional and, Northern Territory, it's not that anybody else who has had a choice in, as the increase of the supply in the variety of choice, be the discrepancy between Alice Springs and Sydney or Alice Springs and Brisbane. But that's what's, for Alice Springs.

**Ms FRY:** I'd just like to respond to the ...

**Dr LIM:** Could you speak up just a bit louder so we can get you.

**Ms FRY:** Of complaining for the price of luxury. What's interested me in the last few years, what was considered rubbish food to the butchers is now being sold as luxury food for our Aboriginal people, and I find that really appalling, that things that would be considered dog food before have now got prices on that are very, very high, and shouldn't be.

**Dr LIM:** But the Chinese have been eating that for a long, long time.

**Ms FRY:** Of course ...

**Dr LIM:** No, I'm not saying. But the Chinese have been eating that for a long, long time and they treated that as essentially luxury or some are staple and some are luxury items.

**Ms FRY:** Yes. It's just that one, interestingly before it wasn't considered fit for human consumption ...

**Dr LIM:** By people who don't know how to use them.

**Ms FRY:** ... and now ...

**Dr LIM:** By people who don't know how to use those ...

**Ms FRY:** ... we are being charged quite high prices ...

**Dr LIM:** Yes. But I've got ...

**Mr MITCHELL:** Sorry, that's not blaming the Aboriginal communities though. That's across the board.

**Dr LIM:** Across the board.



**Mr MITCHELL:** I saw stuff in a certain supermarket here in town today that was always very, very cheap, and I think it was about \$9 or \$10 a kilo, or something now.

**Ms FRY:** When you have to pay \$11 for one hunk, it's just too much.

**Mr MITCHELL:** Yes.

**Dr LIM:** Well, thank you everybody.

**Mr MITCHELL:** Is that all you've got, Pete?

**Mr TURNER:** Oh, just one other thing.

**Dr LIM:** Yes.

**Mr TURNER:** On the meat issue.

**Dr LIM:** On the?

**Mr TURNER:** Meat.

**Dr LIM:** Yes.

**Mr TURNER:** That's a big issue. You know, I did bring it up a little bit before. I can't understand, Alice Springs, you know, the cattle industry is up and down around here. I can't understand what's happened. We had an abattoir, and why we are getting our meat from south - this is for the NT government to sort out here - our meat would be a lot cheaper if we had an abattoir. Went back in the old days, there used to be an abattoir down near the Old Gap here, did their own killing of the meat here, and we thingoed here, and the old store Woolworths was here and used to buy them and you'd get pretty cheap meat. Now, I do wish to say, with the meat problem, you got to Woolworths, Coles, it doesn't matter which one you go, sometimes they have specials. Well, most of the time you go there, rump \$10, \$12 a kilo, you know. Strike me pink, we're supposed to be a cattle country, sheep country. Even the sheep's gone out of hand now.

And in the Territory, I reckon if we had an abattoir going around here, it would create employment and also bring our bloody meat prices down. You know, hang buying it from south - sorry south - we've got our cattle here. I think Shorty, I don't know, obviously he was here, but I'd like to know what he's - he's the local butcher and I hear he buys them south and I wonder if he's being pressured - look over my shoulder - pressured by the big conglomerates. You know, local butchers to buy from whoever's supplying the meat from down south. And I do think we should look at that in the Territory, is have our own abattoir. You know, communities are right, because they can do their own killing if they got cattle on their land. But around the town, or even communities that don't have cattle, you get a lot more, you know, cheaper meat. Something to look at.

**Dr LIM:** Thank you very much, Mr Turner, and thank you everybody, and we'll have a bit of a break and we'll resume say, in about 15 minutes, 20 minutes time if there's anybody else wants to talk to us, 6 o'clock.

# SELECT COMMITTEE ON TERRITORY FOOD PRICES

## PUBLIC HEARING

FINKE – Tuesday 18 May 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA(absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

**Appearing before the Committee:** Bill SOUTH, Council Clerk

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** We will get the hearing started. We will formally commence the meeting and thank Bill South, Community Clerk for coming to join us and talking to the committee. Are we expecting anybody else?

**Mr SOUTH:** They might sort of pop in. They were told to come but then they opted to ...

**Dr LIM:** I just wondered. It would be good if they were here we could just have a comment from them first, feel about it.

The idea of the Select Committee on Territory Food Prices moving around the Territory is to actually just to talk to people like yourselves as to how communities are affected by food prices. We don't expect any of the submissions you give going to be given under oath or anything like that. However as a formal parliamentary hearing we expect all information to be truthful and I am going to ask you to assist the committee as much as you possibly can. What ever submission you want to give us essentially will be public information once the report is tabled in parliament. If there is any aspect that you want to be kept in camera you need to tell us. Otherwise you can get the transcript sent back to you and do your corrections as required and send it back to us and we will go from there. At any other stage later on and through the review if we need to come back to talk to you again we will get in touch.

So here at the hearing are the subcommittee Phil Mitchell and myself, unfortunately the other members could not come here today, but we'll meet with them later on this afternoon in Alice Springs. I'll hand over to you Bill.

**Mr SOUTH:** Okay, so how do we want ...

**Dr LIM:** Just to tell us if you like what you think about it first then we'll interact with you and we'll probably ask you questions as we go along just to get the picture clear in our heads.

**Mr SOUTH:** Righto. There is a number of factors. In Aboriginal communities our main emphasis is on the welfare of the of the people. The welfare of the people includes health, and health is a major focus where we're going. Now there's in relation to Aboriginal health you've got the environmental side, you've got the person hygiene side, environmental hygiene if you like, or environmental health, personal hygiene and diet. Now there's 3 areas of Aboriginal health that cause the problems that we are experiencing throughout the remote areas in Aboriginal health. Now we can control the environmental health side through education and pride, particularly the pride side, and school and all those sort of things, we can work in to a certain extent control the personal hygiene side, and to a certain extent we can control the diet side through, because we have only one store we can control the diet by what we sell through the store. So we can have an impact through those areas. Now the end of the line ...

The limiting factor in all aspects is funds. You can sort of, out the environment to certain extent. Now fortunately with CDEP that, you know without a CDEP as far as I'm concerned communities haven't got a show. Just forget it. Right them off. Its that important. You know the personal hygiene again with pride and particular things like Tidy Towns, but again education and that sort of thing costs money.

With the store, if the store is well managed, if its not being ripped off, which we can monitor, we know that, then the critical factor then becomes how much money the people have in their pocket to spend on food. So that becomes our aim. Now, do the people have enough money to live healthily out of the store. Now I would say no, particularly given the number of kids that some of these people are feeding. Obviously that is sort something at the moment that is out of our control. The people in this community due to are on the CDEP again for no work no pay and with the sewerage project and all the housing projects that are going on there's people earning quite reasonable money, and I mean its showing. It really is. But then after when the sewerage is finished and the housing project is finished and the people go back to their \$184 a week we are going to see a fair drop off or we are going to start to experience some more health problems I think.

Another factor in relation to the diet and the health is in the past the Aboriginal people obviously lived off the land and had healthy food. Bringing them into the communities and there is normally a fair build up of numbers, where we got small numbers here, but even in dry times the bush tucker cannot be sustained. Now you get places like, huge places like, Yuendumu, you know the tax on putting that amount of people in a small area that is being then they're gathering their food from around the community, well it can't work.

**Dr LIM:** In the old days before any settlement, they actually harvest from hundreds of square kilometres.

**Mr SOUTH:** They moved around.

**Dr LIM:** Yeah, I mean not just one spot. So I suppose the numbers were smaller so then they could perhaps survive then, but nowadays with them settling in one location and they just cannot harvest from enough ...

**Mr SOUTH:** No, its just not there. Now it was interesting also when I first came here rabbits was a huge part of their health. Then calisi came through, bang that's gone. Now we have very very few rabbits here, so rabbits is out. Now on a Sunday here, Sunday is hunting day and in the past they all went out and they

all came back with bush tucker, particularly rabbits, now if they want kangaroos they've almost got to get to, so without vehicle there are kangaroos around but not in the numbers that you can go and find them easily. So then they have to have a vehicle, so any family that doesn't have a vehicle virtually can't go hunting. The kids still get a bit of bush tucker locally but that is part of their education I suppose, part of to go out and get it. So the way the situation is at the moment their ability to harvest bush tucker is somewhat limited.

Different story of course up the top end. We were talking to those people up there and they have it made. I don't see that the top end should have health problems at all. No excuse as far as I'm concerned, particularly those communities who have CDEP. So I think it probably gets down to the Council and administration and the managers and that in that respect.

Okay, so what can we control and how does it affect the Aboriginals. On the ABC this morning you said that freight wasn't a major factor. Now interestingly enough we had some visitors from Brisbane over last week, and when I picked them up at the airport we actually went into Coles. I said, righto have a look at the prices, what do you think? Interestingly enough they said, well for all intensive purposes they could be in a Coles supermarket anywhere in Brisbane. They didn't see that there was any great difference in prices, and certainly the quality of the food and the variety of food. I think in a lot respects Alice Springs Coles is better stocked than a lot of the city ones.

**Dr LIM:** What I said this morning was prerecorded, was that many people used to raise freight as a major factor in our prices, but at present from all the submissions received it hasn't supported that. But I also made a comment which was not obviously played out on the radio this that I have had any information given to me that the bush communities in fact it can cost up to \$1800 per truck load of food. That's the freight component now. That was what I said, but that did not get played. They cut that out unfortunately.

**Mr SOUTH:** Righto. We know that its going to be more expensive to live in the bush. That's obvious. Now the people can't shop in Alice Springs. Its just shocking.

**Dr LIM:** That was the reason why we picked Finke, so that they were forced to shop locally because of the distance from Alice Springs.

**Mr SOUTH:** So that's out of the question. Now, you tell me whether these, in 1997 our gross sales for the store were \$648 596. So \$650 000. Our purchases were \$460 000. Our freight was \$37 386. Now that's 1997. Now 1998 our sales were \$702 000, so we had an increase of \$50 000 in our gross sales. Our purchases were \$480 000. Our freight \$64 965.

**Mr MITCHELL:** So it almost doubled.

**Mr SOUTH:** Well, what happened there was that TNT used to do the bush track and overnight their freight charge doubled. Realistically they just could not do the bush track runs for what they were doing it. It was just out of the question.

**Dr LIM:** They were undercharging you the year before.

**Mr SOUTH:** They were undercharging without a doubt. Now what happened even with that sort of 100% increase or close to % 100 increase the TNT did it for a while, and then they said no that's it, and they gave us I think 3 months notice and said right we're pulling out because I mean they're a business

and they have to make a profit, and the bush runs were costing them money. We then went to a different freight company and that didn't work out at all. Unreliable equipment, just an unreliable service and it was still costing us a great deal of money.

**Mr MITCHELL:** What sort of frequency of loads and weights?

**Mr SOUTH:** Well we were getting it in every 2 weeks and we were getting a big flat top.

**Mr MITCHELL:** About a 5 tonner or something?

**Mr SOUTH:** No about 9 tons or something.

**Mr MITCHELL:** It was always full was it? Was it just food stuffs it was bringing in?

**Mr SOUTH:** No it also brings in some of the building supplies but then the building the CDEP or whatever did the building subsidised the part it pays for that. So the overall freight this is what its actually costing the store. Now you know realistically we can cancel a truck say over Christmas when everyone short of shoots through or whatever, fine we can cancel a truck. But you can't cancel you can't just sort of say well we won't have truck this week, because the freight companies obviously have to gear into rostering to certain runs. So what we were able to do is we went to a 3 week freight delivery and went to a bigger truck, and the bigger truck services the building site as well, particularly with the sewerage and the housing going on, we can then put a trailer for instance quite often a road train would come in rather than just one trailer and then again that sort of reduces the overall cost of it as well. I don't think that we can reduce our freight any more. We're very conscious of it, and we're getting to the stage where I don't think it can go any further.

**Dr LIM:** While there are 3 just as long as you can stretch it.

**Mr SOUTH:** Yes. We've looked at the possibility of running our own vehicle. Now the problem there of course is and one is you've got to sort of get up there, so you've got wages and everything else, but then if that vehicle breaks down or if there's a problem we've got to solve it, and on these roads I mean its fine if you've got a truck that's constantly on the go and a lot of that is on bitumen roads. But were we would be running up most of the mileage on gravel road and the trucks just don't last at all. It is one of those things you can do a feasibility study on it, and feasibility studies are saying gee whiz I don't like the look of this.

**Dr LIM:** With a truck it might be used once every 3 weeks. Would you consider to use bring the, tyres. I mean it would be sitting there having to do nothing.

**Mr SOUTH:** No. Well we could use it on the building site and things like that. But, again also if you, its got to be used returning money. So if we went up and picked up a load of building material then fine, it comes out of the building site. But what happens of course is all the time the truck is deteriorating. You've only got to do 2 tyres and it costs you a lot of money. So I don't think its feasible.

**Dr LIM:** How close are you to the railway line at the moment?

**Mr SOUTH:** 150 kilometres and its all dirt.

**Dr LIM:** If there was a possibility of ever having a drop off point there, assuming that a train was right through here.

**Mr SOUTH:** Well it comes through, but it is not a freight train. It doesn't stop.

**Dr LIM:** Assuming that the freight train would ever go through, in fact if it just off loaded the last bogey which is one trailer for Finke.

**Mr SOUTH:** Yes. But then also we've still got that all gravel road to run over, so the wear and tear on vehicles is going to be significant. There is another factor Richard. We're Territorians, and I'm a proud Territorian. Bugger them, I'm not going to get involved in, state. If Territorian businesses cannot compete then fine, we say right, we've asked you, you can't compete either pull your socks up and provide the services at the right price, or we're go interstate. And 9 times out of 10 they come running. We give them a bit of a fright and they'll come running. That's something we've all got to be aware of.

**Mr MITCHELL:** So you're a 3 weekly ... ..

**Mr SOUTH:** Yeah.

**Mr MITCHELL:** What is it a 40 footer?

**Mr SOUTH:** Yeah.

**Mr MITCHELL:** One trailer and all whatever you want to throw on it. What sort of tonnage of the food is ... ?

**Mr SOUTH:** I've got no idea.

**Mr MITCHELL:** I know tonnage is not really something that you can take into account because its more volume than the weight to a lot of that stuff. So what would that average truck load cost? Say if you got a full 9 ton load.

**Mr SOUTH:** \$2200.

**Mr MITCHELL:** \$2200 would that be a 9 ton load?

**Mr SOUTH:** It doesn't matter its one trailer. I mean they just put, tons on it.

**Mr MITCHELL:** One 40' trailer.

**Mr SOUTH:** Yeah.

**Mr MITCHELL:** And that's open, not pan, or anything like that.

**Mr SOUTH:** Yeah. They have the freezer boxes and closed boxes on it. But most of it is palletised and wrapped. Plastic wrapped.

**Mr MITCHELL:** All right. So its \$2200 a load but it comes ...

**Mr SOUTH:** It comes round the long way.

**Dr LIM:** How many kilometres would that be?

**Mr SOUTH:** Round trip about 900 kilometres.

**Mr MITCHELL:** Do they actually do other communities as well on the way?

**Mr SOUTH:** No.

**Mr MITCHELL:** This is just specific freight to here.

**Mr SOUTH:** Loads of a Tuesday comes down overnight and is here ready to be unloaded at 2 o'clock in the morning.

**Dr LIM:** So \$2200 is a realistic price I would imagine.

**Mr SOUTH:** Yes. Very competitive price. I would expect, I wouldn't want to advertise the fact, but I would expect that at some stage or other they will come back and say well we are just not making money on this run.

**Mr MITCHELL:** Like you said, you said it yourself, you do one or 2 tyres on a road like that.

**Mr SOUTH:** I mean they blew an engine on one of the runs. Now I mean that's now our fault really, no one knew this was going to happen. It was on the bitumen road when it blew and it ended up costing them \$42 000 to replace an engine in a truck. I am realistic.

So in freight Richard, what I'm saying here basically is freight is a major factor.

**Dr LIM:** Don't disregard, you disregard what the ABC ever said because of the edit.

**Mr SOUTH:** But I sort of tend to agree with the way freight comes into the Territory then I would think that bringing on road trains and rail I would think that we would compare favourably even though they're travelling long distances but the volume and the size of the vehicles and everything that comes in, I think that we would compare favourably with communities in say New South Wales, Victoria and Queensland, that aren't anywhere near as remote. Well I mean there is nothing remote in Victoria, it is just, to go anywhere. But they see it as remote, but its all relative. So where they may be bringing in a body truck to a town we're coming in with 3 trailers on road trains. So its an economical way of doing it. So I think in general, yeah freight obviously adds to it, but I don't think it's a major problem. I'm interested to see what the overall outcome of this is, and obviously you people will do it. But as far as remote communities is concerned yes, it is a major problem and there is no way out.

**Dr LIM:** If a wholesaler in Alice Springs says, okay Finke needs this much per month, for 3 weeks, and with the Adelaide to Darwin railway line now running freight, could wholesalers just say look I want to order the stuff from the suppliers from where ever to pack it in the one bogey at the end of the train, as we bring it through we'll drop it off and that is delegated to Finke's supply. He is buying essentially from the wholesaler in Alice Springs, in the whole ...

**Mr SOUTH:** It comes in.

**Dr LIM:** Yeah. Then we're looking at 130 kilometre of dirt from the drop off point rather than coming all the way from Alice Springs. You cut off something like 600 kilometres ...

**Mr SOUTH:** Yeah, but its still only 70 kilometres on the bitumen road compared with ...

I mean wear and tear, its only diesel time is not that much, its only 3 hours. Then also we've then got to get the truck. We have to maintain it, we have to have a driver, so it really wouldn't make, I don't think it would make much difference whether we were picking up in Adelaide.

**Mr MITCHELL:** If you're paying \$2200 every 2-3 weeks whatever it is for a load to come in, a driver alone would take that in wages.

**Mr SOUTH:** You're not going to save a great deal.

**Mr MITCHELL:** All the stuff that you buy at the moment, how do the prices go as far as getting them out of Alice? Are they competitive and what sort of mark up would you need on that to cover your freight?

**Mr SOUTH:** The wholesale, as a general rule of thumb the prices that we're paying wholesale would equate to what you can buy go into Alice Springs and buy something off the shelf in Coles.

**Dr LIM:** So you're ...

**Mr SOUTH:** Basically our cost price is your retail price.

**Mr MITCHELL:** Is that here though? Do you estimate that its here and putting it in the shelves here?

**Mr SOUTH:** No.

**Mr MITCHELL:** Or you got your freight on top of that again?

**Mr SOUTH:** We've got to take, that buying price.

**Dr LIM:** So why is your buying price our retail price in town?

**Mr SOUTH:** Because you're dealing through the large supermarkets. We're dealing through the independent wholesaler. Now, if Coles would wholesale to us at their, sorry, if we could access the wholesale price that Coles buy for then yeah, we could obviously reduce the costs significantly. But we can't do that. I mean that's the same, its not only here, its every independent grocer throughout Australia is having the same problem.

**Mr MITCHELL:** So I suppose basically what you're doing is supporting the wholesalers have their business where you could just as easily go to Coles or Woolies or one of those and buy the stuff there.

**Mr SOUTH:** Well some of our goods we actually get from the retailers, because its actually cheaper to buy it from the retailers than it is through the wholesalers. That's a fact of life. But its not just us. Its any small independent store throughout Australia so they're having those problems. I violently oppose the dominance of the industry by 3 or 4 people because I think that that leads to huge problems. If we go back into the 1930s into the depression in Australia, the only reason a lot of people survived is because they had a compassionate corner store. Coles aren't, Woolworths aren't compassionate and they're never going to be compassionate. Then you get the whole of the food chain dominated by 3 people organisations. I mean that's a concern, but that's nothing to do with us here, but it certainly is something that I think governments need to be looking at.

**Dr LIM:** If your wholsale price is the retail price of our pay, then obviously the \$2200 is put on top.

**Mr SOUTH:** Is put on top of that. But then on top of that we've got all our running costs.

Now, one of the other things that is a problem in general in remote communities is the actually running of the store, and in most communities the store is the bank. So people cash their cheques at the store and that's particularly where on the Social Security side of things, and then the store gives book-up in the off



weeks. That book-up is responsible for breaking a lot of stores. If there is a store in trouble in an Aboriginal community there is going to be one or 2 reasons. The first reason is the cash flow situation because of the book-up, and the second reason is because they get bad store managers and they rip them off, and there's basically those 2 reasons. So a lot of stores just go from bad to worse almost. They're just sort of limping along. Get out of trouble and they're into it again, they've got the same problem.

What we do here, again this is as a result of the one over ruling body, we have notice up at the store. The store is not allowed to cash a cheque. We cash all the cheques and handle all the money here in the office. The store purely handles cash. What a pensioner can do, or anybody can do in that matter, they can give the storekeeper some money that goes in an envelope in the safe in the store and then they can draw on that as they so desire, because of the culturally side of things and quite often

if somebody's got money then they can't refuse but if the money is not there then they can refuse. Or some of the older people particularly who have difficulty handling money, they will virtually hand their cash over, hand it over in an envelope then they come in and they do their shopping and the storekeeper just takes it off.

**Dr LIM:** So they put a cash advance and then they work off a cash advance.

**Mr SOUTH:** Yes. Now the other thing that we do which is unique I believe, we on a Monday and a Wednesday we actually give out a tucker loan, so every working person, every money getter in Finke that's on Social Security or CDEP they get a \$20 tucker loan. So we're actually advancing them out of the office, but then we recover that on that pay week.

**Mr MITCHELL:** That goes on Monday and Wednesday.

**Mr SOUTH:** Monday and Wednesday, so it's only \$40 a week, so for pensioners it's \$80. Now also if a pensioner runs short then they can come and see Sandy and we will give them an advance on their pension. But we control it, so we make sure that they never overspend. If they've over spent for any reason, sorry no bang that's it, nothing. The same with the child endowment. We supervise that fairly strictly and make sure where possible that that money is actually being spent on the kids. So they can't get that money and go and, it. So we try and make sure that that money is actually underspent.

**Dr LIM:** Now you talked about the book-up before. You reckon that if they had the cash provided through the Council, the money they have is often enough to last them a fortnight.

**Mr SOUTH:** No.

**Dr LIM:** So there's cause for this book-up again. When you said that the pension cheque does not cover living expenses, so somewhere somebody has got to give the top up is that what comes ...

**Mr SOUTH:** No. What it means is that the standard of living is affected. So now what do you do? If you've got the choice of buying a packet of soap powder to wash your clothes, or food, what are you going to buy? You're going to buy food. So whether it's a bar of soap or whether it's new clothes or whatever it might be, so the cost of living in a remote community is such that the standard of living or the money that they earn is going to go primarily on food. We keep rent to a minimum and that relates also to the environment, and what they've been paid. If we were to charge city rents then they would actually have a negative amount of money every week. So you can't do that. It has got to be looked at realistically.

But in this environment with a dry community the outlet for the money is there in the store and that's food and basic clothing, and living, There is no gambling here that's stopped altogether.

**Mr MITCHELL:** Is that by choice or by community putting their foot down?

**Mr SOUTH:** Yeah and the church influence and those sort of thing. But that's another area that used to take the money away. At the bottom of the line you've got the kids and the kids are the ones that suffer. Now we get visitors into here, taken to the school for a start, we have for your information, so it keeping them quite on that, we've had to the last 4 years a policy of teaching in English, reading, writing and arithmetic. These kids here will stand up to any school in the Territory and, very very successful. That was the Council choice. They said we will teach our language at home, you teach English and reading and do the sums, and that's been very very successful.

**Dr LIM:** With store owner rip-offs, store operator rip-offs. In communities such as Finke its not possible because you employ the store operator and you audit the books and all that.

**Mr SOUTH:** There's 2 things. The store is run by Council, therefore the store managers are employed by the Council. Under the *Local Government Act* the Council Clerk is responsible for assets and control of funds in the council, so therefore, and if there is a problem in the store then it comes back to me. Now I'm not about to wear that sort of problem.

In most cases unfortunately you know the store is run by separate committee rather than Council, then what happens is you get the power brokers from there, now for everyone identity you create you have your little power base there and all it does is help segregate the whole community and where money is involved that becomes a huge problem, because then you get somebody in there who is not quite straight so they then start borrowing off the power brokers and immediately then you've got a problem between the council and the stores person. The Council Clerk can't do a bloody thing because its out of his control. Half the community is say, hey they're ripping us off. The other half is saying what, good people, and the Council can't do one thing about it.

The official response I believe is that the local government really don't want the responsibility of stores because it is a bloody huge nightmare, but I believe it can ...

**Dr LIM:** Local government meaning the Local Government Office in Alice Springs. Department of Local Government don't want to know about it. Why have they, about it when you are monitoring it on behalf of the Community Council?

**Mr SOUTH:** What local government, what the department is concerned about is if the store comes under the local government umbrella then they're going to have huge problems with stores going broke and the council being responsible. What you'd have is a store goes break it would bring down the whole community. It can be separately incorporated but still under the council. That's the way I think. Once, so that from a government point of view, accept it.

**Mr MITCHELL:** So if something does go wrong the liability doesn't go back on it.

**Mr SOUTH:** Personally again then I sort of take one step further and say all right if it means that if the store goes broke it brings down the council then its up to the Council Clerk and field officers in the department in general to make sure that the bloody thing works, and until such time as that happens you're pushing uphill.

But certainly no book-up. The book-up is a problem in a number of places but that is not a problem here. So I think, the same. We solved most of the problems that we can, but we're up against a situation where we can't go a lot further than where it is out of our control. How do we overcome that.

**Dr LIM:** Before you go to the next step let me come back a little bit.

You buy the stuff from Alice Springs at the price that it came to our retail price. How then do you apportion whatever you apportion with freight, operating costs, profit margin or whatever, from that price to the price in the store who do you apportion that?

**Mr SOUTH:** Right, not just percentages. Say obviously you've got a percentage mark-up on your buying cost. Now what we're doing is trying to keep the healthy lives at a minimum price, the statehood lines. So meat, bread, fruit and vegies, cornflakes, milk, we're trying to keep the mark-up on those to a minimum. Anything that is non essential particularly some cool drinks without going into brand names, we are limiting the amount and looking at a maximum mark-up on it. So we discourage people to buy it because of the price and limiting the amount that is available for those who do have the money who can buy it. There are certain in other things like kids are kids and kids like lollies. That's fine, we'll provide them lollies but they're not going to be there all the time. So that the lollies wont be on the shelves for all of the time, they are just removed. Then they're put down so the kids can have a treat every now and again. That helps the parents who then have that money to spend on something that's sort of ...

**Mr MITCHELL:** Yes, you can't give them money for lollies if there's no lollies there to be had.

**Mr SOUTH:** That's right. Its also the take-away. Now any community regardless of where it is should be able to control the type of food that's sold in the take-away, so they're selling them unhealthy junk food through the take-away, I mean do something about it. Independently run stores obviously you can't but I don't think the independently run stores are coming under a morphosis of an Aboriginal organisation, so surely than can be some control there. If it gets to a stage where community stores are just profit driven then we've got huge problems there. Again where we get unscrupulous managers then that creates that sort of situation. The profit may not be showing up on the books at the end of the day but the profit is certainly there and the person sort of leaves the community with a pocket full of money and speeding offence and a house on the Gold Coast and swimming pool paid for out of the store funds on theGgold Coast.

**Dr LIM:** With the store here, the intention is to make a profit. Is the profit for a store breaking on a sort of non profit basis or is it hovering on a profit then it goes to council for council operations.

**Mr SOUTH:** No. What we're trying to do is run on basically a non profit. As far as that is concerned we are, better to have food at the cheapest price. If we can reduce the mark-up on those healthy food lines rather than show a profit at the end of the day then that's fine. I mean that's what we will aim at doing. If there was a healthy return, there was a health profit at the end of the day, then again you've got money available which then the power brokers in a community end up with benefiting more than just the average Joe blow. So by not showing a profit at the end of the day we're far better. The average person is benefiting from that. The whole community benefits from that rather than perhaps a few people.

**Mr MITCHELL:** You haven't got a scale of say for instance you butchered cut up beef there a bit of nice steak or something like that which gives a certain price out of the wholesalers in Alice then you've got your fruit and vegies and then you've got your dry goods. Do you have a sort of across the board percentage make up on that or ...

**Mr SOUTH:** No we have our mark-ups.

**Mr MITCHELL:** That's taking into account that on your more less healthy lines you increase that you keep the others down, is very sort of scale did you put across on it?

**Mr SOUTH:** Yes. The really bad stuff we would be looking at 100% down and the average healthy item we look at 40% mark-up and we're getting that down in some cases down to 20% and a few items down to ...

**Mr MITCHELL:** That covers your freight and general odds.

**Mr SOUTH:** Yes. Then we watch our figures and we can adjust because we have got to a fixed expenses basically. We then have to control the wastage, the pilfering, and of course ...

**Mr MITCHELL:** Do you have much of a loss in particularly things like fruit and vegies or frozen and chilled goods and that sort of stuff? Did you allow for loosing any of that?

**Mr SOUTH:** There obviously is. In 1998 there was a total of \$10 845 and I don't have the figures for 1997. So goods written off during that period were \$10 845 worth.

**Mr MITCHELL:** Okay, and that would have been mostly chilled?

**Mr SOUTH:** Fruit and vegie and stuff going off. Also the out of date things where somebody might try or somebody has a good suggestion and you have a new line that's been advertised on television so you get it in and suddenly they decide they don't like it.

**Dr LIM:** Sorry the wastage for 1998 was...

**Mr SOUTH:** \$10 845.

**Mr SOUTH:** But then again we can't afford to have that wastage so we probably generally under buy on the fruit and vegie side because that is the perishable side. You can't afford to loose it, so you learn at the end of, when each new stock comes in now you basically got to be out of the old ones otherwise you are start loosing you money. Then you know you've got some rather over ripe bananas on the floor that are not selling, but you are sitting on 2 cases of banana out the back, hoping to get rid of these ones before those ones are in. By the time you throw the ... in the bin and put those one out these ones are starting to go stale.

**Mr MITCHEL:** You're juggling it.

**Mr SOUTH:** It's a juggling act.

**Dr LIM:** Can you give me a ball park percentage that you attribute freight to your goods?

**Mr SOUTH:** I mean you could work it out from there.

**Mr MITCHELL:** It went from a sixteenth to an eighth overnight.

**Mr SOUTH:** Then also you've got the other higher costs of providing and servicing the remote community from the point of view of staff. We have to pay staff we have to pay managers out here a lot more money than they have to pay in Alice. We have to provide a house, we have to provide the furniture, the holidays, the airfares, all of those things come into as soon as staff...

**Mr MITCHELL:** Like as, there is not a great deal of fat there to cover all that sort of stuff. Like if your 400+ with your purchases and then your 60+ in freight then there's half a million bucks gone out of a total of 700 income is it?

**Mr SOUTH:** Well last year we actually ran the store with a \$550 loss. But then we picked that up, then we covered that during the year, but now we may well end up with another loss and we just thought well, so then the prices go up a little bit to cover that.

**Mr MITCHELL:** So in the early, is just to really get a line there and there is not much profit there.

**Mr SOUTH:** Mr Chairman we're trying to break even. But we spent last year on repairs and maintenance \$13 055. The year before we spent \$29 026. Now we've only got to have a fridge go down and ball park average price of getting a fridge fixed and it might be a \$10 bit is \$3000. And its got to happen.

**Mr MITCHELL:** You got to be weary of any losses that you might get out of the, going down too.

**Mr SOUTH:** Then you loose your stock, then you got to replace your stock, then if it's a state of food, if the freezer...

**Mr MITCHELL:** Is that where you get the \$3000 from?

**Mr SOUTH:** No that's just to get them out here so we don't. We got to then start running diesel's to Alice Springs or getting stuff down because its ruined.

**Dr LIM:** What's your staff costs, a percentage? If you could give us a copy of that it would be great. We could work out a whole lot of numbers ourselves.

**Mr SOUTH:** 70, 75.

**Mr MITCHELL:** How many staff do you have there?

**Mr SOUTH:** There is 2 full time. There is the manager and his wife and then everybody else that works there is on CDEP.

**Dr LIM:** All right. Then it gets me to ask a question of you, why don't you get local people to run the store? Then you don't have to worry about costs of getting people in, airfares.

**Mr SOUTH:** I think there is a lot of cultural stuff.

**Dr LIM:** I guess that might not be an easy question but can you?

**Mr SOUTH:** Number one we, running the store it's a very very complex job. At this stage in the centre the people don't have the education and the experience and the knowledge to do that. So that's the first problem. That's down the future, exactly the same answer Richard as you would get why isn't there a local person doing my job? Because they don't have the education, they don't have the knowledge, they don't have the experience to be able to do it. So that's down the track.

**Dr LIM:** Eventually will change eventually in time.

**Mr SOUTH:** Then also you have the cultural side of things, where if you have a young girl or a woman running the store and then an elder comes in and makes demands there is nothing that you can do about

it. So you have to have somebody there. Then, relationships and everything else comes into it, so I mean if you've got a girl on the till and somebody comes in where there is an avoidance problem then that person has got to leave. If there is nobody there to take over the till well she's still got to leave she can't stay there.

**Dr LIM:** Do you think the time will come when this will change? There is no limit, I mean culture that's strong, especially the avoidance culture, would that ever change.

**Mr SOUTH:** How long is a piece of string? We will discuss that one off record. I mean your providing the champagne over dinner and your paying for the dinner as we discuss it because its going to be fairly lengthy discussion.

**Dr LIM:** Well I suppose coming from my perspective if t culture does not change will you ever be able for an Aboriginal community to be finally one day be self taught and self managed where, where the skills are passed on and the culture avoidance is no longer an issue, will that ever occur?

**Mr SOUTH:** There are awareness's made and the Aboriginal people are masters ...

**Dr Lim:** I'm only asking the question because I don't understand.

**Mr SOUTH:** The Aboriginal people are masters of getting around situations that are created because of their culture in the outside of their society. Now as an example of that we've got the council chairman, there is an avoidance relationship with the council chairman and one of the elders who is on council. Now 4 years ago it started with the elder because the chairman had to leave the room, the elder sat in the tea room next to the old council room around the corner. So in this situation here if the chairman sitting here then he would have been around there out in the, so he could hear what's going on and he could involve himself but there was an avoidance. Now 4 years down the track, the chairman sits there and the elder there. Now they know they're there, and they know that, and he just turns the chair round and faces that way. There is a modification and acceptance. When we're introducing the councillors to guests the chairman introduces, goes round the room and when he comes to the avoidance I immediately take over or the vice chairman will just say 'what' and that's so and so and the chairman goes on. Its just a way of overcoming that sort of thing. So that is gradual step.

**Mr MITCHELL:** But that particular part of the culture is extremely strong. Some of its evolved over thousands of years and its not...

**Dr LIM:** I'm asking it so I can see.

**Mr MITCHELL:** It is interesting to see your comment Bill that will having modification like this is a good thing.

**Mr SOUTH:** Well it makes a situation workable. They do make those allowances that change things around and I mean it all takes time.

**Mr MITCHELL:** In a situation like the council that's one thing, but when you get into the shops and the stores and things like that it's a bit different.

**Mr SOUTH:** And particularly when your dealing with the girls. Predominantly the women involved in the store and those sort of things and the women's centre and that's where we sort of in Aboriginal communities in Aboriginal societies I mean there are clear roles for males and clear roles for females.

Now who the hell are we to say that that's wrong you're not allowed to do that any more than everything else, fine that's acceptable. They'll work with it, we'll work with it. If it changes well and good if it doesn't well it doesn't matter we will just let it go the same. But if you've got a young girl on a check out and an elder where there is some sort of avoidance thing ...

**Mr MITCHELL:** Its not just the avoidance too. It's the respect to that nobody goes up and says he wants this and you give it to him, she has no say in it.

**Mr SOUTH:** She has no say in it. None whatsoever.

**Dr LIM:** But you wouldn't expect an elder to do that to a ...

**Mr SOUTH:** Today there is varying cases up north and one particular case where certain traditional owners will just have a band put on the store until such time as their provided with something. So I don't know how you overcome that problem. If you got a traditional owner or an elder run and who is prepared to use their power to that extent, that's a pain. That's just not on. Then you've got to have either a strong council then in many cases the traditional names aren't on council, bad move you know. Traditional owners are the bottom of the hill, and they have to sit down so you can meet so things can happen in the council with. There is a case at, where a traditional owner stood outside and refused to allow the he put a curse on the CDEP pay until such time as everybody agreed to pay him \$10. They said they'd paid \$10 into the bank.

**Dr LIM:** With this Menzies School of Health project they worked out an ideal food basket for a person. How idealistic is that ideal food basket to what is sold.

**Mr SOUTH:** Can I have a look.

**Dr LIM:** Do you know what page? Last 2 pages.

**Mr SOUTH:** Certainly they can, you can go into the shop over there and buy most of the stuff on that. It may not be available all of the time, but apples, oranges, bananas, bananas do go off reasonably quickly. Then also, I mean the store will get in when mangoes are in season at reasonable price. I mean kids love mangoes. So that's a bit of a treat. But strawberries, you can get punnets of strawberries, they love them. Geez trying to get a punnet of strawberries down here is fairly expensive.

Okay now this is in reality and this was a survey done by the Menzies School of Health, now one would assume that the people collecting the statistics knew what they were talking about. The people compiling the statistics knew what they were talking about. Obviously the old saying the the bloke with a stiff disk gets a big turn in the wheel or what, but when we look at the cost of that basket of food in Alice Springs and then the cost of that basket of food in remote communities that's a bit hard. How do you manipulate that if you are doing specific items. I think they did. They went to, how much does a loaf of bread cost here buy in bulk that is such and such. So that's reasonably difficult to manipulate. Now \$335 as opposed to \$441 so almost \$100 almost 25%.

**Dr LIM:** 33% is a third of that figure. It is 30% more.

**Mr SOUTH:** 30% more. Now we then look at what is the difference between a pension in Alice Springs and a pension in remote communities. What is the difference between unemployment in a community and in Alice Springs and what's the difference between CDEP and the community in Alice Springs. None. Alice Springs is regarded as a remote area. So we get now I think, I stand corrected, I think it is

about \$7 a fortnight, or is it \$7 a week? There is an allowance made by DSS for living in remote areas. Now we have a situation where if one lived in Alice Springs it may cover it, I don't know. But probably not, but it may, but as soon as you step outside maybe calling Alice Springs remote is a bit silly from our point of view, but if you're living in Sydney Alice Springs is remote. So its all relative. But that's the problem. This gets back to what my original statement was. The people here are barely scraping a living, and they're not spending their money on grog, they're not spending their money on cars, they're not flitting it away on holidays, so that only leaves to food and that's the problem.

**Mr MITCHELL:** You made comment before that roughly 90% of the communities money is spent on food.

**Mr SOUTH:** It will go through the store. Now some of that would be on clothing and, and things like that. But 90% of the money in excess of 90% of the money goes through the store. So the cash that he gets in ends up over there and then comes back here for us to bank, so it just goes round and round in circles.

The electricity, the rent, house repairs, maintenance and all those sort of things you know that, if they damage a house they pay for it.

**Dr LIM:** The electricity charged to the store that's based on the same rate as what's being charged in Alice Springs?

**Mr SOUTH:** So they tell me but I don't think it is.

**Dr LIM:** PAWA policy is that the price of power is just a flat rate across the Territory. I would like you to appreciate. I don't really want to ...

**Mr SOUTH:** But then again there's the commercial rates and the more electricity the cheaper you do get it, so that will ...

**Dr LIM:** Is it a major factor in your operating cost?

**Mr SOUTH:** I don't think so. Let's have a look.

Well it is. Now here we go, the electricity expenses in 1997 were \$9552, in 1998 was \$16 756.

**Mr SOUTH:** I think what happened was that there was some carried over accounts, so lets, if we just added those together and it will be interesting to see what this year comes out, if we added those together say \$27 000 divided by 2, so it would still be \$13 500 \$14 000 a year, still a lot of money.

**Dr LIM:** 1997 it was \$9552 wasn't it?

**Mr SOUTH:** Yes. Now you can't avoid that with the refrigerators and the freezers and those sort of things. Its just unavoidable, and now I think also when you start to get big supermarkets and big fridges and freezers they are far more economical to run.

**Mr MITCHELL:** It'll be interesting to see what the electricity rates with this, and see what they are. Then compare that to other rates around and see if there is any difference in it. We'll follow that up.

**Dr LIM:** So from now on from your point of view Bill what other efficiencies can you bring in to relieve the costs. You are now sort of now down to the bottom line.



**Mr SOUTH:** I think we are sort of down to the bottom line. It basically comes down, just simply the buying power of the big supermarkets. We can't compete with that. It just can't happen. Now there is going to be a difference between being able to buy something in Alice Springs and Finke, or in Darwin and Millingimbi. There's got to be a difference. We accept that. What I think we're overlooking in this whole equation and from the Aboriginal perspective, we can't change the Aboriginal people. We certainly can't change them overnight. We don't want to change certain aspects of it. What we would like to do is change their health. That is in our power to do that, and if we start looking at diet which is a huge problem in some areas and that can be determined. If we can improve the health of the people through diet it is a very cost effective way of doing it. If we've got a situation where to live in a remote community is costing significantly more than it is in the major centres, we have to accept that we as the non Aboriginal community in Australia. We would, Richard you as government, if we take a responsibility for that, if we take responsibility for the social welfare of the people, in other words if Australia remains a country where we do have some sort of social benefits where we are looking after the underprivileged then we really need to be looking at the food thing. We cannot take these people and shift them to Alice Springs. We can't take them and shift them to Sydney. They're not going to go anyway and if they did they'd probably die, so we have this situation where the Aboriginal people now are in their communities, some of them are in the out stations, out where the out stations aren't serviced by the community, and we've got this disparity between the cost of living in remote communities and the cost of living in Alice Springs, a very dramatic one, that's affecting the health of the people, what do we do about it? That's why Menzies of course got involved.

If we could, if governments will accept that there's a problem, this becomes part of the overall Department of Aboriginal Affairs. We have to

Number one accept that that is the situation and I think we accept that and that's not going to change, so what we've got to do is work around that system so how do we do it? What we need, any system that is introduced has to have direct benefits to the health of the people and then that in itself opens a whole can of worms because lets say, and I think one of the Menzies things was saying okay what we will do is subsidise the food. In some instances that would make no bloody difference at all because it will just mean that the store people will get richer quicker, gets his second mezedes quicker. It would also mean in some communities that it would then give the people more disposable income to drink and that's a problem. So it would have to be done in such a way that its controlled so there are direct benefits. Now as soon as you start to do that, that's not acceptable because its bloody paternalistic.

**The Committee resolved to go In Camera at this point.**

---

**Red Centre Produce**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

**ALICE SPRINGS – Tuesday 18 May 1999**

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

**Appearing before the Committee:** Des ROGERS, Red Centre Produce

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Resume the meeting, the hearing of the select committee on Territory Food Prices and welcome Des Rogers who has come to speak to us.

Des the normal procedure for the hearing is that we don't expect witnesses to provide their submissions under oath or anything like that but we expect witnesses to be truthful in their submissions to us. We will record your submission, a transcript of that will be provided to you for any corrections that required and you can send it back to the committee and the committee will then incorporate that in to the report when we table that in August.

Today myself is Richard Lim the Chairman, I've got Phil Mitchell member and Steve Balch the third member, Mr John Ah Kit and Mr Syd Stirling sends their apologies they can't be here today but they'll join us tomorrow in Tennant Creek.

The meeting essential we will allow you to say whatever you like within reason you are covered by parliamentary privilege. If there's any aspect of your submission that you wish to have in camera you should tell us about that otherwise but what you say is essential public and your transcript will eventually become public once we table our report, alright? So I'll hand it over to you and then after your submission there will be lots of questions from the committee members I'm sure.

**Mr ROGERS:** Thank you. Thanks very much. I just knocked something up to date ...

**Dr LIM:** Could you just identify yourself formally.

**Mr ROGERS:** My name is Desmond William Rogers, I was born in Alice Springs in 1951 ...

**Dr LIM:** You represent.

**Mr ROGERS:** Sorry, I represent a company called Red Centre Holdings which owns 2 enterprises that I own. One is Red Centre Produce, which is a wholesale Fruit and Vegetable Business and the other one is Red Centre Freight, which is a refrigeration or dry foods transport for bush clients in Central Australia.

I know I've had a long time to prepare my submission but I like, I left it to the last minute today, just rushed home and had a shower and came along.

As I said I was born in Alice Springs in 1951 almost classing me as an old man according to my 2 girls I'm an old man. I worked for the Conservation Commission for 17 years, got to I guess mid-life crisis and just had to decide what I wanted to do. I didn't really want to stay a public servant for another 20 odd years so I thought I'd go in to private enterprise. In 1994 I applied to ATSIC the Aboriginal and Torres Strait Island Commission for what's called a business funding scheme loan. I was successful in getting that and in April of that year we bought a small supermarket which is Head Street Supermarket or Head Street Mini Mart as it's now called.

When we were preparing my business plan, because the supermarket was basically off the main track, it was in a suburb which really wouldn't get much bigger, had to look at some other alternative for income. Because I had spent 17 years with the Conservation Commission, basically spent a lot of time in the bush obviously been to a lot of community stores and been to communities and that, saw the quality of fruit and veg in those stores and even though I knew what a potato and a carrot was that was basically it, but I thought there was an opportunity there to go into wholesale fruit and veg.

So, I did a bit of market research and it was fairly basic market research, just talking to communities, talking to pastoralists, talking to people in town to see whether there actually was an opportunity there to hopefully make some dollars at the end of the day. My observation was that there was so I went to interstate markets such as the Adelaide Produce Markets, the Melbourne markets and Brisbane markets. Talked to suppliers, growers all those sorts of people down there and came away with the conclusion that we could give it a go so to speak. So, in April 1994 we took over Head Street Mini-Mart. We basically started wholesale in fruit and veg from day one, out the back of the supermarket so to speak. After a couple of years, in mid 1996 we'd run out of room with the fruit and veg. We hadn't done any advertising to the fact that we were a wholesale company it was purely word of mouth.

**Dr LIM:** So you were still retailing from the front of the Head Street Supermarket?

**Mr ROGERS:** Yes, we were still running the retail side and the supermarket side if you like and wholesaling fruit and vegetables out the backdoor. Doesn't sound that good but that's what it was.

So like say 1996 we really had to decide what we were going to do because we had run out of room with the fruit and veg in the back of the supermarket. So we sat down and we had to decide whether we were going to get serious basically about fruit and veg, so we decided we would. We relocated and changed our name from what was Head Street Fruit and Veg Market to Red Centre Produce. We relocated to Elder Street, we leased the premises there. We spent over \$100 000 outfitted basically an empty shed by cool rooms and suspended ceilings and verandahs and whatever. At the same time, or a couple of months after that in November 1996, we made a decision to actually buy a wholesale fruit and veg company in Adelaide Produce Markets which we did. We employed 18 staff, we've got 8 trucks, \$4.5m turnover so I guess you'd say we were very serious about what we were doing. We obviously approached ATSIC again, they thought it was the right and proper thing to do as well because the synergy's of what we're doing it would give us even more competitive than what we were so in November 1996 we did that.

Today we supply roughly 14 community stores in Central Australia. We do a lot of pre packing and pre pricing of produce and got a bit of a catalogue here that I'll just pass around to the committee members. The stores basically tell us what their margin is, we actually put a sticker on there saying when it was packed, the date it should be used by, their sell price so all the store manager has to do is take it out of the carton, stick it on the shelf, sell it, knows he's making his margin, knows that the quality is in there as well and it sells well.

During summer when we do a lot of fruit packs and things like that, we probably do something like 10 000 packs of different sorts of produce per week. So it's a big thing on communities.

Now admittedly it's what you call value adding. We make more out of pre packing a carton of tomatoes than we do selling a carton of tomatoes but, you must understand that it's labour intensive. The foam trays or the plastic trays, there's the film, there's the labour, there's electricity all those sorts of things.

In 5 years, since we've been in business we've from day one we were doing the pre packing, we haven't raised any of our prices, in 5 years. So the fruit packs that we wholesale for \$2.90 in 1994 we still wholesale for \$2.90. The same with what we call a veggie pack as well we do the same sorts of things. We offer a variety, when we went into this initially we found not only that Aboriginal people but certainly with anyone, one of the hardest things to change is people's eating habits. Aboriginal people in particular know what a potato and a spud and an onion but when we introduce broccoli, kiwi fruit they wouldn't touch it. So we sort of developed the packs and I'll refer to the veggie pack which is basically half a head of broccoli a bit of cauliflower, and carrots or brussel sprouts when they are in season. Because they are in a pack, because they are together our clients can see that they go together, we understand our clients needs and we understand they're on limited income, we understand that they basically live from meal to meal or certainly from day to day. We understand that very rarely they've got no refrigeration so they use that produce straight away. So, we've developed those so they are not forced in to buying say a whole head of cauliflower, not forced in to buying a kilo of carrots and that I say they sell extremely well.

We supply places such as the Aboriginal hostels, Batchelor, Yulara, St. Philip's College, Red Centre Resort, Oasis Motel, Pizza Hut, Hungary Jacks, Diplomat Hotel, a large number of the cafes, sandwich shops, taverns and general food outlets in Alice Springs. We have a combined regular customer basis of about 96, so we're a reasonable player within the market.

One of the things that we've done in the last 12 months is we've had to get into freight and particularly refrigerated freight because we were losing control over how our product was handled. We were having product picked up at say 8 o'clock, 5 o'clock in the afternoon on a 40° day you'd still see them driving around town picking up stuff. In some instances 7½ hours to get to the community and of course straight away the store manager is on the phone saying the pumpkin is a bit furry, and we're saying well it's not our problem, which it's not but we've got our sticker on there and it reflects on us so we've been forced in to getting into freight. At this stage we've got a small 15 tonne truck, flat top truck, we've had a purpose built refrigerated container built locally for it. We've done over 20 000km throughout Central Australia with that truck and we're now at a stage we only have minor and normal problems with the refrigeration unit.

The furthest store that I do, that we do the transport to is 908 klm from us so it's a fair way that we do, a fair way that we travel. At this stage we only do about 6 communities, delivering to them.

**Dr LIM:** Are you sort of going sort of 2 or 3 communities in one run or are you going just once basic run per community.

**Mr ROGERS:** No, well actually when we decided to go into freight we actually looked at it and the first idea we had we were going to lease a troupe carrier between 3 communities myself and we were just going to take out the perishable items, such as the fruit and veg and the milk and that but then it didn't add up, the sums didn't add up it would have ended up costing the community too much so what we do it

we take everything the store needs. We take all their dry goods, we take their swags, their blankets, their engine parts, their fruit and veg, the perishables, the meat the whole lot. We find that the truck that we've got now suits certainly the communities that we do, we don't need a bigger vehicle.

**Dr LIM:** Welcome another member of our committee, Mr John Ah Kit.

**Mr ROGERS:** So the truck, the size of the truck we've got now services the needs we're in. As I indicated before, we are going as far as 908 klm away. We've had another, another interest from a community fairly close to that distance again. I'm tempted to go out and buy a bigger truck but I'm not going to do it, certainly not going to do that at this stage. You know, when you start getting into a prime mover, a full blown refrigerated container you're talking \$300 000 - \$500 000 and I'm certainly not prepared to do that at this stage.

I've been involved with the Northern Territory Health Department for probably the last 4 years in developing what's called, what was called the store book, which is basically how to set up a health and nutrition policy on Aboriginal communities and gives ownership about the store and gives understanding to the Aboriginal community people about what the store is. It's sort of set up that it's upside down but what actually is is it comes in an A3 folder and you stand in front of the class and teach it to people. I believe it's a part of the curriculum at Batchelor College now for the Aboriginal health workers as well. As a flow on from that store book, store video was produced as well and as I said to the gentlemen before the only thing that spoils the video is me, because I'm in it.

So I've been in retail and wholesale business for the last 5 years, which I would give me the experience to comment on the price variations particularly in Central Australia.

**Dr LIM:** We are just interested in that.

**Mr ROGERS:** Yeah, well I actually had our assistant manager today go around town to a couple of the retail places and note down some prices which she's done, and you'll have to excuse me because we've got some new software at work so it's sort of come out the wrong way on the page but I'll sort of work through it and explain it.

We've got down the product obviously on the left hand side and I've got Red Centre Produces price that we're actually selling it to and must understand that we're a wholesale company and the stores we went to today or our assistant manager went today are retail.

I guess the most glaring one is the price of pears, at one of the retail outlets was \$8.99, we're selling pears for \$1.85 and they're the same pears, they're Packham pears. So that's a price difference of almost 386%.

**Mr ROGERS:** It sucks people in. Now freight costs that everyone says, sticks their arms and throws their arms up the air and says that's the reason we're paying such high prices for, certainly freight costs is a big cost. In 1997-98 between Adelaide and Alice Springs, we spent in excess of \$100 000 in freight and that has to be passed on to consumers. Now we're only a small player in this, we don't get, we don't get the best price per kilo we pay per kilo between Adelaide and Alice Springs than some of the bigger retailers because they're in a position where they can negotiate, they're in a position where they can have their own vans, we certainly aren't in that position but when you look at those price comparisons, there's something wrong in the equation somewhere.

**Dr LIM:** Are you prepared to tell us what percentage freight is to your product?

**Mr ROGERS:** I'd have to have a look at it, but I've got no ...

**Dr LIM:** If you are prepared to give to us we can treat that as commercial confidence so that's not a problem. So that your information is not shared out with anybody else so be assured of that. If you could give us an idea what freight means in the whole scheme of things where a produce or a product is bought from wherever to Alice Springs or to the Territory.

**Mr ROGERS:** Yep, I can do that. Now on average, probably about every 3 months, normally the ABC rings me up because somebody's complained about the price of something or other down there and we have the same discussion every time they ring up and say well how much is your tomatoes and you say well they're \$2.90 and why are the \$5.60 down at wherever and that's a regular thing so these sort of things come and go I guess and I guess it's part of life. Because we've been in business for a reasonable amount of time my observation is I've found basically the consumer is lazy. I've always said if you could build a supermarket where you can drive in and drive down the aisles and say I'll have that packet of cornflakes, those kilo of tomatoes over there and people run across and throw it on the back of your car and you pay on the way out it would be unlimited, because and particularly in Alice Springs. To give you a good example, at Head Street which Richard would be familiar with, Head Street Mini-Mart used to have the door around the side of the mini-mart, everyone used to try and park in that park, disabled thing, nobody would use the car park at the other end because you had to walk another 10 paces. When we ended up shifting the door, nobody parked their, they all parked out right in front of the door even though we had a yellow line down the front and people used to get booked and that, they want to park, because people are lazy and it's the same with this sort of thing. We open to the public Saturday mornings and we basically sell wholesale to the public from 8 o'clock to 12 o'clock, we've got a fairly good client base to that. A lot of people come there but they're only the people that we've trained to basically come there because if you go to the supermarket which most of us do and you buy your cornflakes and all that sort of stuff, you know people say oh well I'm here now I might as well grab me fruit and veg and they get to the checkout and the bill is \$180 and the carry on and whinge about it, next week same thing they are back again doing exactly the same thing. So even though we've got client base it's only a base on Saturday mornings for our retail trade so to speak. It's probably not going to grown any bigger because you'll only get a certain amount of people that make the effort to come around there. That's fine, but I think people need to understand that at the end of the day the consumer is fairly lazy

**Mr BALCH:** Well they're paying for convenience aren't they?

**Mr ROGERS:** Exactly, convenience because that's why Woolworths have gone into petrol, that's why they're going into banking, that's why they're going into everything because if you can go and have one stop shopping wherever yeah why not.

**Mr MITCHELL:** These prices you're giving the consumer that's your price is on the left is that your wholesale?

**Mr ROGERS:** That's our wholesale price yes.

**Mr MITCHELL:** And the one on the right ...

**Mr ROGERS:** Is the retail price from around town, yes.

The other thing you should keep in mind as well, certainly with Aboriginal communities because there's always a who-ha about the prices people pay on communities and that and to a lot of extent it's true but you should understand that the stores we do, their prices range, their mark up ranges from 30% to 80%. Some of the stores that we do that are not Aboriginal we know their margin is at least 100%. So when you're thinking about all these things and looking at prices and wherever you look you need to understand that for whatever reason the community the percentage that the put on their goods is up to the store committee.

**Mr MITCHELL:** The stores that you supply to are they community run or are they owned by individuals.

**Mr ROGERS:** No they are all community run.

**Mr MITCHELL:** Community run, council run or ...

**Mr ROGERS:** There's no, I know in the northern region there's fear that they've been leased out to private people and all that sort of stuff but there's none here. They are a couple of stores that are as I said before are owned by station people and they run them as a private enterprise but the 14 communities I refer to are purely owned by the community, solely owned by the communities.

**Mr BALCH:** In the main do you find that stores out in those communities that there's a kind of strong profit motive or is it really different costs pressures that make them put those sorts of margins on, like are the profiteering, or are the really just covering high costs of being out in the remote area and in some case they're covering debt and other things?

**Mr ROGERS:** It depends what community you're talking about, it depends how strong certain families are on there. There is one community that we did do, we don't do anymore that we know that the profit at the end of the year was distributed amongst particular family members and if they had a certain amount of money they'd go off and buy a certain amount of cars, and if meant 10 second hand cars for those members of the family that's what they did with the profit, that's rare. Most of the stores now are fairly well run.

**Mr BALCH:** There's a strong community ...

**Mr ROGERS:** Yeah, and I mean that's why one of the reasons that health and nutrition policy has done or store book was done to actually give ownership about the store back to the community, let Aboriginal people know that that store belonged to them, it belonged to the community.

**Mr BALCH:** It given some basis on how to run it?

**Mr ROGERS:** Yeah, I mean Red Centre Produce, banging our own drum here I guess but we push that all the time. We push that store book, we push that video, this is the last one I've got and I spoke to the health department in Darwin this morning, they are going to send me some more copies. We've distributed it certainly throughout Central Australia and into Western Australia and even South Australia as well.

**Mr BALCH:** In fact it's interesting isn't it because we had a comment earlier today from one of the ladies representing a ladies group or female group and she was saying that she would like to see something developed that gave Aboriginal communities some guidelines on how to set up and run their shops because in a lot of cases whilst they are a community group they don't know what they're doing.

They get someone in to run it for them and they rely entirely on that person and here we are, that's already been done it's actually there.

**Mr ROGERS:** I mean, it's unbelievable when you talk to people, I was talking to a lady from Batchelor College some time ago about 3 weeks ago and I was telling her about the store book and video and she actually teaches the health, Aboriginal health workers at Batchelor College and she didn't know anything about it and this is a resource that surveys.

**Mr BALCH:** ...major group she said and she was asking for this stuff we've got right here now.

**Mr ROGERS:** Yeah, I mean there's a bit of in my observation there's a bit of possessiveness within different departments about we paid for it and we developed it and we'll keep it for ourselves.

**Mr MITCHELL:** Can you just give us a couple of examples of the main communities that you deal with, without going through the whole lot but say your biggest one and one of your smaller ones or something like that. What areas do you deal with?

**Mr ROGERS:** We do Aputula that you were at today. We do Ali Curung that you are going to in a few days, we do Nirripi, we do Papunya, Mount Leibig.

**Mr MITCHELL:** Okay, that's alright.

**Mr BALCH:** Can I just ask about you branching out and getting your own freight because one of the things that I guess I've sort of learnt in going through this processes about the Coles chain, the freight, because that gives you a lot of wastage and problems was that the reason you went into that or was it to try and contain freight costs or a combination of both?

**Mr ROGERS:** No, no purely we pride ourselves on a quality service and price. Now if you talk to anyone in business they say all those three things, we actually deliver that. Service is the main thing particularly here in Central Australia you find service lacks in a lot of businesses and we push that and we do very little advertising I would suggest that probably at least 95% of the business we've got is businesses come to us. When we first went into wholesale fruit and veg our focus was then and still is now purely Aboriginal business and Aboriginal employment and training and all those sorts of things, health and nutrition, but when you've got people like Pizza Hut, Hungry Jacks and Diplomat, Oasis knocking on your door saying listen we'd been interested in buying fruit and veg you're not going to say well no sorry we're not going to supply it to you ...

**Mr BALCH:** No business is business.

**Mr ROGERS:** Exactly right, so we do that and we've late last year we put our assistant manager through SQF 2000 which is quality assurance thing which goes into food hauling safety measures. A professional process and all that. We're in the process of doing our HACAP plan for our premises there because we understand that the biggest thing and this is what the general consumer doesn't understand, the biggest thing that affects fruit and veg is heat. People, it's logical but people don't understand that once you pick fruit and veg it's dying. There's nothing you can do, the only thing you can do about it to prolong the life of it is to keep it in the refrigeration and keep that cool chain process in trained all the way through. If you leave it outside there like the delivery people bring it around to us on the back of a truck for half an hour it's deteriorating, stick it in the cool room it's not going to improve, it doesn't get back to where it was so that's the reason we've gone into fruit and veg because we are trying to give out



to consumers our customer which is Aboriginal people mainly the best and the freshest that's available and there's no reason in this day in age why community people shouldn't have refrigeration.

I had a discussion a couple of weeks ago with somebody saying well that's going to put the cost up another impost of cost onto communities and I'm saying well I'm doing it now and it's not costing them anymore, even though it costs us probably about \$15 000 to build the unit that we've got, that's a cost we've just absorbed because and I'll get back to the fact that we're an Aboriginal business and we're trying to do all those right and proper things.

**Dr LIM:** So the shelf life actually extends so you don't have the wastage that you would otherwise have.

**Mr ROGERS:** Exactly, exactly. Now there's been arguments up to saying well the plastic wrapping is sweating and all that sort of stuff in there. There's been a hell of a lot of work done in plastic wrapping particularly with fruit and veg it's special film. Broccoli for example and I demonstrate this test been done on broccoli where they put it in a cardboard container, the plastic wrap it with the fruit and veg film and there's particular film that you use for different products and it's lasted up to a month and they've opened it up and it's just like it was picked yesterday. So there's been a lot of research done into that and as I say we've invested a lot of money and time and wages in what we do and certainly we're not going to give our customers a product that's going to deteriorate.

**Dr LIM:** With the stuff that you bring into your warehouse here what sort of wastage factor would you put into that?

**Mr ROGERS:** Very minimal. We get 2 loads of produce out of the Adelaide Produce Market twice a week and we get one our of Queensland once a week. As I said before we've spent over \$100 000 just between Adelaide and Alice Springs last year, we could reduce that cost significantly by getting it up once a week but we're not in the business for that. We are in the business to try and get the fresh and the best that's available and fruit and veg is very volatile, it goes up and down unbelievable from day to day. We have to readjust our prices 3 times a week, every time we get produce in because of supply and demand.

**Mr MITCHELL:** Do you bring it up by train or truck?

**Mr ROGERS:** Truck, overnight truck.

**Mr MITCHELL:** Overnight truck from Adelaide or wherever.

**Mr ROGERS:** Yeah, we do market days in Adelaide, which is tomorrow Wednesday, Monday, Wednesday and Friday so when I leave here I go back and load the truck because I'm going bush tomorrow morning. I'll do the fruit and veg order tonight, that'll leave the depot tomorrow morning at 7.30am is normally to us 7.30 the following morning which Thursday morning, Thursday night we do the same, it gets to us Saturday morning. Tomorrow's Wednesday, I'll do an order to Queensland, unfortunately because Queensland is so far away or Brisbane, it leaves Brisbane Friday and gets to us 7 o'clock Monday morning.

**Dr LIM:** When you truck the stuff out to bush communities obviously the bush community pays for the freight of the goods that you bring to them and they add on to their costs on the shelves. When you look at that how competitive are those prices to prices in Alice Springs?

**Mr ROGERS:** Well I had the store manager from Arlparra the other day come in and he was saying, he

sat down with a cup of coffee and he was talking to me and he said that he went to one of the major retailers in town and walked around there and he said that his packs that he was selling out there like tomatoes for example even down to soft drink now only a few cents difference. He said he works on 50% margin for his fruit and veg and we try and convince the people to try and reduce the margin on fruit and veg because it's healthy and good for people and put it up on coke and cigarettes and things like that and he's actually looking at that and hopefully within the next couple of weeks he'll bring his margin down on fruit and veg to encourage people to buy more or allow them to buy more because their on limited income and it gives them access to good healthy products as well. We find that really from a lot of our stores because we continually, not formally do surveys, but we continually talk to our customers to find out whether we are still in the ball game and they are happy with our product and service and all that.

**Dr LIM:** Somebody else said earlier that maybe there should be some sort of a subsidy whether it be a subsidy on the food or transport or freight or power whatever.

**Mr ROGERS:** I agree with the freight.

**Dr LIM:** So do you seriously feel that there should be some sort of subsidy to offset some of these high costs, are you being subsidised or is ATSI subsidising or anything like that at all?

**Mr ROGERS:** No they're not subsidising me and as I said we've got a ATSI business funding scheme loan, it's purely a loan it's a commercial loan. If I don't pay it back I'm out of there. I'm treated that same as anyone else.

If you want to talk about subsidy yeah, that should be particularly I guess particularly for some communities, because I mean we all hear the stories about 20 years ago they had the store manager come into town and run off with the farmers and disappearing and unfortunately that still happens today and very little is done about it and who suffers, not them, the community people suffer? So you find a lot of the stores are actually trying to still get on their feet from what's happened in bygone years, and I guess there's no easy answer to that.

**Mr BALCH:** That was why I was trying to ask in that question before about have you sort of seen any sort of profiteering as against communities having to cover certain costs because you do hear about that. If they've got a debt bill to cover before they start well obviously they're going to margin up their products in order to recover that.

**Mr ROGERS:** Well Mount Leibig is a good example there \$200 000 in debt, their margin has been raised to try and recoup that debt It'll take them 12 months at least to do that. When they do that they'll get back on their feet again but that's only because of the current store manager their, when she leaves somebody else comes in, the same scenario. I don't want to sit here and bag all store managers, there are some good store managers out there but unfortunately there are some bad ones and they're still out there and they sell cars, sell motorbikes, sell all sorts of things.

**Mr BALCH:** They're in every community.

**Mr ROGERS:** Yeah, and I mean what do you do about that I mean from the food and nutrition policy and the store book we did the next step was indicating that we would go on and try and develop a standard store manager's contract with the Territory and have performance indicators and they need to work to a certain standard and the store requires that sort of standard in a manager but it never gets anywhere. I'll still persevere, I'll still be here. I mean well that's all I sort of wrote down.

**Dr LIM:** When you were running the, do you still have the Head Street outlet?

**Mr ROGERS:** No, no we sold that.

**Dr LIM:** When you were running that you had EFTPOS?

**Mr ROGERS:** Yes.

**Dr LIM:** Now from my reading I hear that or I find that for smaller retail outlets banks will charge a percentage of your turnover. If a buy a basket of goods from you and then I want to use my EFTPOS, in fact I use my card and you pay the bank a percentage of my bill.

**Mr ROGERS:** Well actually when we were doing it, and I need to talk to my wife about that because I was running the fruit and veg out the back, I'm pretty sure it was a flat fee per month.

**Dr LIM:** A flat fee, but you paid the bank?

**Mr ROGERS:** Yes we paid the bank.

**Dr LIM:** I read that the bank actually pay the bigger chains a percentage. I mean I find that interesting that it suddenly brings in a differential of X number percentage from the smaller retailer to the bigger retailer. I don't know whether that, were you aware of that at all or whether you experienced that and is that or was that a problem?

**Mr ROGERS:** Well like I say at the stage I think it was flat fee. Now I certainly believe that a lot of the retailers have a different are treated differently if you like to the smaller retailers. They're in a position where they can negotiate a lot better rate for whatever they're talking about. They're in a position where, well I looked at about 12 months ago New South Wales the 3 big chains Coles, Woollies and Franklins, had 87% of the market now I know there's a committee set up at present and I'm led to believe that Australia wide they have something like 80% of the market. Now that's power, I'm lead to believe in England that there restricted to something like 18% and that's fair I mean you turn on the TV basically regularly weekly and you see that the small retailer is being pushed out because a big retailer set up down the road and I guess these people can talk for themselves and whether they're honest and tell you the truth is a different matter but I mean that's the general consumer's observation. That's certainly my observation and those figures that I gave you before 386% difference I'm wholesale they're retailers. What's the explanation there? They're in a better position they bargain better, they buy truck loads of pears, I'm luck to buy 10 cartons a week.

**Dr LIM:** Buying power.

**Mr ROGERS:** Yeah, but why I mean why is there such a big difference like that?

**Mr MITCHELL:** Just on your prices Des and you don't have to answer this mate if you don't want to or you can give it to us in confidence but, public, can you give us a rough idea perhaps on what the freight component is of that from south to here?

**Mr ROGERS:** Yeah, I can do that.

**Mr Ah KIT:** I'm pleased your business is surviving you're doing well.

**Mr ROGERS:** Well that's another story. We actually and if I could digress a little bit we actually had a

very difficult time over the last 3 months as I said before we bought a business in the Adelaide Produce Markets which cost us a considerably amount of money, we had 18 staff down there, it's the old saying is you know 'you don't trust anyone' due to circumstances because we still had Head Street because we were setting up Red Centre Produce here I wasn't able to go down south. We left it in people's hands who we thought were astute and honest and all those sorts of things, 12 months down the track we had to put another \$200 000 into the business, we estimate the manager we had cost us over \$100 000, we changed managers, restructured the business October last year we sold Head Street due to circumstances I decided I will go to Adelaide, run that business down there for 12 months. Went to Adelaide, 2 months down there decided that there's no way we were going to save that business, went to what's called voluntary administration unfortunately the company and Red Centre Produce was under that same company that went into receivership and liquidation as well. We reckon as I say when I was down there I recognised early that we had a problem there, we owed a hell of a lot of money to ATSIC, I went to ATSIC they brought the big boss up from Canberra, the boss down from Darwin, we had a couple of meetings here in Alice Springs I explained the situation ATSIC said to and there's no secret about this they said we recommended you we wouldn't have supported you to going into the Adelaide markets if we didn't think it was the right and proper thing to do in hindsight it wasn't the right thing to do so eventually what happened was ATSIC have been fully paid out, ATSIC have refinanced us to buy our own business back here that we owned, we owned our home, we don't own that anymore, on paper we probably lost \$650 000, personally all we lost is about \$350 000, I threatened quite a number of times to throw the keys over the fence and saying see you later but, we looked at the social issues and by saying all that I think you would understand that we're fairly we're very committed to what we do, very committed to Aboriginal people, my people, to health and nutrition, to employment and training and at the end of the day it means that we've got to work twice as hard for the next 10 years.

**Dr LIM:** With your nose above water.

**Mr ROGERS:** Yeah. This business up here has always made money. It was the one down south that dragged us down but we learnt a hard lesson but we're back here and we'll continue to fight on, so that's that.

**Mr BALCH:** Members are there any other questions?

**Dr LIM:** Let me throw this question to you some people say this, is power the cost of electricity in Alice Springs a major factor in your business?

**Mr ROGERS:** Yeah, but I mean it's a consumable power that we all have to pay at the end of the day people understand and we certainly let them know that you're in the middle of Australia.

**Dr LIM:** When you were running Head Street and you were not running 24 hours and you had premises like Coles and Woolworths running 24 or until midnight or whatever, was that a factor for you at all?

**Mr ROGERS:** It affected our business, no doubt about that. No doubt about it whatsoever. I mean you've only got to go to Coles now at 11, I shouldn't say that, you've only got to go to the 12 hour outlet now at 11 o'clock at night and there's a hell of a lot of people there, 5 o'clock in the morning, hell of a lot of people there doing their shopping. There staff you know they've only got 3 or 4 people on, you fridges and your freezers are running away.

**Mr BLACH:** Stocking aisles.

**Mr ROGERS:** Yeah that's right so there's work there that needs to be done so why not open your doors. I mean I can understand ...

**Dr LIM:** There's no added cost in keeping it open in otherwords?

**Mr ROGERS:** Well exactly or it will be very minimal so that's obviously what they've done. I mean it's a smart move and they're smart in their strategy we've all consumers are convinced by the ads on the TV the flash ads and the advertising and the specials and the lost leaders and all that people don't understand those things and at the end of the day as I said before people are lazy. If you can go somewhere and did everything that you want there's nothing worse than going to a shopping centre and saying they haven't got any bloody, litre milk or something. You go to Coles and get everything you want, I can understand that. What I can't understand is the margins.

I mean when we had Head Street, we buy from Independent here or Davids as it's now called, we used to buy from Independent in Adelaide, it was cheaper for us to buy from Adelaide even with the freight component, they had more variety and we would buy soap powder, dog food and there's one other product that I can't think of from the major retailers here in Alice Springs because it was cheaper than buying it from a wholesaler, unbelievable but it was cheaper.

If you're smart about it and a lot of the smaller shops and supermarkets used to do that. Used to look at the specials and the communities do that as well, look at the specials they put out, buy those specials because they are a lost litres and those people that are buying wholesale said well they're buying wholesale so they'd know the prices and that and they see coke at some ridiculous price and they go and buy it.

**Dr LIM:** Are they truly lost leaders or are they just lost leaders in the sense of, into the store but in fact because of rebates and all that they are in fact not really lost leaders.

**Mr ROGERS:** They are probably not lost leaders to the stores that are doing it because they are getting a better deal than what I am but I call them lost leaders because they're cheaper than what I can buy it. But when you take into account they are paying less sales tax and their bargaining the best deal they probably actually buying it cheaper. No, if you know what I mean it's probably not a loss to them, I'm sure it's not.

I quite happy to leave that store book, the store video, I can give you that other information if somebody wants to give me a ring.

**Dr LIM:** Well Rick will get in contact with you.

**Mr ROGERS:** Photos I'm reluctant to give you.

**Mr MITCHELL:** They would be interested to see though. I think it's a, thing that you're doing there, because you're right people don't have to buy a whole head of cauliflower or whatever and you if you give it to them in small quantities particularly bearing in mind their inability to store it. So they buy it and use it straight away.

**Mr ROGERS:** A lot of the bigger stores are certainly doing that sort of thing as well. I'm led to believe if you go to America you can't buy very much loose product it's virtually all pre packed because they obviously understand that their customers, husband and wife working 10 hours a day and they've got to run in and grab this and away they go. So it's a similar thing with our customers with similar thing in

what we're doing but our customers are different ...

**Mr MITCHELL:** Even in an average house I know in our house if you buy a lot of fruit and veg. You're better off paying a slightly higher price for it to just getting the amount you want because when you buy the whole thing you often throw half of it away anyway because it's gone rotten in your fridge before you can use it so it's quite, for the communities.

**Mr ROGERS:** It is and like a say we just started in small quantities and quite honestly as I said before summertime when there's a lot of fruit around because we pre pack basically anything, apricots and plums and all that we will do 10 000 packs a week. That's a lot of packs.

**Dr LIM:** Do you source any of your produce fruit and veg locally?

**Mr ROGERS:** Yes, whenever it's available. We buy a lot stuff from Ti-Tree but the probably is buying it locally you would buy a pallet of tomatoes this week, next week you can't buy any and that's the biggest problem.

**Dr LIM:** But does it matter that you can buy one week from Alice Springs or Ti-Tree and next week you buy from Adelaide?

**Mr ROGERS:** No it doesn't matter. It doesn't really matter but you know we need to, we go through a couple of pallets of tomatoes a week so we need to have that supply there and we certainly we buy a lot of the lettuce mix locally, hydroponically grown it's a good product, it's a good price and we buy that. We buy stuff from Ti-Tree such as tomatoes, capsicums, grapes and that when they're in season and when they are available.

**Dr LIM:** For instance so you see Hermannsburg, start up a cash crop of tomatoes could you source your supplies from them and therefore allow an industry within an Aboriginal community to actually start up from - we have the manpower, hopefully they have the water, they have good land they just need some way of turning that labour, water and land into something that is tangible such as a produce that they can sell to a local wholesaler.

**Mr ROGERS:** Well there's been a few communities in the past that have tried that and unfortunately it failed because they've put it on the back of a ute and went around and tried to sell it to retail outlets. Now I've been saying to a lot of people for a lot of years that we should be getting together and saying like you said Hermannsburg you grow tomatoes, Alparra you grown oranges or whatever, you grow this and we'll distribute it for you so that you know that you've got an outlet for the product, we know that we can get rid of it, we know we've got the product coming in but it's the whole politics ...

**Mr MITCHELL:** Then you're problem would be the continuity of the supply which you start sourcing, would have the guarantee ...

**Mr ROGERS:** Supply and quality as well.

**Dr LIM:** ... here with most cash crop you get 30% probably of the harvest probably good enough for sale through a region outlet the other 70% actually gets ploughed back into the ground because they're seconds, they're not very presentable. In combining your outlet with say Tony A La Castro and his food processing plant which can take up the other 70% would that be a sort of a workable thing in Central Australia?

**Mr ROGERS:** Yeah. Our core business in wholesale fruit and veg and particular in the freight. We have had the opportunity over years to get into other products and you have everyone ringing us up because they know we're an Aboriginal business, they know we do community business and they'll ring us up and say listen we've got water and that how do we get it out to these communities, can you introduce us? We're not interested in that because, because we're an Aboriginal business, because we want to focus on what we're doing. We don't want to divert from what we're doing it.

**Mr BALCH:** Stick to your core business.

**Mr ROGERS:** Exactly, we believe we do a good job with what we're doing. If we get into other things then it takes us away from that and we want to concentrate 100% on this and the freight now because it's a component of what we do because ...

**Mr MITCHELL:** Well it's a cut throat business and we need to focus on it.

**Mr ROGERS:** Exactly and it's very competitive and it's very price orientated. Like I say they go up and down pricing, we need to be on top of everything, all of the time and even though I was saying before you know we've lost a lot of money with our business concerns down south but we're still enthusiastic, we're still focused, we can still deliver through all of that scenario and there was notices in paper and all that. We only lost one customer, we put a notice in the paper thanking people because we had people come to us and just give us morale support. We had people come to us offer us employment and we had people come to us and offer financial assistance and say listen we know how hard you've worked, we know what you're doing, we can get 10 people together throw in some money and get you going again. I mean that's unbelievable and so that's really the thing that's kept us I guess going through this hard time. We're back on track now.

**Dr LIM:** Well thank you very much Des for ...

**Mr MITCHELL:** Just before you go that freight component I was talking about before would you mind just putting down something to about your freight from here to XYZ community or whatever?

**Mr ROGERS:** The rate?

**Mr MITCHELL:** Yeah, just how you do it.

**Mr ROGERS:** I Can tell you how much we buy it for, what our margin is for the produce, the freight component, the freight price that we ...

**Mr MITCHELL:** It's just that the only reason I ask is we'll be looking at prices out there and we need to see how much of freight is a component.

**Dr LIM:** I mean the more detail we can have the better it is to help us work it out. I mean we will actually guard your information closely so that it's no shared out but at least it gives us an idea how things are worked out. I could never work it out myself because I'm not in the business but somebody whose wholesales a product for a manufacture or whatever at that price and you get the retail price. How does one compute this gap to which a gap that is suppose to be reasonable whatever that means and I could never grasp that.

**Mr BALCH:** Purely our focussed in fact I think in the our deliberations is that gap between wholesale and retail, how is that made up? What constitutes that because in there you've got freight component,

other costs and your margin, it's that I guess at the end of the day when we draw comparisons to other regions what we are going to say well how does that compare to other regions, how is that made up? Is there a bigger freight component, more staff costs, how do all these components stack up one region to another and that'll tell us more about whether the prices in the Territory are fair and reasonable.

**Mr ROGERS:** I've got no problem about getting that information to you. I'd prefer to do it ...

**Dr LIM:** Absolutely. Okay, well thank you everybody that's terrific. It was a very very productive day.

---

**Yuendumu Council**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

YUENDUMU – Wednesday 19 May 1999

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary) (absent)

**Appearing before the Committee:** Albert WILSON, President;

**Yuendumu Community Government Council**

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** We will start. John Albert, thank you for coming and sharing your thoughts with us. The Committee as you know was formed in February of this year, because there was a concern that food prices in the Northern Territory were high and so we decided that we should come and visit the bush communities as well to find out about their difficulties in shopping and all that, and what costs they have to put up with. We are visiting Finke, Ali Curung, we are looking at Alice Springs, Tennant Creek and also the top end, also Katherine, Darwin, Ngukurr, the sort of areas we are looking at.

Now what we are interested in obviously is to find out what you think about your store in Yuendumu, your stores in Yuendumu and what difficulty you have. Whatever you say to the parliamentary committee is parliamentary privilege. You are protected with information, and we want you to be as



frank as you possibly can to tell us as truthfully as you can what you feel. Tell it straight so we can really understand the issues and then we will see what we can do with the information and we hope we make things easier for everybody if we can. If we can't we can't, if we can we can.

**Mr WILSON:** No well, the only problem for me is you don't want the Territory government should let Katherine know that they're a member for up in Darwin you know they can do these things, like I watch them check up food prices and then or you just told me that all this was made up in February.

**Dr LIM:** No, we did. We wrote to everybody. Well I signed I don't know, hundreds of letters to every community council in the Northern Territory.

**Mr WILSON:** To Yuendumu?

**Dr LIM:** To Yuendumu also. Jack's got a list as well. I sent to every council in the whole of the Northern Territory, municipal councils as well as community councils. We wrote to the church groups, we wrote to wholesalers and the retailers, lots of businesses and including the council here. So obviously they...

**Mr AH KIT:** The Town Clerk should have received the letter and it should have been brought to you and the council to let you know what we're doing and why we have been formed. But that obviously didn't happen.

**Mr WILSON:** It didn't happen. Because like now, see what government members you mob now what, the ... people didn't even tell me yesterday. I would have thought, I thought to myself only some ordinary people come.

**Dr LIM:** This trip was organised what 2-3 weeks ago with the Clerk.

**Mr WILSON:** The Town Clerk didn't even tell me. Only the what's a name secretary came down here yesterday, and have it to me, Three weeks ago was council meeting.

**Mr AH KIT:** When does council have meetings?

**Mr WILSON:** Once a month.

**Mr MITCHELL:** Does the council have anything to do with the stores in any way or is it just wholly and solely different committees?

**Mr WILSON:** No, for pricing and all from the council chairman. He cannot interfere but a matter of public meeting. But I been trying for public meeting so 3 week ago I rang Consumer Affairs to send one bloke out. Because you know why, I am only saying that now because I wanted council to know about you fellas. See if it was the batch of fellas 3 weeks ago well I should have rang Dr Lim up and asked him to come out and have a look at these prices. But see now you mob are here well I offered Ned to bring...

**Mr BALCH:** Ned bring some back.

**Mr WILSON:** ...some back. I am not on the upper council. That may be to one council to council and the rest from different groups around here.

**Mr MITCHELL:** So in different communities things seem to operate differently as far as the stores and that go. Some community councils run the stores themselves, others are run by outsiders coming in and

the people in some areas don't get a direct sale ... some in the store. There seems to be a big difference big change in prices from ones that are run by the community to ones that are run by the outsiders and this is, we're trying to find out the proper reasons why that's happening and then what we'll be doing at the end of the day is reporting back to parliament on that, and then we see what comes out of that.

**Mr WILSON:** Yeah well, I also told the secretary, I also told Frank the manager of the mine to come, but they both refused. There is something wrong between them, but...

**Mr BALCH:** They shouldn't be scared of what we can talk to them about. Maybe we could even help them.

**Mr WILSON:** Yes, the mining company had no elections for the last 25 years.

**Dr LIM:** Which mine is that?

**Mr WILSON:** Well he call ... Tin Mining. Well he uses our name you know, what you call Yuendumu Mining Company. Incorporated into a mining company. His, member of Aboriginal here, well he's got about 7 directors there but they never been changed.

**Mr BALCH:** So no election for a long time.

**Mr WILSON:** Nothing. And this mob have election for about once a year every 12 months.

**Mr AH KIT:** Where's the profits go?

**Mr WILSON:** That's what we're trying to find out now.

**Mr AH KIT:** That's a problem hey? I just ask the question whether it goes back into the community or it goes outside into somebody's bank account, I don't know.

**Mr WILSON:** No well see next year a meeting we was going to have this year one, by law in the land for us. That land for us there belong to the Yuendumu land, we want this land to be handed over since Whitlam I think or Fraser time hey.

**Dr LIM:** The shop there is for the community, but its not owned by the Community Council. Its owned by somebody else?

**Mr WILSON:** No that's owned by the community.

**Dr LIM:** So its owned by the community.

**Mr BALCH:** It's a community asset with a community committee?

**Mr WILSON:** Yeah and they get their own manager, yeah and all these things.

**Dr LIM:** So the community elect the board to look after the shop committee. The shop committee get the manager.

**Mr WILSON:** Yeah. A bit like the council. They elect a council and from there maybe next month they make the shop.

**Dr LIM:** But your accounts and all that they look after it themselves.

**Mr WILSON:** No well that's the problem see. They come up here and tell me that the shop manager now he's doing everything. He's the bookkeeper, he's the manager, his the ... auditor, and that never happened before. You know what they should have one auditor in Alice Springs an auditor to the office or Deloitte's, He go to Queensland to get them. See the bookkeeper well he does that himself. I think him and his wife is the manager and manageress so that shop paying too much there. Paying about \$80 000 for both what \$160 000 a year.

**Mr AH KIT:** \$80 000 one salary?

**Mr WILSON:** For both.

**Mr AH KIT:** Like 2 salaries. One \$80 000 and another one \$80 000.

**Mr WILSON:** No, they pay about \$80 000 a year I think.

**Mr MITCHELL:** For 2 or for one?

**Mr WILSON:** I think for both. I know the card says manager and manageress, so I am sure they could be on the same wages.

**Mr AH KIT:** Yeah, but I'm trying to work out \$80 000 each or ...

**Mr WILSON:** I think \$80 000 each.

**Mr AH KIT:** Yeah, that's what I'm trying to work out. \$80 000 just for the 2 of them.

**Mr WILSON:** Nuh. Well they bought this is that thing, they bought houses and everything land and everything in Palmerston. These the things what come to me.

**Mr AH KIT:** Its not our job in our terms of reference to whatsaname, that business that's council and shop committee mob. If the shop committee's strong then you got a good manager that you got more say you know.

**Mr WILSON:** That's what, came to me this morning, he asking me to take off, he bought land and everything in Palmerston.

**Mr BALCH:** Do you think that in your instance that it might be better for the shop to be run by the council rather than a separate committee?

**Mr WILSON:** Well I think that shop should be handed over to the land trust.

**Mr BALCH:** Its really the council represents the people don't they.

**Mr WILSON:** See well next year this might change into municipal, this council. You know in 1993-94 we changed to local community government, so now the office in Alice Springs telling me by the year 2000 it might change into municipal.

**Mr AH KIT:** Is this with amalgamation of other community government councils?

**Mr WILSON:** No, well these other ones, they never, never was, like Papunya, Hermannsberg and all them they still...

**Mr AH KIT:** What's the difference between a community government council and a municipal one?

**Dr LIM:** A municipal council has a lot more autonomy than a community council. Community councils tend to work to a sponsor of the government. Office of Local Government has lot of input and a lot of say over what happens.

**Mr AH KIT:** That would be more a Mataranka.

**Dr LIM:** Yeah. Municipal has much more autonomy. Like Katherine, Tennant Creek, Alice Springs, Darwin City Council.

**Mr WILSON:** Like that yeah.

**Dr LIM:** How many people live here?

**Mr WILSON:** Nearly about 2000. That's about 1300 I think or say could be about 1700 to 1800.

**Dr LIM:** And many different groups.

**Mr WILSON:** Well there's about 200, That's school teachers, police, and Aboriginal people.

**Dr LIM:** Different clans?

**Mr WILSON:** No most of them is all Warlpiri. All Warlpiri and there is maybe about 2-300, people like from, this side and mostly, about 23-30-40, people that got married that got married in Warlpiri.

**Mr AH KIT:** Does this 1800 counting the outstations too?

**Mr WILSON:** No, there's no outstations here.

**Mr AH KIT:** Nothing here?

**Mr WILSON:** There is plenty outstations but they all left them, they all live in Yuendumu. Not like Hermannsburg and them, they all scattered. Papunya scattered, Kentore and but here we got all the people all in. They doesn't like to work outside. There's more job here than sitting outstation ....

**Mr AH KIT:** CDEP here?

**Mr WILSON:** Yes. The next office.

**Mr AH KIT:** That's been going for a while?

**Mr WILSON:** Yes, that's been going for a while. We got CDEP here, we got council, what's the other one here, that's got plenty employment there and the school got plenty ... network deep throat.

**Dr LIM:** What's happened to it.

**Mr WILSON:** They got a fella here from Canberra here already. Like you and me, they sent him from Canberra ATSIC I think. He only be here for 5 weeks or, I told the other parliament bloke don't interfere with, So I'll talk to him again, one of your gang.

I'm on the way to ...

**Dr LIM:** With your shopping in Yuendumu, are the people finding that their money is not enough to buy...

**Mr WILSON:** No, well the old people only been in fed, you know from Monday to Friday the thing look after them women's centre. And they give them lunch and a bit of stuff for breakfast or maybe something small for supper. Then what makes be wild the old people comes and tell me they can't anything out for Saturday and Sunday, and their daughters try to go up and get their money out. The, thing and they say, no we can't give you that one. What's the poor old fellas going to eat on Saturday and Sunday.

**Mr AH KIT:** The Woman's Centre hold their money?

**Mr WILSON:** The store hold their money. The money been there, you know some of them old people would have nearly thousands there. Of every fortnight they got to pay...

**Mr Ah KIT:** Do they have bank books or cards?

**Mr WILSON:** No the banks pulled out it would be about 15 years ago.

**Mr AH KIT:** So it be like book-up.

**Mr WILSON:** Yes with their name on envelope left in the safe you know and they pay about...

**Mr BALCH:** And they don't give them no access on the weekend?

**Mr WILSON:** On the weekend they can't even touch it you know. Some of them can't, walk up.

**Dr LIM:** Is the shop open on the weekend?

**Mr WILSON:** Yeah.

**Dr LIM:** That is crazy.

**Mr AH KIT:** Does many old ladies still living down there as you drive in on the right hand side in that humpy?

**Mr WILSON:** No. Big mob down that end now you know and all of them grandmothers, you know when they loose their husband and then they all get together like different school groups. You might have, that end, down this end, the other and old people you know. Well every pension day all right they pay them, they get about \$40 and that's the Women's Centre. The Women's Centre being funded by ATSI. They get about \$300 something pension money you know. All the left over they leave in the little sack with their name on it. On the weekend when their daughters go up and try to get money, You can't take that money its hard.

**Mr AH KIT:** The Women's Centre closed on the weekend hey?

**Mr WILSON:** Yeah, Saturday and Sunday.

**Mr MITCHELL:** So even though the store's open on the weekend and they've got their money sitting in the store they're not allowed to have it, and the...

**Mr WILSON:** Yeah. That the problem. My wife come screaming at me look I can't even get \$20 for my mother.

**Mr MITCHELL:** But why? Is it just a policy the store has got?

**Mr WILSON:** That they've got I think. You know they come and I been trying to put a public meeting on but you know, trying to get these things out.

**Mr MITCHELL:** See Albert there is a lot of things that we can't follow through I suppose or investigate or whatever because there is a few problems going on like that. What we will be doing though is looking at the problems that cause these prices to be so high and we can bring all that sort of stuff in our report. So a lot of this sort of stuff that causes the prices to be high we can bring that out, although we can't act on it specifically.

**Mr WILSON:** Yeah well the freights come every Monday, so that costs about \$800 I think. But the price in the shops are double I think.

**Mr BALCH:** You get Des comes up here doesn't he? What was his name we saw last night. Des Rogers.

**Mr AH KIT:** Des Rogers brings the produce.

**Mr BALCH:** You know Des comes up. Brings his truck up with all the stuff on it.

**Mr WILSON:** I think he more, or one bloke lives at Mt Ella there. Well he's the owner of the truck.

**Mr BALCH:** Well that's not Des then.

**Mr WILSON:** He got a big hold Hyno I think it is.

**Mr BALCH:** And he runs up and down brings all the supplies in.

**Mr WILSON:** In the ...

**Mr MITCHELL:** Can you tell us Albert, do you think the prices are higher a lot higher than what they need to be.

**Mr WILSON:** Yeah. Food prices are appalling.

**Mr BALCH:** Well see it seems to me that we have a shop here that's not being run to best affect to the community, so therefore the prices probably aren't then.

**Mr AH KIT:** That's the difference you have when the council is not in control of the shop and if you have a shop committee. In many of the communities back in the 1970=80s, progress associations and social clubs and that sort of stuff so they're still now got their own committee and then they do their own things and if there's not somebody pretty smart to make sure that the shop manager is doing the right thing, then the shop manager becomes a law unto himself.

**Mr WILSON:** Yeah, well that bloke is now.

**Mr BALCH:** The fact is really if you've got a council, if you want a shop committee that should almost be a sub committee from the council if you want to have a small committee to run the shop. That's a better way to go because then at least they've got a link back to the council rather than being out there.

**Mr MITCHELL:** But do you know why that there are so many people on that council that runs the...

**Mr WILSON:** I don't know why. Because at the next election, the next public meeting I have I'll tell them, well I already told some people, 60 is too much. All we want we should have at least 9.

**Mr MITCHELL:** Are those people traditional owners from this particular...

**Mr WILSON:** No. I'm one of the traditional owners see. You know and the problem is well me and my family and my cousin and we have an argument with the Warlpiri people. You might have heard me on ABC Radio last year. I believe this land belong to the ... Aboriginal really. And 40 miles out is Mandarin Station and out there that way that's Warlpiri land.

**Mr AH KIT:** When you say, is that Magara mob?

**Mr WILSON:** Yes, they the same mob.

**Mr AH KIT:** So this is Magara country. Right back to Ti Tree on the other side?

**Mr WILSON:** Yes. Or right back to Eutopia.

**Mr AH KIT:** Okay. Warlpiri mob further out?

**Mr WILSON:** Yes.

**Mr AH KIT:** He was talking last year about these mob got to get out and start moving back onto, to my country.

**Mr WILSON:** We had a big argument you know on ABC Radio.

**Mr BALCH:** When you talking about making your committee smaller for your sub committee, perhaps there should be some thought about having a couple of council members on that committee too.

**Dr LIM:** Are there any council members on the committee?

**Mr WILSON:** There is.

**Mr MITCHELL:** So there is council and committee.

**Mr WILSON:** But they don't give us feedback.

**Dr LIM:** Why not?

**Mr WILSON:** I don't know. Well I think they in more debt than up here, because you know what some of our councillors you know they in the shop community they use their power too. Because one week when, was here, all the councillors was here 3 years ago all there was was the community council and the shop council.

**Dr LIM:** But in the last 3 years things have changed hey?

**Mr WILSON:** Yes, in this last year when, took over then they make change.

**Mr AH KIT:** If you are going to look at changing the numbers and discussing that you'd probably have to go and have a look at that shop constitution, because the constitution...

**Mr WILSON:** No well they told me they got nothing. Constitution gone.

**Mr BALCH:** Making up the rules as they go.

**Mr AH KIT:** Well they want to have one because they might get in trouble. If you are trading there

through a shop without a constitution you can get legally in trouble with it.

**Mr WILSON:** Yeah. No, a bloke told me he got one constitution left over there. He's the mob that over the shop in Whitlam time the Baptist Minister. He told me the constitution still there, he got it in his office.

**Mr BALCH:** I think it might be a bit outdated now.

**Mr WILSON:** Oh yeah. That was 1974-75. If I goes over there and ask for packet they say oh no you can't book out. You know that's the law of the community. Their community, Okay, no but I am chairman presently, we are brother.

**Mr AH KIT:** But some of the board members they allowed to book that?

**Mr WILSON:** Oh they book all the time. You know what, Me I'm the President of ...

**Mr AH KIT:** You can't even book up a cigarette.

**Dr LIM:** This is a serious matter we shouldn't be laughing about this.

**Mr MITCHELL:** I was just going to put it out, in your opinion, what the impression we are getting is that there is a fair bit of shonky business going on that's causing higher prices at the store?

**Mr WILSON:** That's it. That's a fact. There are some people owing \$20 000 there.

**Dr LIM:** How do you prove it?

**Mr BALCH:** Well its not up to us.

**Mr WILSON:** \$15 000 I can prove it if I want to, but that book they won't give it to me. But if the council haven't got power to get it off them to have a look at it and get the cost. What the same thing they trying to hand me the Tanami last week, give it to the council to take it over. But then to my, that the federal police will be here.

**Mr BALCH:** I think for our intensive purposes what we're finding out here is poor management or mismanagement or even corruption is a big contributor in some communities to the cost.

**Mr WILSON:** And the 2 places I'm talking about the, the Tanami shop.

**Mr BALCH:** And whether there can be ways to help the communities get more efficient management and operation is the question.

**Mr WILSON:** And the fresh items. John Frank, is still paying like Flaherty and ...

**Mr BALCH:** Who?

**Mr WILSON:** That chap over there. They work, when we work for the shop...

**Mr AH KIT:** They don't get wages?

**Mr WILSON:** Not much. CDEP pay that. I written a letter to Frank too asking him to put the money up. Poor Henry been working for nearly what 12 years now. He been with council till that accident, but he shifted over to the mining company. You know what they worth by, All the way to drilling companies



and that and that big money, and when will the money come?

**Mr AH KIT:** So that Yuendumu Mining Company shop and its got a board of directors too? Or a shop committee?

**Mr WILSON:** They're own board of directors, but they got an old board.

**Mr BALCH:** But you said it never changed in 20 years.

**Dr LIM:** They haven't changed for years.

**Mr WILSON:** From 1970s and that never changed.

**Mr BALCH:** That must be a good job. No election nothing.

**Mr WILSON:** Nothing, father goes back to England he go visit his family back over there.

**Mr AH KIT:** Every what?

**Mr WILSON:** I mean Holland. He's a Dutchman.

**Mr AH KIT:** What he goes every 2 years, 3 years of every year?

**Mr WILSON:** Yeah he goes back home to see his family in Melbourne going every where and the poor bugger old Henry and them want to go and book their food and, That bloke work for the mining company, big mining company. And they make the rules for the mining company, Tanami and all that and getting big dollars. You know what that bloke running 2 business, shop and mining.

**Mr BALCH:** Because really in a community where you've got 2 stores there should be some level of competition that provides a better, but because both of the stores have got deals going with committees and stuff.

**Mr MITCHELL:** So the employees of this particular one here, their CDEP paid.

**Mr WILSON:** And the big one.

**Mr MITCHELL:** That was my next question. How many people are over working there do you think?

**Mr WILSON:** Yeah well Aboriginal would be about 3-4 Aboriginal in the big shops. The other 12 or 10 would be .....

**Mr MITCHELL:** And the Aboriginal people are paid on...

**Dr LIM:** ... the community one. There is only 3 Aboriginal people and the rest are kari.

**Mr WILSON:** ... yeah. Over there the same again. There is more kari than the, From the, they get the CDEP wages. See the kari they give them full pay. The shop manager said I don't know, well the CDEP pay them then the shop top them up \$250.

**Mr BALCH:** That's right. If they doing the same job they should be getting extra wages for top up money.

**Mr WILSON:** Yeah true. Well even when I been, I been watching them for years but I got to ask them

land owners the traditional owners here to take over the shop. Because I heard up in Arnhem Land and Kakadu and then, runs that, it was the traditional owners did it. But here it's a whole, who is maybe more Warlpiri in them, and there the arguments go on.

**Mr MITCHELL:** Albert do you know how much you pay for a loaf of bread here as an example.

**Mr WILSON:** \$2.

**Mr MITCHELL:** \$2 for a loaf of bread.

**Mr WILSON:** I think, yes. That the cheapest I think.

**Mr MITCHELL:** Where does that come from?

**Mr WILSON:** Alice Springs. Packet of cigarettes about \$7.50. Well I think that is federal government law.

**Mr BALCH:** Yeah, a lot of tax on cigarette now.

**Mr WILSON:** Yeah, so they \$7.50 and tobacco would be about 20.

**Mr AH KIT:** One tin?

**Mr WILSON:** Yeah.

**Dr LIM:** Fruit and vegetables?

**Mr WILSON:** Fruit and vegetables, oh mango is \$5 but it depends on the size. If it is mango that size it is \$2, if it that size \$4.

**Dr LIM:** I think we will have a look at it. Albert I think the price is lower now.

**Mr WILSON:** I tried to take you mob to the food shops first and then come up.

**Mr AH KIT:** What about the meat, that all from Alice Springs. You mob haven't got your own abattoirs here?

**Mr WILSON:** No well Frank took over the cattle. Not bad for a mining company, that's running a shop and look after the bullock here to.

**Mr AH KIT:** Do they do any mining in the meantime?

**Mr WILSON:** I don't know mate.

**Mr AH KIT:** Not enough money in mining they have to do everything else.

**Mr WILSON:** Next week about the bullock, when I was in Adelaide...

**Mr AH KIT:** But is there an abattoir here?

**Mr WILSON:** No there is no abattoir here.

**Mr AH KIT:** So you got to get all your meet from Alice Springs?

**Mr WILSON:** Yeah. Well they have stockmen, there is another fella that's been looking after the

mining the cattle company for 20 odd years well he had a heart attack got paralysed. Then Frank ...

**Mr AH KIT:** What was his name?

**Mr WILSON:** Billy. He was riding around on his little, Billy. Next minute he was querying because it was a mining company who took the cattle on and he said he never been asked to, he never even asked the people that owned the cattle.

**Mr MITCHELL:** Many cattle there?

**Mr WILSON:** Yeah, well they ...

**Mr MITCHELL:** Station?

**Mr WILSON:** No, just old.

**Mr MITCHELL:** Just bullocks in the paddock just wandering around.

**Mr WILSON:** They were all wild.

**Mr AH KIT:** How many?

**Mr WILSON:** Could be 2-3-5000 I reckon. When we had good rain last year, 2 years good rain.

**Mr AH KIT:** That's where the trick is I suppose, not the trick but trying to find out what you could grow here. We're getting programs where you could grow you know fruit and vegies and stuff that you can sell to the shops, to the community, you know having projects going and looking at an abattoir. If you got plenty of beef and good beef country. Barunga they were supplying eggs to Katherine one time, good quality eggs. They had a piggery and stuff like that, they all seem to have a go here and there but if there is nothing sort of sustained throughout.

**Mr WILSON:** Well when I first came back from Darwin one of the things we used to, in the welfare days, they had watermelon, rockmelon corns everything growing. Even pigs walking around they were wild in the bush over here.

**Dr LIM:** You got good water here?

**Mr WILSON:** No. It's a little bit salty. We all got bores. You know what some of the outstations bit of things in it, water uranium, so they left it. They call that the, basin. Under there's uranium. Even for another 20 mile right down to Mandarin about 60-70 miles.

**Mr AH KIT:** Don't tell them Greenpeace environmentalist mob that. They'll be out here having a sit in.

**Mr WILSON:** They find this before Jabiru. Yeah in the 1970s, they got a big camp over there in the 1970s. A big mob of them went to the caves, because that is the other factor that sent a lot back from Adelaide and the workers been out there. They been to, old centre. They sent them back home.

So the CDEP big uranium reserve underneath there, and these people came and asked me did the mining company, all the greenies from all the cities were...

**Mr BALCH:** Still them protestor mob thought it was hard in Jabiru, wait till they come out here in the middle of summer and sit out there. They will be cooking eggs on the rocks.

**Mr WILSON:** They will be cold by then at 33. Like Christmas.

**Dr LIM:** Well I think we might just quietly go up to the shops and have a look. Would they mind if we walked to the shops? Do you think they be angry?

**Mr WILSON:** No. I just say the Chairman of Yuendumu and they can't say a word.

**Mr AH KIT:** Albert said to come to a strong finish on this, introduce ourselves say good-day.

**Mr WILSON:** Go and look up prices or anything you like. Look at the aisle, well the most complaint I get is from the clothing, or little boys bikes, televisions, video machines, that most of the things. The main food like beef and some meat that been selling that look blackish, in other words some of the people tell me that when they eat it they get sore stomach because its black. Well I said it could be off or it too long in the fridge. So they selling the stuff that supposed to be sell before Christmas. Too old. Stale. So I'm asking you to have a look at that part or the frozen meats and all that too.

**Dr LIM:** Many of the women here complain?

**Mr WILSON:** Yes complaining. You know what this the baddest place for sickness. Last year we had the Flying Doctor fly out here nearly 5000, really bad. Big mob. Just day and night, day and night.

**Mr AH KIT:** Do you ever get the food health inspectors through the health to come out check?

**Mr WILSON:** No. That was checked through the health was here anytime?

**Mr AH KIT:** Yeah, but there's food health inspectors who can come out through the health clinic if people are getting poisoned. We can't go and get onto them. We just going to go and have a look.

**Mr WILSON:** Yeah, I'm only asking you mob to have look because after all I give you mob and some people up here then we talk what happened down there. We will talk about what you plan.

**Mr BALCH:** ...and idea of having a multi faceted single kind of contact here regarding particularly coming out to communities like this.

**Dr LIM:** Is anybody in the Women's Centre come to talk to us about this?

**Mr WILSON:** I will ask them when you mob leave, I might give them a ring.

**Dr LIM:** That would be good to get them to come and talk to us. There would be some women leaders here who could tell us a few things.

**Mr WILSON:** Yeah because I think they costing a lot of money to buy vegetable for the old people, say pumpkin potatoes. Well I can't talk about the price or I'd like you mob to go and see.

**Dr LIM:** We will go and do that now.

**Mr WILSON:** After, I'll go into my office and we'll talk

---

**Yuendumu Community**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

# PUBLIC HEARING

YUENDUMU – Wednesday 19 May 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary) (absent)

**Appearing before the Committee:** Albert WILSON, President;

**Yuendumu Community Government Council**

Kay SMITH

Lyn SIMS (Nora)

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Thank you for coming. The idea of the committee - this is in bush communities - to try to work out for ourselves if we can get some information in our own heads as to what the reasons are for the price of food and fruit and vegetables and all that, to be significantly different between bush communities, our urban areas and why our urban areas are different again to the eastern states. That's what we are really looking at. We are sort of trying to go to shops to talk to the managers, or owners, to see how they buy food at wholesale price, and this is the retail price, how do you work out this gap to come to your retail price ...

**Mr BALCH:** Why you're charging what you're charging.

**Dr LIM:** ... obviously you have staff and power and rental and all that's got a lot to do with it, but also there's got to be a profit margin. Where does that come into it, and what sort of rationale you have work out and that sort of thing, and how that impacts on people.

We hear that you provide meals, a meals-on-wheels type service in Yuendumu, so it's up to you then.

**Ms SMITH:** Okay. We just found out when the phone call was made, so we've sat down - Lyn and I have sat down with 2 other workers, and we've just drawn up something we thought, from the perspective of old people and from the perspective of our program. So I'll just run through it, is that

okay?

**Mr MITCHELL:** Yes, that's fine.

**Dr LIM:** Sure, that's fine. You're being recorded, all right? So when your submission then will be transcribed and we'll send a copy back to you, so you can read through what you said and make any factual corrections that you need to.

**Ms SMITH:** Okay, yes. Because we haven't talked widely with old people about this, so it's just based on our working knowledge and without giving it much thought over time.

But the shops here at Yuendumu, we think that they do try, and between the 2 shops there's fresh food that comes in twice a week. So there's a good supply of fresh food here. And I've been here at Yuendumu for 5½ years, and the quality of the fresh food is very much better than it was even 4 years ago. We used to get rotten meat and rotten vegetables from the big shop when I first came here, and didn't have very cooperative management about that.

People feel quite strongly that the mining shop is cheaper than the big shop. At the big shop, some things are too dear, things like eggs, chicken, kangaroo tails, tea, milk are expensive. Old people can't manage on their pensions, and for a lot of old people, all their money goes on food, and then they're unable to buy blankets and clothes and jumpers and power tickets and billycans and all the other things that they need to live a reasonable quality of life. Not only does it cause hardship for the old people, it causes hardship for the whole family, because many of our old people are looking after grandchildren. There's not very many that don't have responsibilities for the rest of the family, hey?

So after a few days when their money runs out for fresh food, people live on flour and tea. They live on damper and tea, and it gets supplemented by bush food. In strong families, younger people with cars are able to go hunting for kangaroo and they share it around the families, but some old people miss out, especially if they don't have strong family support.

The shop does try and help old people who opt then to a system whereby they hold their pension and give them out \$20 a day to help them try and budget for their food. And that's a much more flexible arrangement under the news management than it was when I first came here. It was much harder for old people, even 4 years ago.

A lot of people from Yuendumu shop in Alice Springs for food and clothing because it's cheaper. But because a lot of old people never leave Yuendumu, they're here all the time, they don't necessarily get that help, or they only get a little bit of help with shopping from town, from Alice Springs.

The old people's program buys cheap secondhand clothes over at the mission house. The mission house sells secondhand clothes on Thursdays, but that's not always exactly what we need, and causes hardship. And also, donations from south are no longer as forthcoming as they used to be. We used to get bales of secondhand clothes and bales of blankets donated by church groups and others to the old people of Yuendumu, and that's dried up now, with the economic hardship, and we can't even buy bales of secondhand blankets anymore. So it's very hard to supplement people's needs when all their financial resources is going on food.

**Dr LIM:** St Vinnies and Salvos and all that in Alice Springs cannot assist?

**Ms SMITH:** Well, it can if we go and get bush bags. You can get free bush bags there, but that's a

logistical matter of being in town and picking them up and fairly distributing them too. We're a bit erratic with that. We haven't sort of got that together.

So there are a lot of times when people's diets are really poor, incredibly poor. And with this - who are those people doing all the environmental health and they're doing health monitoring of community ...

**Dr LIM:** Oh, that would be the Territory Health Services and Menzies School of Health Research combined, is it?

**Ms SMITH:** I think it might be the NAHS program, hey?

**Mr WILSON:** NAHS. NAHS, they're putting all this new buildings up.

**Ms SMITH:** Yes, through Territory Health.

**Dr LIM:** Oh, all right, okay.

**Mr WILSON:** They gave us about 13 new building, I think.

**Ms SMITH:** And they're looking at how housing etc, was assisting with the health status of people.

**Dr LIM:** NAHS - can you tell us what NAHS, the acronym, means?

**Ms SMITH:** National Aboriginal Housing Strategy ...

**Mr WILSON:** Yes, that's from the federal government.

**Dr LIM:** Oh, okay.

**Ms SMITH:** They're doing the sewerage, they're doing the housing ...

**Mr WILSON:** They're doing the housing and that.

**Ms SMITH:** ... and they're monitoring health outcomes. And the old people's program is receiving, through council's agreement, the results of their monitoring. And I'm digressing a little bit, I'm sorry, but we got last months feedback and it's definitely the older people who have very complex health problems, and really high health care needs. So there's poor diet and there's not enough money to cope, and the lack of mobility to access other options really impacts on the old people, makes it even harder.

Our program does meals-on-wheels 4 days a week, so it's Monday, Tuesday, Wednesday, Friday. Thursday is a Social Security payment day in the community and it's considered money day. Families and old people can buy tucker that day. They don't need the service, because we operate on a, we're trying to encourage independence, and just try and fill gaps.

That program, the meals-on-wheels program, has been running for 11 years. Old people contribute \$20 per pension for 8 very substantial meals, and that client contribution of \$20 a fortnight has not changed in 11 years. So the old people's program supplements more than 50% of the cost of food now out of our funding. And we don't feel that it's fair, given the struggle that the old people have to manage, to increase the client contribution, even though there's a good deal of pressure for old people to contribute more.

**Dr LIM:** \$20 for 8 meals.

**Ms SMITH:** Yes.

**Dr LIM:** That's each fortnight.

**Ms SMITH:** I've worked in aged care for about 10 years now, and I think Yuendumu probably gets the best meals-on-wheels feed of the whole of the Territory, so it's a good meal of meat and vegetables and fruit and bread and cordials to help with the fluids.

**Mr MITCHELL:** You're making me hungry.

**Mr WILSON:** No, well, there's how many old people?

**Ms SMITH:** Well, there's ...

**Mr WILSON:** About 40 or ...

**Ms SMITH:** Oh, no. We feed between 30 and 60 every day.

**Mr WILSON:** 30 and 60.

**Ms SMITH:** We have probably 30 who are frail and who have high needs ...

**Mr WILSON:** Yes, some come, more coming, some ...

**Ms SMITH:** Yes, we have about 15 people with dementia. We always have about 4 people of nursing home level of care, end-stage dementias, a range of high level of care, and it's very, very hard for them to cope on what they get.

**Mr WILSON:** So the worse ones, they put them out to Hetti Perkins ...

**Mr MITCHELL:** Yes, in Alice Springs.

**Dr LIM:** Yes, into Alice Springs.

**Mr WILSON:** In the old aged care.

**Mr MITCHELL:** Yes.

**Ms SMITH:** We've only got one person there ...

**Mr WILSON:** Only on at the moment, yes.

**Ms SMITH:** ... now at the moment. And we're building an aged care centre here so that won't have to happen any more.

In terms of the program, the Yuendumu Social Club, the big shop, it assists us by giving us, the program, a 10% discount on all our purchases, and it assists the old people by giving us, when old people purchase blankets through us, they give us a special price, so we can get blankets for old people for \$30, whereas the retail price is \$45. So it's a \$15 discount on blankets. And that's all new under this new management too.

**Dr LIM:** How long has the new management been there?

**Ms SMITH:** 3 years, hey, Dave and Barbara have been there?



**Mr WILSON:** Yes, I think for about 3 years.

**Ms SMITH:** About 3 years they've been.

**Mr WILSON:** 1996, or 1995.

**Ms SMITH:** And they help us quite a bit. They're very cooperative with us, and ...

**Mr BALCH:** So you buy all the meat and vegetables and everything through the big shop?

**Ms SMITH:** On a daily basis. It's better for our own management and local ...

**Mr BALCH:** Yes.

**Mr MITCHELL:** Don't need as much refrigeration or any of the storage space and all that sort of stuff.

**Ms SMITH:** Yes, no spoilage and people can decide daily, and there's more Aboriginal control then. I'm the only non-Aboriginal person who works in the program.

What we were talking about before we came over is that we appreciate the 10% discount that the program gets, but maybe it would be helpful for the old people if that 10% discount was extended to them on their personal purchases too. \$20 a day really doesn't go very far. In fact, some people, with \$20 a day, plus their meals-on-wheels, that's it, they're broke. So then they're dependent on family goodwill.

**Dr LIM:** How far is the town spread out, because the shop owner/manager says that he provides free home delivery service?

**Ms SMITH:** For old people?

**Dr LIM:** Is it a substantial distance he needs to drive?

**Ms SMITH:** No, no, just around the community.

**Dr LIM:** Which is about 1 km around?

**Ms SMITH:** Yes, maybe you should check, get a bit of a spin around to have a look. Yes, it's not far. It's within the boundaries of the town.

**Mr WILSON:** No, tell them I'm not here. No, well, she tries to get the money for her mother. Her mother can't walk to the shop. And from the shop people, they knock her back. They said, they tell her that she can't take her mother's money.

**Ms SMITH:** There's a lot of problems with people taking old people's money. That's ...

**Mr WILSON:** No, no, she's not taking it. She's taking it for her mother, because she can't walk ...

**Ms SMITH:** Yes, I understand that.

**Mr WILSON:** She's a bit old ...

**Ms SMITH:** Yes, but some people do rob the old people.

**Mr WILSON:** Well, you know, I'll take it to, she's only asking for \$20 on Saturday, \$20 on Sunday.

**AMELIA:** Yes, for feed you know, for afternoon down ....

**Mr WILSON:** For feed in the morning and afternoon.

**AMELIA:** Saturday and Sunday.

**Ms SMITH:** See, enough of that on ...

**Ms SMITH:** If that happens, you should talk with us and we can talk with them, hey?

**AMELIA:** Yes, I, them for that for ...

**Ms SMITH:** On the weekend?

**AMELIA:** Yes, on the weekend. Now she really cry for tucker, the old mother.

**Mr WILSON:** And she's very asthma ...

**AMELIA:** Asthma.

**Mr WILSON:** ... and that, she can't walk far, walk from here to that wall I think, and sit down. She really, now with all this dust going around, you know ...

**Dr LIM:** Yes.

**Mr MITCHELL:** Are you aware of the older people getting a lot of discounts on the stuff that they buy through the store - special prices or ...

**Ms SMITH:** Only for blankets.

**Mr MITCHELL:** Only for blankets?

**Ms SMITH:** As far as I'm aware.

**Mr MITCHELL:** Oh. It's just that we were told - that's why I brought it up - that part of that \$20 money, that they basically give whatever they sell to the old people and they deliver it to their houses too. They give it to them at basically cost price.

**Ms SMITH:** Well, I don't know about that, because they do a breakfast and afternoon run for about 5 to 6 people and that's entirely their business. It's got nothing to do with us.

**Mr MITCHELL:** Okay.

**Ms SMITH:** Because philosophically, we would see that as well, welfare days have gone, we sort of operate a little differently. So that's something that the new management do. And they do that with their non-Aboriginal staff, whereas we deliver a meals-on-wheels service and provide support services with local Aboriginal people, in conjunction with families, so I don't know how that operates, really, or how nutritious it is, or how wise it is, or anything. We're not involved in that.

**Mr MITCHELL:** Aren't aware of it.

**Ms SMITH:** Yes. That's their business with the old people. But the bulk of people go and get the \$20-a-day, they opt in to this \$20-a-day system ...

**Mr MITCHELL:** Doling out system.

**Ms SMITH:** ... where they just spend \$20. And then if people need a blanket, and they ask us, we go and check that they're not going to be inconvenienced for need a blanket, and they ask us, we go and check that they're not going to be inconvenienced for the pension period for food, if they purchase a blanket. And some people do save a substantial amount of money there, and some people spend the lot. And some people have families who help them spend the lot.

So some people might be buying all the power tickets for the household, or all the bedding for a household, or ...

**Dr LIM:** From your perspective, are the shops in Yuendumu helpful to community, or are they exploiting the community, in the sense of you know, having high prices for food and other items?

**Ms SMITH:** You're asking for a personal judgment there.

**Dr LIM:** If you can't answer, that's okay.

**Ms SMITH:** I think the intention's there to be helpful. It's certainly much, much, much more helpful at the big shop than it used to be. They used to be very aggressive, extremely aggressive.

**Mr WILSON:** Too, I think ...

**Mr BALCH:** This is the previous management?

**Ms SMITH:** Yes. Old people were getting their food thrown at them, they were getting sworn out, people with psychiatric illness were getting sworn at, you know, they wouldn't replace rotten food that we were purchasing. These people will ring us if there's an issue, like Amelia's talking about. If there's an issue, they'll ring up and say, 'Look ...' you know, they'll work quite closely with us. So we haven't got any complaints about their intentions, but certainly they're making big money on some of their items.

**Dr LIM:** Albert, you were trying to say something?

**Mr WILSON:** No, well, I was only just saying from my point of view, people complain you know. All these years, I've been hearing that the councilors, shop councilors, and shop bosses, they look after each other.

**Dr LIM:** Yes.

**Mr WILSON:** I will ask you they wouldn't mind making, myself. the shop councilors can go there and book their diesel, fuel and everything for their. I or on of the other, the other people can't.

**Ms SMITH:** And look, it used to be the case too, that the profits from the shop were divided up between community organisations so old people's program used to get about \$8000 a year that we were able to buy bedding.

**Mr TURNER:** Yes.

**Ms SMITH:** We no longer get that. So the 10% discount's the best that we get. And the shop do their own thing ...

**Dr LIM:** How long ago was the old ...

**Ms SMITH:** We haven't had any profits given to us for perhaps 3 years.

**Mr WILSON:** Yes, but on the council, although the constitution say that the old people must have something, at the first place. And they built the place up, now they're getting old, a lot of kid stuff and everything, and from the pensioners should get first priority. Like so when the council don't get giving them that money. But the mining does. Cattle company, he make, from the royalty, they get that every year. But these people here, oh, well, they give them nothing.

**Mr BALCH:** Nothing, yes.

**Mr WILSON:** And from the shop not giving them nothing now either. That's all wrong.

**Dr LIM:** Do you know why?

**Ms SMITH:** No. See, one of the other things in relation to old people too, is that in building this community, and in their working days, they worked for rations ...

**Mr WILSON:** Yes, see.

**Ms SMITH:** ... and now they're getting very minimal government pension, and they're being asked to pay and pay and pay, and a lot of old people think we're robbing them, that they have to pay \$20. They think it should be rations, in their minds, because they didn't get paid before, how come, suddenly they're being asked to pay for everything. So that's what's really hard with the aged care thing, that the government's pushing us to get more and more and more client contributions, and it's just not possible with this generation and these circumstances. So, did you want to say anything, Amelia? Think of anything else.

**Dr LIM:** Albert, this is Ella, is it? What's your name?

**AMELIA:** Amelia Luba.

**Mr WILSON:** Amelia, Amelia.

**Dr LIM:** Amelia. When you said that you could not get money from the big shop to help feed your sick mother ...

**Mr WILSON:** Listen, listen, he's talking to you.

**Dr LIM:** When you said you could not get the money from the big shop to buy food for your mother, is it because he thinks that you want to - I mean, he doesn't want to give it to you because it's not your money, or what do you think the reason, you know?

**Mr WILSON:** Well the reason - what you reckon - is that I want plenty of time in the shops says that this young daughters and all the young sons come and tell them lies, you know. They want ...

**Mr BALCH:** To take the money from the old people.

**Mr WILSON:** Yes.

**Mr BALCH:** That happens does it?

**Ms SMITH:** A lot.

**Mr WILSON:** Yes. That happen in a lot of families true. You know, but I know her, see, and I'm Chairman, although my mother I never rob, so I didn't. I get my own and I'm a pensioner myself, or I get paid from the Local Government too, so I get big money.

**Ms SMITH:** And many of the old people have got written on their form who their carer is who can access that money. Did this happen this weekend, did it, when Sheila was away?

**Mr WILSON:** Yes.

**AMELIA:** When Sheila was away.

**Ms SMITH:** See, Sheila might be written down as the one who can get that money.

**Mr WILSON:** Yes, Sheila might be the one can get the money, and you can't.

**Ms SMITH:** And she moved quickly. So ...

**Mr WILSON:** Yes, that's why you can't. Sheila the one, or you the one.

**Mr BALCH:** It's a bit of a process to get it.

**Ms SMITH:** Yes.

**AMELIA:** My son don't always get it.

**Mr WILSON:** No, but tell your mother now, you must put your name down. Sheila didn't pull herself.

**Ms SMITH:** Yes, we can organise that. If Sheila's not there, then Amelia can get Jenny's money like that.

**Mr WILSON:** Oh, that right, Sheila went to Lajamanu.

**Ms SMITH:** Yes, she went to Lajamanu really quick and we nearly had a fire and all sorts of things because she ran away.

**AMELIA:** So Jenny, herself.

**Mr WILSON:** That right, yes. Things happen.

**AMELIA:** ...didn't get ...

**Ms SMITH:** But previously there was absolutely no, whatsoever, and people couldn't access their own money. That's when I first came here 5½ years ago. People couldn't get even their own money. Now, it's much more flexible. You could say that was just a slip-up in process, them being protective of that old lady's interests.

**Mr MITCHELL:** Good.

**Mr BALCH:** And in general terms, the ... well, I sort of gleaned that the variety of fresh fruit and vegetables in particular, is quite good in the store.

**Ms SMITH:** Absolutely. You can get baby bok choys.

**Mr MITCHELL:** You can get what?

**Ms SMITH:** Baby bok choys.

**Mr BALCH:** Bok choy, you can get bok choy.

**Mr MITCHELL:** Really?

**Ms SMITH:** Yes.

**Dr LIM:** Now, so you shop here obviously?

**Ms SMITH:** Yes, for fresh fruit and vegies I do.

**Dr LIM:** Okay. And but for groceries, you buy from the ...

**Ms SMITH:** In town.

**Dr LIM:** And what, do you just save up for 3 or 4 weeks and then go and have a big buy and bring it home?

**Ms SMITH:** I personally have a different work arrangement where I'm 2 weeks in the community and 2 weeks in Alice Springs.

**Dr LIM:** Oh, well.

**Ms SMITH:** But we do buy some things in town. We buy our cooking equipment in town, and we buy all our Chinese noodles and stuff in town, don't we? And storage containers ...

**Mr BALCH:** Anything that you can store for a while?

**Ms SMITH:** Yes, just some fresh stuff here if we can.

**Mr WILSON:** See, with most of the staff, I reckon, like police, nursing staff, even some of our staff, they go to Alice Springs and buy groceries, cheap meats ...

**Dr LIM:** Because they can go in and out regularly ...

**Mr WILSON:** Yes. They don't used to stop, because ...

**Ms SMITH:** Fruit and vegies at the store compares very favourably with Woolworths in town.

**Mr WILSON:** Oh, yes.

**Dr LIM:** That's what we thought.

**Mr BALCH:** The processed product was a little higher.

**Ms SMITH:** Yes.

**Mr BALCH:** A packet of Cornflakes seemed to be \$1 dearer or something.

**Mr MITCHELL:** Even more - \$6.30 for ...

**Ms SMITH:** My understanding is that the shop committee took a decision to make fresh food as cheap

as town, and I think the Health Department survey has borne that out. But everything else is very high, and you know, people just don't eat fresh fruit and vegies and meat every day, do they?

**Mr WILSON:** I think the Cornflakes, milk and bread should come down, because all the kid loves that, you know. The prices too high, hey?

**Ms SMITH:** You were saying chickens doubled in price in the last little while. It's gone from \$3 to \$6 ...

**Mr WILSON:** Chicken too, hey?

**Ms SMITH:** ... for a chicken here. Chicken, eggs, kangaroo tails, tea and milk ...

**Mr WILSON:** They're dearer.

**Mr BALCH:** I notice kangaroo tails were more expensive.

**Ms SMITH:** They're very dear, and people love that.

**Mr BALCH:** If they're being caught locally ...

**Mr WILSON:** Yes, but they're not ...

**Ms SMITH:** No, they're not being caught locally, no.

**Mr WILSON:** No, they must bring them in from Queensland and New South Wales.

**Mr AH KIT:** Oh, do they?

**Ms SMITH:** Yes, in bulk.

**Mr WILSON:** ...oh, you came a bit too late now. She's the one, she runs the ...

**Mr AH KIT:** The women's centre.

**Mr WILSON:** No, no ...

**Mr AH KIT:** The old ...

**Mr WILSON:** Old people's.

**Ms SMITH:** Yes, old people's program, yes.

**Mr BALCH:** Old people's ...

**Mr AH KIT:** I thought you might walk down to the other shop, so I ...

**Dr LIM:** Because it's a bit far and ...

**Mr AH KIT:** You don't want to listen. You're not missing much anyway.

**Mr BALCH:** Oh well, I think that's a good overview for the short amount of time you had to prepare it.

**Dr LIM:** Yes, that's good, thanks.

**Ms SMITH:** That's all, no other questions?

**Mr WILSON:** So what do you think about the clothes price in the shop?

**Dr LIM:** The clothes?

**Mr WILSON:** Yes, like dresses and trousers and stuff in the shop.

**Mr BALCH:** In the shop.

**Mr WILSON:** Too dear, you reckon, or ...

**Mr BALCH:** Yes.

**Dr LIM:** A touch.

**Mr WILSON:** You know, there is the kid's clothes for 6-year-old kid, they are \$45 or \$50 I think some of them, hey. And I'm looking after 6 or 7 kids, and I go into Alice Springs into K-Mart or somewhere to buy their clothes.

**AMELIA:** Quite a number of clothes, you know.

**Mr WILSON:** Because here even this T-shirt will be \$5 or \$8 here, you know.

**Mr BALCH:** It's not cheap.

**Mr WILSON:** No.

**Dr LIM:** Kay, look, I'm in Alice Springs. If you've got any other information that you can think of that you want to feed into me anytime, stop in the office and just leave it at any time.

**Ms SMITH:** Okay.

**Mr BALCH:** That's right. The committee's report ...

**Dr LIM:** Is due in the middle of August.

**Mr BALCH:** Middle of August, so if there's any information that you feel that you can feed through yourself, that will help us, because our report will draw attention to where we see that there are inequities or ...

**Dr LIM:** Anomalies.

**Mr BALCH:** ... anomalies that we want to bring out into the open, and say these things need to be looked at.

**Ms SMITH:** Well, the other thing too that I just think of now is the GST, the proposed GST. I mean, that's going to just make this problem worse. In fact, we've sent a letter off to the Democrats in Canberra saying that it was going to create incredible hardship for old people and families if they bring that in.

**Dr LIM:** It's a political issue that's not going to come to any finality for a while yet, so we'll just leave it ...

**Ms SMITH:** But it'll make it worse, and it's already bad.

**Dr LIM:** It's going to make it very, very difficult for the community now as it is, with information



they've got, without bringing the GST into it as well. And because of the political persuasion, there are other issues involved, so it's best to leave that out for the time being.

**Mr AH KIT:** But there is also a bit of an inequity and I don't know how you're going to overcome it, in that pensioners in town, say Darwin and Alice Springs, gets some sort of concessions which pensioners in the bush don't get like the ...

**Mr MITCHELL:** Like the pensioners card.

**Ms SMITH:** Yes.

**Mr AH KIT:** ... telephone, transport or rent, I don't know, you know.

**Ms SMITH:** Yes. But I know ...

**Mr MITCHELL:** But one of the glaring things is that on pensions, is that a pensioner in Sydney gets basically the same as a pensioner in Alice Springs or here, and they get very small zone allowances - what, about \$6 or \$7 or something like that? Yet they can buy their tucker over there for half the price of what they're paying here, so that's a glaring thing, and I don't know what we can do about it.

**Dr LIM:** It is - personally what I see is that there's nothing much that anybody can do about it, because it's the ...

**Mr MITCHELL:** It's the ...

**Dr LIM:** ... whether you live in Sydney, you live in Alice Springs, or you live in Yuendumu, I mean, the more, the further and further away from concentration of populations where the - what you call it ...

**Mr BALCH:** Volume.

**Dr LIM:** ... volume or scale of economy and all that. Economy scale, you know, really operates, and we just can't do that because we only have the population basis of 2000 in Yuendumu, 25 000 in Alice Springs, and you've got 4 million in Sydney. That makes the difference. I mean, what do we do - do we move all of, everybody into Sydney?

**Mr AH KIT:** No.

**Mr MITCHELL:** No, no, I was just saying, that it's one of the things that needs highlighting ...

**Mr AH KIT:** I don't, who you. The point I'm making is the person on a pension at Yuendumu, compared with person on the pension in Sydney.

**Dr LIM:** Oh, yes.

**Mr AH KIT:** You know, with the ...

**Dr LIM:** Cost of living.

**Mr AH KIT:** ... cost of living, that person's cheques that they receive at Yuendumu and what they have to buy with that, is half as much as what that pensioner in Sydney can purchase, you know ...

**Ms SMITH:** Yes.

**Mr AH KIT:** ... food and clothing and all that sort of stuff. So you know, I don't know how you sort of get around that, or ...

**Dr LIM:** Reverse.

**Mr AH KIT:** ... balance that out.

**Ms SMITH:** We spend quite a bit of time chasing up with Social Security for old people. When they go to the nursing homes for respites, their pension cheques follow them, and then sometimes there's glitches when they come back, and they've overpaid, and then they have to pay it back, and there's not enough money, and it gets really very difficult.

But in terms of concessions, Territory Health has a person in town, Arthur Grogan. He works with that, and last year ...

**Mr WILSON:** Oh, yes, Arthur Grogan.

**Ms SMITH:** ... he came out and for electricity concession or whatever, he brought a whole heap of how to get some people's power boxes ...

**Mr WILSON:** Yes, well I think he ...

**Ms SMITH:** ... but most of our old people live in humpies.

**Mr WILSON:** Yes, well they did mine too, see because I'm a paraplegic. You know, they come out every 6 months, supposed to, to us. See and they fill out our power ...

**Mr BALCH:** Yes, you get concessions, that's right.

**Ms SMITH:** But that's about the only thing, apart from the blanket subsidy. That's why our staff get a 10% discount. They go with all aged people at the shop.

**Mr WILSON:** Yes, I think that's the 125 ...

**Ms SMITH:** Yes, I don't know what Arthur's thing is.

**Dr LIM:** Albert, first, before I close, I might just ask one question of you. As the council chairman, would you like to see the shop committee be part of the council itself?

**Mr WILSON:** I think, and I'm allowed to - you know, what the council should have, over what they say in their constitution, and in the shop.

**Dr LIM:** It's going to be, I think, a major administrative problem to try and do that, because they are in fact, a private company ...

**Mr WILSON:** Yes.

**Dr LIM:** ... and that makes it very hard, yes ...

**Mr WILSON:** Yes, see, we ...

**Dr LIM:** ... hard for the council to take over a private company.

**Mr WILSON:** No ...

**Mr AH KIT:** That's community politics ...

**Dr LIM:** Yes, that's right.

**Mr WILSON:** No, at the next meeting I will ask - what I'm trying to - we've got a republic meeting, I'm going to try asking if the council can be like a white, you know, while the government, even the federal government, you know, they handed over this, program to the, they handed that over to the council too, because they weren't being,. Now they're trying to give me the Tanami. You know, they've given me ...

**Dr LIM:** All the better ones.

**Mr BALCH:** Even if your council had some members on that shop committee, so that you've got some ...

**Dr LIM:** They have, but they won't be given feedback.

**Mr WILSON:** All the councilors, that big shop now, well the big shop, the money they told me, they put the price up, it's from that. You know, they been buying wine casks. Him and me they can say haven't been. Of the shop councilors, they looked after themselves. You know, and if I got to ... If I go to them with my wheelchair and ask for \$4000 for a motor car, it's my \$2000 for a new wheelchair. They'll say, 'Oh, we'll think about it'. The council would say that. But they look after only themselves.

**Mr AH KIT:** But you'll get a new wheelchair, might be, if you were on the committee.

**Mr WILSON:** Yes. Oh, I got a new Holden Commodore.

**Mr BALCH:** You get a motorised wheelchair next.

**Mr MITCHELL:** You can race around the street.

**Mr WILSON:** True, yes. Me and old - you see, with his little ...

**Mr MITCHELL:** Yes.

**Dr LIM:** Well, thank you very much.

**Mr WILSON:** Yes, no worries.

**Dr LIM:** Thank you for seeing us, you ladies.

**Mr BALCH:** Yes, thank you for that.

---

## Chapter 2

# HANSARD TRANSCRIPTS OF PUBLIC HEARINGS

## *BARKLY REGION*

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**  
**PUBLIC HEARING**

ALI CURUNG – Thursday 20 May 1999

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

**Appearing before the Committee:** Bruce McCRAE, Council Clerk

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Mr McCRAE:** ... except the observations, I suppose ...

**Dr LIM:** How long have you been here for?

**Mr McCRAE:** Oh, here, 19 months, Richard.

**Dr LIM:** Okay. What's the population?

**Mr McCRAE:** Well, it's officially 540, but it's closer to 600, 620, 4 language groups. The store is separately incorporated, which Sandy, has a, and a store manager. There is a separate store management committee. I think there's about 20 people on the committee.

**Dr LIM:** Twenty?

**Mr McCRAE:** I think it's a fairly substantial committee, yes, which in itself causes problems. In terms of their pricing policy, I think it's a matter ...

**Dr LIM:** The figure the, the proceeds from the store, where does that go to?

**Mr McCRAE:** Proceeds from the store go back into the community.

**Dr LIM:** In what way?

**Mr McCRAE:** Well, quite recently there was a major distribution of whitegoods into deserving families. I think it was, like, 50 refrigerators and 50 freezer units were distributed. The store profits also are used to fund the sorry business, the sorry business and some travel. It is also being used to fund the purchase of a community bus. So there is a benefit flowing back, the benefit flows back to the community almost totally.

So when you look at it, in terms of looking at the prices of food - everybody says food's too dear and I accept that - and I don't think it's a specific example, but I think what has to be subtracted from that is the community benefit aspect. If we're going to make enough of that ...

**Dr LIM:** Do the total amount of proceeds go back into the community, or has there been some filtering off of the money at all?

**Mr McCRAE:** No, there is, It's a separately incorporated association, so there are no shareholders ...

**Dr LIM:** No shareholders?

**Mr McCRAE:** No, it's entirely, I guess there ...

**Dr LIM:** No royalty payments?

**Mr McCRAE:** No, no. Payments that are made are distributed to the community based on recommendations from the store committee, and probably because of that there would be some preferential treatment to a separate clan or a family or a language group, but that's something I couldn't ...

**Dr LIM:** What's the reason for the preferential treatment, because ...

**Mr McCRAE:** Oh, there's 4 separate language groups. Depending on who is the dominant language group, then to receive a greater level of benefit.

**Dr LIM:** Would you say that - and this is always a factor obviously - because the people on a committee all get along on a normal level, there is an equal sharing of benefits from the shop. If the committee was not sort of, a unified body, could there be an exploitation of the proceeds?

**Mr McCRAE:** Yes. At the moment, the committee is fairly well balanced, and I have to say, it's the women members of the committee who really guide things along democratic principles ...

**Dr LIM:** Good, good.

**Mr McCRAE:** ... like any community. If we don't support the women, then nothing is going to happen. So at the moment - and it has been since I've been here - fairly well-balanced, so that the distribution of proceeds is really being beneficial to the whole community. Where you tend to see some imbalances is where there is a major contribution towards sorry business. Now, that clearly benefits one clan or one group. But that's, I guess, in the long term would balance itself out, because each language group has access to those funds for that particular purpose.

So when you look at the foods, you really have to say, all right, we're paying that number of dollars, but there is a community benefit that flows with that.

**Mr BALCH:** In your opinion, and I know you can only give an opinion on this - but, okay, there's a

benefit at the end of the day with the surplus. Does the pricing level in any way impede people from being able to access good food? In other words, okay, there's this benefit at the end, but does the price at the front prevent people from getting access to good levels of food?

**Mr McCRAE:** I would think to some extent it probably does. But the people themselves have that choice. And at the moment, they tend to spend a lot of their money on grog and gambling. So I think there's probably that influence is far greater, is a far greater barrier to the purchase of nutrition, or nutritionally good food than the price of the food itself.

**Mr BALCH:** The price of the food itself, yes.

**Mr McCRAE:** The store has always made it very obvious - and there's notices around the store - that the prices they charge provide a reserve benefit to the community. If they reduce the prices, then the benefit to the community would be lesser.

**Mr BALCH:** It's kind of a forced community saving.

**Mr McCRAE:** Yes, it is in a way, yes. I think some of the good things that they've supported. There were 50, fridges and washing machines, deep freeze. And they bought a heap of washing machines for the clinic. As a community, coin-in-the-slot contribution, they've made contribution to sporting travel. So, yes, the little profits from the store are very much spent entirely ...

**Dr LIM:** So it really works like a cooperative really.

**Mr McCRAE:** In effect, it is a cooperative. Like any cooperative, you could sit back and say, well, look we would have done that slightly different ...

**Dr LIM:** Right.

**Mr BALCH:** But it's their decision, and that's the thing.

**Mr McCRAE:** It's their decision, and the prices that are charged really reflect that particular operation.

**Dr LIM:** Who provides the audits for the ...

**Mr McCRAE:** They have a separate accountancy firm ...

**Dr LIM:** Yes.

**Mr McCRAE:** ... so they're separately incorporated. The council, apart from us having some links between some elected members are also members of the store committee, that's the only link between the store and ...

**Dr LIM:** Do they provide feedback into the council itself?

**Mr McCRAE:** Yes, yes. But it's generally if somebody will ask for a Toyota or something, and they've said no. That's when things would change ...

**Dr LIM:** Okay. But you, therefore, as a council clerk, you don't have any responsibility for the store and its finances at all then?

**Mr McCRAE:** No. The only responsibility that I have, I guess, is to ensure, or to encourage, the

stocking of food that is of high nutrition value. And that's done through the - we have a homemaker service that's very effective, and we totally support that. Homemakers work with the store committee and the clinic to attempt to encourage the stocking of high nutrition value foods. So, yes, that's where my link and my interest is high level ...

**Mr BALCH:** One of the communities we went into was concerned about old people and their ability to - and in fact they had a program where they provide meals for them. Are the old people here able to, you know, access, and are they getting enough nutrition ...

**Mr McCRAE:** Yes. Well, that's of course, you never really satisfy the demand. There's 2 ways. We have a homemaker service. We use, I think HAAC program - that's one of the federal programs. We also have what's called the 'skinny kids' program, so there's very heavily subsidised meals available through homemakers for the elderly, people who are infirm, and the young kids who are at risk. We also provide unsubsidised meals - they are subsidised but not officially. They're available to any consumer. So from that point of view, we ensure that the needy are provided with those resources.

The store committee itself, as I say, the women themselves tend to demand the stocking of appropriate foods. So there is this self-protection and this self-regulation. It could be improved, there is no question about it, but it would appear adequate. Although, if you look at the number of kids that are underachievers or ...

**Mr BALCH:** Undernourished.

**Mr McCRAE:** Yes, undernourished, we have to, But that's really a family choice, rather than the fact that ...

**Dr LIM:** Yes.

**Mr McCRAE:** The resources and the food are here.

**Mr BALCH:** Yes, so the services are available?

**Mr McCRAE:** If you don't take advantage of it then, well, there's really, that's your choice.

**Mr MITCHELL:** Are they coping, like fortnight to fortnight, in the way of you know, the welfare benefits, the welfare payments and all that. Have they got much left at the end of the day, or is ...

**Mr McCRAE:** Oh ...

**Mr MITCHELL:** ... because with some communities you hear that 90% of their money is going into food, and they're barely surviving and all that sort of stuff.

**Mr McCRAE:** Well, I don't know that - there's been several studies done here and I don't know the actual figures. They're still in the process of being done. But there's a significant portion of money that's spent on grog and gambling. But I don't know the figures. If I had to make a guess, I would say that in the first couple of days after pay day there is very limited funds available. That's Julie the clinic nurse.

The only other thing I'd like to add, I've had experience of these stores and there seems to be 3 models. You've got the one that is owned by the council - this is actually what you said this morning. I would dispute what you said to some extent ...

**Dr LIM:** You did - you would?

**Mr McCRAE:** I would, yes. I heard it this morning. The community, the community store that's owned and run and managed by the council is an effective way of having a stand-alone resource. Privately-owned stores in communities, to me, are a no-no. They're not acceptable because the profits, any profits, disappear and the community has no benefit, and it has no input into the operations of the store.

The other model that I have experienced in Western Australia and here is similar to the one that's run through ALPA, Arnhem Land Progress Association. Western Australia had a very good service. I can't think of it, it was called, I think, the Aboriginal Buying Service, and they had about 25 stores. And they had a centralised purchasing section, a centralised pricing section, the stores, even the most remote communities, were equipped with Eftpos, with data links, so everything was bar coded, so it was updated on a daily basis. That worked very well.

The local input came from the store committee. So whilst the stores were community-owned, the stores were actually managed by contract, with this organisation, central organisation. They employed the store manager, based on a recommendation from the community, so you brought your store manager along, the community approved the appointment, and then the community at that level also approved or had an input into the types of foods that are available and the level of service and prices.

So either of those 2 models. The privately-owned store in a community, I think, is of no benefit whatsoever, apart from your commercial operation. The other thing is that in communities like Ali Curung and like any community that doesn't have a corporate or commercial base, or doesn't have a business base, the only source of community funds, like Ali Curung, are those generated by the profits of the store being run as a commercial operation.

The other funds that come into the community through ATSIC, from ATSIC or from Local Government or from whatever grant, are tied. You have very little discretion in what you can do with it. Now, the bus here is broken down. People come and hammer on my door, they want money to fix the bus. We don't have the funds, and we can't generate the funds to do that, so it all comes from the store. So the store operation as an entity diverting its funds back into the community, where there is no economic base, is absolutely crucial, because that is the one and the sole economic base for places like Ali Curung.

**Dr LIM:** So therefore, I mean, what you're saying is that council owned shops and stores are much, much more efficient in the sense that you can actually do that and you can have control of the funds?

**Mr McCRAE:** Not necessarily. You can have, if you have a council-owned and operated store as such, you can run into conflict between the various members, or the various managements. I'm equally in favour of either a council-run community store, or a store owned by the community but managed by contract with a large buying ...

**Mr BALCH:** Because there are lots of minuses in ...

**Mr McCRAE:** Yes.

**Dr LIM:** But isn't the community-owned store actually a private operation, in it's ...

**Mr McCRAE:** In a sense, yes. But it's - it's not private as such, it's a coop in effect. But the community members are the ...



**Dr LIM:** So is the Yuendumu experience. I mean, it is actually what is done here, but if you have a committee that looks after itself and not the community, then you've got a problem.

**Mr BALCH:** And that's part of the plus and minus of those alternatives, yes.

**Mr McCRAE:** And it's really back in the hands of the community, because the directors or the store committee face election every year. So that they really are, the community has major input into that. So there's pluses and minuses on both sides.

**Dr LIM:** So you - I mean I always come back - I just wasn't quite clear how you objected to what I said this morning, because what I said was ...

**Mr McCRAE:** Oh, you said that the 2 models were either - you said that I think that the community-owned store was the best model, and I'm saying ...

**Dr LIM:** No, no, the community council owned store.

**Mr McCRAE:** Oh, right. Well, that different. And I'm saying not necessarily. That's where I disagree with you. There are - the models, if you have the store community owned by whatever mechanisms, separately incorporated ...

**Dr LIM:** Yes.

**Mr McCRAE:** ... but operated under contract by a large buying organisation, the economies of scale are such that you get some benefit, you can still direct the profits from that particular operation back into the community, the community would benefit by having cheaper food prices, but they will also suffer by not having the same amount available for community distribution. So you've got to balance that with the local operation, the local circumstances and how you're going to manage it.

**Dr LIM:** Yes. So obviously this community store is working well because of the make-up of and the balance of the committee?

**Mr McCRAE:** Yes.

**Dr LIM:** But if the balance changes, what happens then? I mean, can you potentially, is there still room for the community committee to actually exploit the proceeds of the store?

**Mr McCRAE:** I think under the constitution, that can't happen.

**Dr LIM:** Okay.

**Mr McCRAE:** You cannot, there cannot be a benefit to a particular person. But it is conceivable there could be a benefit to a particular group of persons, like a clan or a language group.

**Dr LIM:** Yes, right.

**Mr McCRAE:** But I think the community itself is self-regulating, and would object to that quite violently.

**Dr LIM:** Right.

**Mr McCRAE:** And I think the financial advisers would probably raise an objection and could probably

freeze funds. And the ultimate protection of course, is you then with the registrar of associations and corporations. So there are those protection methods there. But the store here, there's a great deal of room for improvement in terms of operating hours, in terms of the types of food that are stocked. But they really have to be changed as a result of community pressure.

**Mr BALCH:** Yes, there's got to be an attitude in the community to change it.

**Mr McCRAE:** That's right, yes.

**Mr MITCHELL:** Just on attitudes, sorry.

**Mr AH KIT:** How's the fruit and vegie run in terms of freshness?

**Mr McCRAE:** It's pretty good, Steve, it's purchased by ...

**Mr AH KIT:** John.

**Mr McCRAE:** John, sorry. ... through Alice Springs. There's a weekly transport here. So it's generally not too bad at all. The ultimate thing we'd like to see, of course, is to restart the market gardens here and supply ourselves.

**Mr BALCH:** Yes, we've heard that.

**Mr McCRAE:** And that's one of the commercial opportunities we're looking at. That, the source of opportunity to get the store manager the opportunity to look at growing feedlot material . Hello Sandy, come on in.

**Dr LIM:** Yes, come on in.

**Mr McCRAE:** I've just made all these promises for you guys to keep.

**SANDY:** Oh, have you? That was ...

**Mr MITCHELL:** What I was going to ask was - I only just heard it this morning so my colleagues aren't aware of this sort of scenario - but apparently in some places way out in communities in Western Australia, there's been a couple of programs going where the community provides fruit and vegies free of charge to the community - rations them of course, so it's not wasted ...

**Mr McCRAE:** Yes.

**Mr MITCHELL:** ... and they put the prices up on some of the other goods in the store to counter it, therefore encouraging people who, because it's free, to get them onto the good tucker.

**Mr McCRAE:** I haven't experienced that at all. The community I was at, where I was speaking of, was a place called Mullem near the Gabo Hills. That was a very, very dysfunctional community, but there was no program there for them to be self-sufficient in any way at all. Nothing at all.

**Mr MITCHELL:** Okay ...

**Mr McCRAE:** Community attitude was such that they didn't really want to be part of that ...

**Mr MITCHELL:** I was just wondering how that sort of scenario might go with, particularly the women in the area, in the community, whether that's ...

**Mr McCRAE:** I think there's going to be a great deal of interest, as we get ourselves more organised. There are some questions in terms of marketing, in terms of development, the sources of funds, so we're talking with Primary Industries, and what do they call themselves now, and various other agencies.

**Mr AH KIT:** This community has CDEP?

**Mr McCRAE:** Yes, it has, John.

**Mr AH KIT:** How many participants?

**Mr McCRAE:** There's 81 altogether, but they're scattered - there are a couple of outstations. So probably in terms of people who could actually effectively work a market garden or an operation, there are probably about 30 people, a mixture of males and females, who could make a contribution towards looking after the gardens.

**Mr AH KIT:** A lot of those would come from CDEP?

**Mr McCRAE:** Yes, yes.

**Mr AH KIT:** And would you be seeking more positions, more assistance?

**Mr McCRAE:** If the funds were available. But of course, what you'd hope to do is to make it a profitable enterprise. You'd employ people separate from CDEP.

**Mr AH KIT:** I was just looking at the kick-start, you know, the on-cost of CDEP ...

**Mr McCRAE:** Well, CDEP can contribute to that, plus there's business, promotion scheme that's been really pushed heavily by ...

**Dr LIM:** I'm mindful of the time, and we're digressing a little bit, and Sandy's here now. And you guys have got to leave at 10.15 ...

**Mr BALCH:** That's right.

**Dr LIM:** ... so we've only got another half an hour left. So if you can invite Sandy and both of you together. Bring your chairs up to the table.

**Mr McCRAE:** I'll leave you to it. I won't interrupt while the others are done. I'll tell you about the promises I made, see if you can clarify them.

**SANDY:** Will I be made to swear on the bible sort of stuff?

**Dr LIM:** You can say anything you like.

**SANDY:** I can say anything I like?

**Dr LIM:** Let me just lead into this first, before you first start.

**SANDY:** I spoke to you the other day, did I, Richard? Was it you on the phone?

---

**Ali Curung Community**

# SELECT COMMITTEE ON TERRITORY FOOD PRICES

## PUBLIC HEARING

ALI CURUNG – Thursday 20 May 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

**Appearing before the Committee:** David & Sandy CLARK

**Store Managers**

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Mrs CLARKE:** I spoke to you the other day, did I, Richard? Was it you on the phone?

**Dr LIM:** No, I think Rick.

**Mr BALCH:** No, it would have been Rick, Rick Gray.

**Dr LIM:** No, Rick, he's gone outside. Rick's gone outside.

**Mrs CLARKE:** Oh, okay.

**Dr LIM:** Thanks for coming today, Sandy, and I'll ask you to introduce yourselves formally in a little while, and your position and what you represent today.

The committee has been going around central Australia these last few days. We started our work back in February this year, when the *Business Review Weekly* wrote an article saying that prices in the Northern Territory was very high, and the highest in the country, and that caused a bit of a stir in particularly Darwin. Parliament then established this select committee to review Territory food prices and to look at why this gap between what's in the Northern Territory against the southern states. So this is what we're doing now.

We are not here to tell businesses how to do business. We are here to find out the reasons why the prices are different. So that's what we're doing. And you know, we don't intend to come down here and say to you, 'This is how you should run your store'.

**Mr CLARKE:** That was my query, because the only question I really had, was because in the little report that, the fax that I got ...

**Mrs CLARKE:** The press releases.

**Mr CLARKE:** ... the press release, yes, it just said that don't expect anything to change. I thought, well, what was the point of ...

**Dr LIM:** Well, the point is that we need to collect information for ourselves to understand and for us to then share with Territorians ...

**Mr CLARKE:** Okay, right.

**Dr LIM:** ... as to why prices are structured the way they are.

**Mr CLARKE:** So it's an information gathering exercise?

**Dr LIM:** It is, yes.

**Mr CLARKE:** To see if there's any possibility later on of ...

**Mr BALCH:** Because as a result of the *BRW* thing, then the *NT News* jumped in and started running stories and comparing the price of this, that and the other ...

**Mr CLARKE:** Yes, no, what was really going on ...

**Mr BALCH:** ... then all of a sudden within the community, there's a feeling, well, our prices are high, what's going on. So what we're trying to do is, we're trying to identify what the prices are right across the Territory, and give some reasons why they are what they are. Now, at the end of the day, if we find that there's some unjustifiable cost loaded in there, we'll say ...

**Mr CLARKE:** Yes.

**Mr BALCH:** ... but what we're trying to do is get to the facts, and we're finding, you know, different things, particularly in communities. There are different reasons, there are different benefits that flow back to the community, and if we can bring all of that out, we believe the Territory community is better informed ...

**Mr CLARKE:** Yes.

**Mr BALCH:** ... and know better what's going on ...

**Mr CLARKE:** Satisfy the people who don't really know what's going on.

**Mr BALCH:** Yes. If there's some inequity in there, our report will bring that out and then the parliament can decide, well, this is something, what do I fix ...

**Mr CLARKE:** Yes, exactly.

**Mr MITCHELL:** If there should be an expectance ...

**Mr AH KIT:** Sorry, gentlemen, for the record ...

**Dr LIM:** We will ...

**Mr CLARKE:** Oh, sorry.

**Mr AH KIT:** Your name ...

**Dr LIM:** Whatever you have to say, all right ...

**Mr AH KIT:** Sorry, Mr Chairman, we need the names of ...

**Dr LIM:** I'll get to that, okay? Now, whatever you have to say, you can say in what you call privileged information, so ...

**Mr CLARKE:** Oh, that's fine, yes.

**Dr LIM:** ... you can feel very secure that you can say whatever you like without any problems.

**Mr CLARKE:** Yes, well, we don't have any ...

**Dr LIM:** We don't normally ask our witnesses to swear an oath on the information they're going to provide, but we expect you to be at least truthful with your statement, all right? When we eventually table our report in August, whatever you say will be incorporated into our report.

After the hearing today, a transcript of what you say will be sent back to you for you to make any corrections, if there are some factual errors that you might have, and then sent back to us and we'll incorporate that into our report.

**Mrs CLARKE:** This is a report for Ali Curung is it?

**Dr LIM:** No, the report for ...

**Mr BALCH:** This is for the whole of the Territory.

**Dr LIM:** No, the report for, our report for the whole of the Territory.

**Mrs CLARKE:** Okay. I mean the transcript though. The transcript ...

**Dr LIM:** The transcript of what you say will be sent back to you.

**Mr CLARKE:** Okay.

**Dr LIM:** Right. So, for the record now, I'll ask you to identify yourselves, your full name, you know ...

**Mr AH KIT:** Your position.

**Dr LIM:** ... that you're at Ali Curung, and then what is your position.

**Mr CLARKE:** David Clarke. Co-store manager at Ali Curung.

**Mrs CLARKE:** And Sandy Clarke, Co-store manager at Ali Curung.

**Dr LIM:** Thank you. Now, you might like to tell us about the store and how you operate and then we'll interact with you and ask you questions.

**Mr CLARKE:** Do you want me to start, Sandy?

**Mrs CLARKE:** Yes, yes.

**Mr CLARKE:** All right. It's, as you know, the community fluctuates from anywhere from 300 to 500 people and it used to be a coop, where you could have - I believe the store manager before us who was here for 14 years had shares and anyone could buy shares in it, of course, with it being a coop, but now it's a corporation, it's totally owned by the Aboriginal people and 100% of the profits flow back into the community.

There was one thing, we could - I mean, any store that's owned outright totally can lower their prices, but the expectation of profits at the end of the year, or 6 months in profits, of course, are decreased, and so you've got to balance that against, I mean, the community here likes to have a bus or a large mobile vehicle that they can cart the community around in. And they're expensive, and of course, the upkeep on that is tremendous when it's taken out whatever, kangaroo running, or in the bush or whatever. So, yes, there's a lot of overhead.

But I think in general, the haulage and the freight play a big part in any overheads. As far as the pricing, the markup situation is concerned, that was set in place before we or indeed, John even got here - the last they've got here. That's set. I mean, you can speak to the accountants, the Centre Accounting Services, that does our stuff. We don't change that and we didn't change that. So that's ...

**Mrs CLARKE:** I increased it by 3% due to our freight increase.

**Mr CLARKE:** Oh, yes.

**Mrs CLARKE:** Our freight increased doubled the first year we were here.

**Mr CLARKE:** It doubled from 10¢ to 20¢ and we increased that.

**Mrs CLARKE:** So they increased that 3% to accommodate those freight ...

**Dr LIM:** So what's the mark-up?

**Mrs CLARKE:** It's 53% at the moment.

**Dr LIM:** So across the board, you don't have profit?

**Mr CLARKE:** No. On some things ...

**Dr LIM:** On some things you do ...

**Mr CLARKE:** On some items - I mean, you've got your difference between electrical items, food items only. That expensive, I mean, some are down as low as 20% or whatever, like that. And petrol, I think, is 12% ...

**Mrs CLARKE:** Petrol, no, petrol is 25%. We're paying 82¢ a litre at the moment, which I think is pretty astronomical when you can get it cheaper in Tennant Creek. And just off the street.

**Dr LIM:** So there is the rest 20% to ...

**Mr CLARKE:** Around 50%. 20% to 50%, depending on the item and where it's come from and how much freight's on it and stuff like that.

**Dr LIM:** Yes, yes.

**Mr CLARKE:** But, I think, Sandy - I think my main problem, anyway, is with the expense as far as, I know the fuel excise is heavy on the hauls, especially if they're individuals who own their own companies. I mean, there's a chap here, at Oztran, who owns his own truck, and it's really, the truck itself's in a bad state, because he can't afford the upkeep of the truck. And that's how little he's actually making from it, because his duties are also expensive, as well as the excise of what he pays is very expensive too. So ...

**Mrs CLARKE:** He's one of the cheapest freight companies that we've actually sourced out. We did get some information - we were contacted by Top End Wholesalers in Darwin. And we've also had Woolworths out here comparing or giving us price lists. We deal through Independent Grocers at the moment. But I notice - I mean, I like to keep things in the Territory, rather than have it go down south ...

**Dr LIM:** Send it south.

**Mrs CLARKE:** ... so I was interested in these people from the Top End Wholesalers. They could get it to us a lot cheaper because the freight coming from Darwin down here of course, is practically half ...

**Mr BALCH:** The backloading to here?

**Mrs CLARKE:** Yes, backloading exactly. But then in further investigation with that, looking at his items and comparing them to the price we're getting down south, one particular item was \$6 dearer a case. So when I rounded it all off, including our freight, our freight would be cheaper. We decided to stay where we were with Independent Grocers and with Oztran freight.

**Mr BALCH:** Within Alice Springs.

**Mrs CLARKE:** In Alice Springs yes. We get a big, 3-monthly - about 3 months isn't it?

**Mr CLARKE:** Three to 4 months, a large order from ...

**Mrs CLARKE:** Adelaide.

**Mr CLARKE:** ... it originates in Adelaide, gets taken to Alice Springs, and then our local hauler carts it up for us there.

**Dr LIM:** Oh, okay.

**Mrs CLARKE:** But one of our biggest things here too, looking at the balance sheet as of February, our costs are like, electricity - we've paid something like \$18 000 to date for electricity. We've got a lot of big freezers that we run. And the other thing that I think has a big impact on where the money goes too, is service fees for tradespeople. I looked at an invoice the other day that was \$849 just for the fellow to come out on 2 visits. And that's - I mean, I suppose you've got to understand where they're coming from ...

**Mr BALCH:** So your repairs and maintenance bills ...

**Mrs CLARKE:** That's just for them to come out and they might do \$150-worth of work, and you pay \$360 for them just to come out.

**Dr LIM:** Yes.



**Mr CLARKE:** What you've got to do, in effect, is lessen that effect on the overall outlay of money by trying to repair things yourself, learning to do it yourself ...

**Dr LIM:** Yes.

**Mr CLARKE:** So every - I know that every store manager on every community probably does the same thing. So it's - yes, \$800 for 2 trips is a little bit ...

**Dr LIM:** Yes.

**Mrs CLARKE:** The people, I mean, looking at our prices, somebody mentioned, the fellow I was speaking to yesterday mentioned that they're doing things where they're lowering prices in the store on essential items, and then marking the items up on non-essential items, or they're just having - there was one store in particular that was running basically at no profit at all. He was just getting things out. And I suppose that's one issue that we could raise with the committee ...

**Dr LIM:** Yes, yes.

**Mrs CLARKE:** ... but I know we've - things have been raised - because we're close to Tennant Creek and there are quite a few people who do go into Tennant Creek on a weekly basis, and so they pick up a lot of their items in there as well. And I suppose what we've got to work out is whether or not they're either happy having a store out here with items that are the same price as Alice Springs or Tennant Creek, and having no profit. Their profit so far have gone - we do a lot of cultural things with them, their sorry camps ...

**Mr CLARKE:** And football excursions take a lot of money, as you know. The hire of vehicles and so forth, and things. But the community owning the store itself, they can - we have store committee of about a dozen people ...

**Mrs CLARKE:** And a governing committee.

**Mr CLARKE:** Yes, and a governing committee there, yes, who oversees that. So they can alter the store in any way that they choose. The non-profit type of thing, for lower prices has been mooted, but it wasn't received very well, because who would buy the vehicles then and pay for the football trips and so forth. I mean, that's a necessary part of living on a community, so ...

**Dr LIM:** But your profit is turned back into the community ...

**Mr CLARKE:** 100%.

**Dr LIM:** ... so that in fact, everybody benefits from it anyway.

**Mrs CLARKE:** Yes.

**Mr CLARKE:** Yes. Early, or late last year, we bought everyone - there were 52 items bought in all, a fridge or a freezer. If someone had a fridge, they'd get a freezer. If someone had a freezer, vice versa, they'd get a fridge and so forth. Well, everyone was happy with that deal, because everyone got one, every household got one. Whether they were a single person or a married person, everyone got one. And they're the types of things that before that, we didn't have the money for it, because of the trouble with the vehicles. They wanted certain vehicles and they'd break down, of course, so there's great repairs to them. Recently we had a, bought a secondhand vehicle in very good condition, but it soon needed a

brand new motor which was, all the accoutrements was \$15 000. I mean, there's a good chunk of your 6-monthly profits.

**Dr LIM:** What would you do if one of the committee members were to come and say, 'Look, I need a car for my family'. Were it up to you, or would they come to you for that.

**Mrs CLARKE:** No. Yes, they have done that.

**Mr CLARKE:** They'd go to us, they come to us.

**Mrs CLARKE:** They come to us, yes. But we've explained to them that, they all know about the constitution that we have there for the committee, for the corporation, and there was a lady in - I think she's out here today actually - oh, probably about 1½ years ago, that came through and explained the whole thing to them, and that's where we actually brought the governing committee in. Because every time we had a meeting, we'd have to get together, like, all these people, and they said, 'If you've got a governing committee, it's much smaller, you don't have, you only have 7 to make a quorum' and all of that sort of stuff.

So we did that, and they've always been explained the fact that we do have those rules because we are a tax-exempt corporation, and therefore, not one single person can benefit from anything from the store.

**Mr MITCHELL:** You're likely to lose your tax exempt.

**Mrs CLARKE:** It must be a community-based thing, where the community does benefit. And that's what we try to do, particularly the men are very strong, and we try to guide them into evening it out - like the ladies just got their softball equipment and uniforms, and so we try to even it out.

**Dr LIM:** Do the traditional owners come along to the store and say, 'Look, this is my land, you can pay me royalty to operate here', that sort of thing?

**Mrs CLARKE:** No.

**Mr CLARKE:** No, no. We haven't ...

**Mrs CLARKE:** I think they know that the store's benefiting the community, you know, so they seem to be pretty switched on ...

**Mr CLARKE:** If that did happen, we'd just refer them to either the council president or the accountant, have a talk to them. I mean, it's got really nothing to do with us. We're just the store managers. We manage the store to the best of our ability, make as much money for them as we possibly can by cutting prices here or there, or getting different items. Like the more expensive item you can sometimes trade off with Black and Gold items. Some items, of course, as you know, they won't buy Black and Gold, just as I won't some items, like the rolled oats or something like that. They prefer the more expensive ones. So you can't compromise in some places, but others you can. But as far as people coming and doing that, no, we've never had any trouble like that, and I wouldn't expect any, anyway.

**Mr MITCHELL:** Do you have any idea on how much money you outlay, say over a financial year, for all the goods that come into the store, and then a figure at the end of it, of what you actually get in? And take into account that, you know, what you outlay and what you get in, there's all your costs involved and that?

**Mr CLARKE:** Like an annual gross ...

**Mr MITCHELL:** Yes.

**Mr CLARKE:** ... as opposed to profit, and then profit. I'm sure the accountant can help you with that. Right through he could, yes.

**Dr LIM:** Maybe if we can get a copy of an audit ...

**Mr MITCHELL:** Maybe Rick could get in touch with you ...

**Dr LIM:** ... of the return for the store, just to give us an indication of what you do, it would be great.

**Mr CLARKE:** I'd say that Peter Vroom would give you that almost immediately, yes. It wouldn't be any problem at all, I'd say. Just give him a call, we can provide the number.

**Dr LIM:** Perhaps Rick could. Who is your accountant?

**Mrs CLARKE:** Peter Vroom.

**Mr CLARKE:** Peter Vroom from Centre Accounting.

**Dr LIM:** Peter Vroom. Peter V-r-?

**Mr CLARKE:** Vroom, Centre Accounting Services, it is.

**Dr LIM:** It's in Head Street still, is it? Still in Head Street?

**Mr CLARKE:** Yes, in Alice Springs, yes.

**Mr GRAY:** Is there a chance of getting a copy of your constitution also?

**Mrs CLARKE:** Yes, I could give it to you. I have a copy.

**Dr LIM:** I was actually just about to ask about that.

**Mr BALCH:** Did your constitution just develop for you, or did you use some model, or ...

**Mrs CLARKE:** I really don't know, because when we came here, it had all been turned over.

**Dr LIM:** It was all there.

**Mr CLARKE:** All been notified and turned over.

**Mr BALCH:** That seems to be interesting, because that's one of the things, I think, one of the other communities was lacking, wasn't it? They'd been ...

**Dr LIM:** Well, that's right ...

**Mr BALCH:** They didn't even know where it was ...

**Dr LIM:** The president himself couldn't even find one.

**Mr BALCH:** ... a good constitution might be part of a model that other communities can look at. If it's a good strong constitution that is applied ...

**Dr LIM:** And are you sure Peter Vroom would have a copy of the constitution also.

**Mr CLARKE:** I think sometimes it doesn't rally matter what the wording on the constitution is. Certain people in the community are stronger than others and have different ideas as to how it should be run and how the shop should be received and whatever like that, and that's usually the way it goes. But, as Sandy said, when we turned up here, the last chap - it was a coop at that time - and so when he left, everything was already arranged, and we just slipped into the job and it was a corporation rather than a coop. And ...

**Mr AH KIT:** Could you perhaps, as the co-managers, run past your chairman and councilmen and those documents we're after - I think we're going to have a bit of a problem trying to access them direct without council approval.

**Mrs CLARKE:** Oh, without ...

**Mr AH KIT:** Maybe if you could get them to ...

**Mr CLARKE:** Oh, yes.

**Mr AH KIT:** ... and give him the approval to send them on to us.

**Mrs CLARKE:** Yes, we'll actually have a meeting, because the end of the financial year's next month, and Peter comes down for that with the auditor. So, yes, at that meeting, we'll just ask the committee. And I'll also be interested to see what sort of reaction you get from them in saying, 'Look, if you want to run this store on a purely a non-profit basis, or if you'd rather have your mark-up, have your profits and do what you want with your profits' - I'd be very interested to see.

And I think that might be a bit of a problem around a lot of the communities as well, is there seems to be a lot of communities that run things differently. Like, I explained to Rick yesterday about this one store he was telling me about where they don't sell Coca-Cola. But as I said to him, we're close to Tennant Creek, we're 40 km from Wycliffe Wells, if we're not going to sell it here in our store ...

**Mr CLARKE:** Someone else down the road will.

**Mrs CLARKE:** ... where the profit stays, they will. So we have to ...

**Mr CLARKE:** Cigarettes too, you know, we've been asked about that.

**Mrs CLARKE:** And even disposable nappies. Like, I've thought about not selling disposable nappies because the dogs eat them, and just having cloth nappies, but if we're not selling them here, then they're going to go to Wycliffe Wells or to Tennant Creek and get them.

**Mr CLARKE:** Some one will provide them that are close at hand, so it's a loss for us ...

**Mrs CLARKE:** But it would be interesting, I think, if there was some information gathering about how other stores were run, so that we can share ideas.

**Mr CLARKE:** With the committee, yes, that would be good.

**Mrs CLARKE:** Because some of these, I mean, we ...

**Mr CLARKE:** And how successful they are - sorry to butt in there - but how successful those alternatives are.

**Mrs CLARKE:** And also passing that information on to the store committee, to say to them, 'Well, look, this is something to think about if you want to have lower prices', so that the people don't have to travel in to Tennant Creek to get something. I mean, by the time, if they're getting just one or 2 items, it's really worth it for them to stay here, because by the time they spend their petrol going in and out and that, that's upped the price - they'd pay more probably.

**Dr LIM:** What would be the price difference between here and Alice Springs, here and Tennant Creek? Have you got any idea?

**Mrs CLARKE:** Well, with the basket survey ...

**Mr CLARKE:** Depending on the buying power as well.

**Mrs CLARKE:** Yes, with the basket surveys that we've had come through with the nutritionists and that, usually the mark-up between - they allow the mark-up between Ali Curung and Tennant Creek being the closest centre - there's a 25% mark-up on their price in Tennant Creek.

**Mr CLARKE:** Just one thing as to the view of these alternatives, now it would be interesting in doing something along those lines, because it doesn't matter how it's run as far as Sandy and I are concerned, because we're only the managers, so it makes no difference to us how the store is run, whether it's non-profit, whether it's the same as it is now, or half and half, it just makes no difference, because we're just on a wage, so it makes no difference to us. So I would be interested to find out how successful the other communities are at doing this.

**Dr LIM:** Yes, for sure.

**Mr BALCH:** By the sound of what you were saying there though, before, about sharing ideas, there might be room for an opportunity to look at developing a kind of an annual ...

**Dr LIM:** Conference.

**Mr BALCH:** ... Territory conference ...

**Mrs CLARKE:** Yes.

**Mr BALCH:** ... of remote stores and ...

**Mr CLARKE:** I think that's a good idea.

**Mr BALCH:** ... management committees to all come together and start talking about what's happening in the communities, sharing ideas and learning off one another and really getting some good feedback.

**Mrs CLARKE:** Oh, yes.

**Mr BALCH:** That might be the best way.

**Mr MITCHELL:** Some communities it would be good, but then you'd have a lot of other communities that are privately run that might not ...

**Mr CLARKE:** Yes, that's right, that's for sure. But we'd be agreeable to that. It's always, because from year to year, you do -we've been here almost 3 years now, and you do tend to get a bit stale in your ideas sometimes. And that's an injection of thought and that's good all the time.

**Mr BALCH:** Yes, sitting there thinking you're the only one having that problem and you might not be.

**Mrs CLARKE:** Yes, well, we were. When we first got here, we took a lot of things so personally, because we'd never been on a community before, and we were like, 'Oh, what are we doing wrong?', you know. The only contact we have is someone with experience was the accountant, Peter Vroom. And he basically said, 'Look, it will be fine, these things happen'. And then, of course - I mean, we have a big problem here with staff. It's understandable. These people really, the jobs are there, they know they're there, we've always got advertisements up there saying we need staff. It gets to the point, like, next week there'll just be David and myself and one of the locals that comes in twice a week.

**Mr CLARKE:** Well, we can't run the store successfully at the profit we're running at now, with no staff ...

**Mrs CLARKE:** With no staff, yes.

**Mr CLARKE:** ... because there's 2 counters to run plus the fuel and everything else that needs to be done at the store. Plus the office doesn't run itself, as you know. So ...

**Mrs CLARKE:** That gets a bit frustrating, you know, trying to say to them, 'Look, it's your store, we need people in here ...

**Mr CLARKE:** To generate more profits, you need to actually come and work in the store. And there's no shortage of young people, as you've seen. But that is, as Sandy said, frustrating. But what we normally do, what we used to do, is run our backsides off all day and we thought, no, because we don't get any extra money for it, we work twice as hard and don't get anything extra for it. We don't mind working hard, we're used to that, but what we do is close one of the counters. And instead of us paying the penalty, then the community pay. It's not like penalising, but it's saying, 'Look ...

**Dr LIM:** This is the reality.

**Mr CLARKE:** ... it's a practical way of saying, 'Yes, this is the reality. If you come in and help run the store, it's your store, we're actually, you're not helping us, we're helping you to generate profits'. And if you say, 'Come and help yourselves do that'. So yes, we generally close one counter off. Sometimes it prompts a few - people come in and they say, 'Look, .

**Dr LIM:** Some places we've been into, we were told that the Social Security payments sometimes do not stretch the full 2 weeks for food, or they actually spend all their money, or they spend most money on food or clothing ...

**Mr CLARKE:** Oh, that's ...

**Mrs CLARKE:** No.

**Dr LIM:** ... and don't have enough for anything else.

**Mrs CLARKE:** No, I can tell you that the amount of cheques that we cash - like especially on double cheque Thursday, which is today, a third of that will be in food, the rest of it goes out of the store. It's either on cards or they go to Wycliffe Wells. Thursdays and Fridays can be quite noisy here. A lot of ...

**Mr CLARKE:** It's a problem indicative in all communities. Alcohol and gambling, I mean, a lot of the

money goes on that - and the only sort of - Sandy and I really, are quite comfortable here. The only thing is that it's I suppose, yes, the kids come out afterwards, and you know the kids and that, and they say, 'Oh, look, I'm hungry, can I have something', blah, blah, blah. And you'll see people playing cards. I mean, it happens everywhere, it doesn't matter where you are on an Aboriginal community, or a white community, or wherever, there's problems like that. But it's just that when you're in such a closed environment, it does make it a bit difficult. But yes, so if anyone's saying that no, there's not enough money for food or whatever, that's absolute rubbish. It's just ...

**Mrs CLARKE:** Yes, because looking at the amount, there's always, they'll spend, because we haven't really made it a rule, and we do just cash the cheques like a bank would, but we try to get them to come in and at least spend their cheques, buy something ...

**Mr CLARKE:** Buy something.

**Mrs CLARKE:** Even if it's a dozen eggs. I don't care if it's a dozen eggs, and they're spending a \$350 cheque, then that's it. We're the only place they can do that, beside the baker. They do, you know, take their cheques to the baker ...

**Dr LIM:** Do you allow book-up here?

**Mrs CLARKE:** No.

**Mr CLARKE:** No, not at the store. That wasn't our decision, that was ...

**Mrs CLARKE:** The committee's decision.

**Mr CLARKE:** ... the committee's decision. Well, they used to have book-up when it was a coop you see, and there was a lot of - I think it was \$80 000 ...

**Mrs CLARKE:** When it burned down apparently.

**Mr CLARKE:** Yes, it was owing a lot of money, so mysteriously it burned down.

**Mr BALCH:** And the books were the first thing that caught fire.

**Mr CLARKE:** That was the seat of the fire actually. But anyway, so they built the new store here, and the committee itself said, no book-down. So that was it.

**Mrs CLARKE:** Yes. I mean, but that's not an absolutely strict rule. There's some people, if they need nappies or something, I'm not going to knock someone back for a packet of nappies.

**Mr CLARKE:** And if people are going difficult and you know that they get their cheque on Thursday and they need food, obviously, you don't give them cash and they go ... But, yes, no ...

**Mrs CLARKE:** By now we know ...

**Dr LIM:** Who they are and all that.

**Mrs CLARKE:** Who they are and ...

**Mr CLARKE:** Exactly, yes. Some people are very reliable and they'll just ...

**Mrs CLARKE:** So we've got our handful, but we just go shoos. They know. You know, we've been

here 3 years and the first thing that we did come across when we got here was, 'Oh, I suppose you're only going to be here 20 minutes', and that, which I think - I mean, that's difficult, living here at times, but I think we've got over that hump. We feel that we've got over that hump, and we're quite comfortable. We hope that people are comfortable with us. Of course, you can't get along with everybody all the time.

**Dr LIM:** How do you get relief for yourselves?

**Mrs CLARKE:** When we go on our holidays - we have 6 weeks holiday - there are relief managers that come in.

**Mr CLARKE:** For our own sake ...

**Dr LIM:** Okay. So you don't have weekends off, or anything like that?

**Mrs CLARKE:** Oh, we have a weekend off.

**Mr CLARKE:** Oh, yes, we sometimes close.

**Dr LIM:** The store closes for the day?

**Mr CLARKE:** Yes, well, it closes for the weekend, but we're in the position where we have the baker next door who has most things on board that we sell, like food items and stuff, and he opens at the weekend.

**Mrs CLARKE:** And he's been here for, like, 20-odd years, and he's quite happy doing that, and the store is making a reasonable profit, enough for him to do that, providing that service to the community.

**Mr AH KIT:** Is that bakery private, or ...

**Mrs CLARKE:** Yes.

**Mr CLARKE:** Yes, privately owned.

**Mrs CLARKE:** Privately owned.

**Mr CLARKE:** The building itself belongs to - it's part of the stores assets.

**Mrs CLARKE:** Assets, it's on the assets register.

**Mr CLARKE:** Register, yes. But he just leases that out and runs the store there.

**Dr LIM:** So you don't have to buy bread from Alice Springs at all?

**Mrs CLARKE:** No, we get it baked fresh every day ...

**Mr CLARKE:** No. Every morning, yes.

**Mrs CLARKE:** ... which is great. Everybody seems to be pretty happy with that.

**Dr LIM:** And what would be an average loaf cost here?

**Mr CLARKE:** \$1.80.



**Mrs CLARKE:** \$1.85 a loaf.

**Mr CLARKE:** \$1.85, is it?

**Mrs CLARKE:** Yes. Oh, \$1.80, sorry.

**Mr CLARKE:** \$1.80.

**Dr LIM:** Well, some of us have to catch a plane and get back to Alice Springs ...

**Mr CLARKE:** We thought you were running a bit tight for time.

**Dr LIM:** I think we've held you a bit longer, if you've got anything else more to say, anyway.

**Mr CLARKE:** No. we're quite ...

**Mrs CLARKE:** The meeting's finished anyway.

**Mr CLARKE:** No, we just came over here to field some questions and that, yes.

**Mr BALCH:** What about - would you have a price list that you could give us as well? Again, the stuff that we're asking you for, we keep in confidence. We're only looking to ...

**Mr CLARKE:** Oh, it doesn't make any difference.

**Mr BALCH:** ... say, well, how does this balance here, and this is a store that turns profit back into the community, look at the price it's charging against another store that's privately owned ...

**Mr CLARKE:** And taking all the profits.

**Mr BALCH:** ... just draw some comparisons, yes. So it's kept in confidence, it won't be ...

**Mr CLARKE:** Sure.

**Mr BALCH:** ... it won't be published in the report ...

**Mr CLARKE:** It doesn't make any difference to us. We work ...

**Mrs CLARKE:** Well, we've been quite - we've got good feedback from the basket surveys that we've had by the, you know ...

**Dr LIM:** Any distributors ...

**Mr BALCH:** We are just trying to educate ourselves.

**Dr LIM:** I asked about royalties earlier. I asked about royalties earlier. Some stores, royalties, some stores actually pay it monthly, hundreds of thousands of dollars a year in royalties ...

**Mr CLARKE:** I think it's twice a year they come through here.

**Dr LIM:** ... and all the profits disappears, completely disappears so the stores have got nothing.

**Mr CLARKE:** We actually get them, it's twice a year they come through on a general basis, and they'll come through from the Central Land Council ...

**Mrs CLARKE:** Oh, the royalties, yes.

**Mr CLARKE:** The royalties, in faxes ...

**Mrs CLARKE:** No, that's was the store.

**Dr LIM:** No, it was ...

**Mr CLARKE:** Oh, you mean from ...

**Dr LIM:** The store had to pay somebody a royalty to operate.

**Mr CLARKE:** Oh, no sorry. No.

**Dr LIM:** And then suddenly all the profits gets taken away from the community.

**Mr BALCH:** Taken out of ...

**Mrs CLARKE:** So just by that group of people, they're taken the royalties.

**Dr LIM:** By whoever, that's right, yes.

**Mr CLARKE:** No, that doesn't happen. No, it's fairly evenly dispersed over the entire community. But, as I say, a lot of it - and this is where we're trying to sort of do what we can ourselves to change a little bit of thinking. A major portion of the profits is taken up with just, not buying vehicles, but constant repairs to them.

**Mr BALCH:** Maintaining them.

**Mr CLARKE:** Constant maintenance. I know that's a problem in every community, but constant maintenance to good vehicles, or ones that were good, and it's just throwing good money after bad. And most of the community miss out then on the major share of the profits.

**Mr BALCH:** Yes, I know.

**Mr CLARKE:** But, changing those views is not our job, and it's, yes, not in our list of priorities. I mean, of course, we try and steer what we can to the other people who are missing out, but you can't do that if you're not a member of the community as such, which we're not.

**Mrs CLARKE:** Yes.

**Dr LIM:** All right. Thank you very much for that.

**Mr CLARKE:** No worries at all. Thanks, gentlemen.

**Dr LIM:** I appreciate your coming along.

**Mr CLARKE:** No worries, thank you.

**Mrs CLARKE:** Have a safe trip back.

---

**Tennant Creek**

# SELECT COMMITTEE ON TERRITORY FOOD PRICES

## PUBLIC HEARING

TENNANT CREEK –Wednesday 19 May 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

**Appearing before the Committee:** Lyz BRYCE, NTCCI

Glenn BENNENTT, D.I.B

Gavin CARPENTER, Newsagency

Michael HARVEY, Tennant Food Barn

Nigal RUSH, Alderman

Erich SCHOPPE

Paul RUGER, Mayor

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Thank you for coming this afternoon formally on my left is Steve Balch member for Jingili, Mr Philip Mitchell member for Millner and Mr John Ah Kit member for Arnhem.

If you all recall in February, Jan or February this year an article was printed in the BRW which labelled the Northern Territory as having the most expensive food basket in the whole of Australia and that caused a bit of a stir especially in the Top End and as a consequence of that the Chief Minister and parliament decided that we will set up a select committee to look into pricing of food and consumables in the Territory. Upon that the committee was formed. We wrote to just about every, or we wrote every community council, every municipal council all retailers, all wholesalers even the horticultural and local producers organisations asking for their input and we have received about 40 submissions so far and now we are travelling around Central Australia asking for people to come to the public hearings to tell us of their experiences whether they are retailers, wholesalers or just Mr average.

We started off at Finke on Tuesday morning, Alice Springs yesterday afternoon we had quite a good turn up I thought and then we were at Yuendumu this morning, here we are now here, tomorrow we will be at Ali Curung and what we are really interested in is how retailers work out what the retail price is from a base line wholesale price. How they work up this gap, whatever the gap may be to reach a retail price and something that none of us on this side of the table are aware or familiar with and we are just looking for information.

If people have commercial in confidence information that they do not want to share with the public hearing we are more than happy to have it in cameras so that we can still get the information and treat it confidentially just between committee members and the person giving the information.

**Mr CARPENTER:** We're primary looking at prices say of a can of baked beans what it costs here versus what it costs in the middle of Melbourne or Sydney or something like that?

**Dr LIM:** Well we try to look also at a comparative area. There's no point comparing the Northern Territory or Tennant Creek with Melbourne, it's going to be just absolutely ridiculous. So we are looking at comparative areas. Alright, say for instance maybe Alice Springs could be compared with I don't know, Port Hedland or Mount Isa, Darwin could be compared with maybe the whole of the north west Western Australia or Cairns, Townsville. Tennant Creek could be compared with Kununurra whatever so we've got to try and match up population, distance from supply, maybe even the climate because people living in the desert eat differently to people living in the tropics perhaps. I mean we could try to look at that if we can and then try and work out an average food basket which we either can then calculate some cost out of that but we are still interested to know whether from the wholesale price to the retail price, the factors that contribute to that gap. Whether it's fair unfair, whether the costs are too high and the profit margin is too low, profit margin is too high and the costs are really very low so people are being ripped off we don't know that alright so we are just looking at that without going with any set mind at all.

**Mr BALCH:** I guess that at the end of the day one of the most important things our report will do is inform the community better about what really does constitute prices in the Northern Territory and as importantly draw some comparisons with realistic areas. Because too often when the sensational stories are run in the paper they do exactly what Chairman Richards said is they'll compare Darwin with, I'm talking Darwin here or Territory prices with Melbourne or Sydney, I mean it's just ridiculous you can't do that. You've got to compare like with like and so in developing our basket and what not we'll be looking to compare with more realistic areas as Richard said. So it's really a fact finding committee that's trying to find out what so if a tin of baked beans is X what makes it so in Tennant Creek or in Katherine or in Darwin or one of the remote communities. What are the costs that go together to make up those final sale price of that item.

**Mr MITCHELL:** We're not trying to find out if prices are high, because we already know that. What we are trying to do is find out the reasons why basically.

**Dr LIM:** If it's fair, if it's a fair price nobody is going to worry about it, but remember the committee really right very early in our life said publicly that we are not here to regulate trade, whether it be ours or we are not here to regulate prices. It's not our job and we're not going to tell businesses how to do business. I mean you guys are the business people, you guys do it the way you best. We are here to collect information and then provide the community with that information.

For instance, somebody might choose to go to a big supermarket to do the shopping. They choose to go

there and they say well Joe Blow's potatoes down the street is a lot cheaper well that's fine well go and shop there but if you don't want to shop there and you want to go to the supermarket that's your choice and no one is going to tell you can't do it. If you want to drive around town picking up all the specials that's also your choice. You've got to then balance that against the cost of running your car around the town chasing those specials. It is up to people to do that.

It was interesting yesterday we heard somebody said that shoppers are essential lazy. You want to go to one spot and do the lot.

**Mr CARPENTER:** Well that's a known fact.

**Dr LIM:** Yeah, that's their choice and if that's their choice then they've got nobody else to scream at but themselves.

So that's essentially what the committee is going to do is doing rather and if you can help us by providing us with information as to how as a business man or business woman that you could actually tell us well this is what we get for that and this is what we sell it at and these are our factors, our cost factors.

Now we are not asking you to share your commercial in confidence information publicly with everybody but if you are prepared to share it with us and you want to have it in camera in confidence we are prepared to do that and you'll just have yourself and nobody else. Any commercial in confidence information while is being recorded and transcribed when we table our report it will not be made public, other public information will be compiled together with our report and be made public.

**Mr CARPENTER:** ...if we want a carton of baked beans using baked beans as an example, we want a carton of baked beans once a fortnight and Michael wants a pallet once a fortnight obviously he's going to land the pallet a hell of a lot cheaper than we are going to land one carton so that's your start and your buying price is obviously a better price to. Woolworths go and buy a 20 tonne trailer load direct from Heinz and put it straight on their shelves. Michael might want to buy a pallet load and we want to buy a carton, whose going to get the best price?

**Dr LIM:** Well in Tennant Creek there is no Woolworths, there's no Coles, there's no other big chains in town so are the people here more well are restrictive to the source they can either go to Alice Springs once a week, once a fortnight or go to Mount Isa or they shop locally. Does that make a difference to ...

**Ms BRYCE:** They don't even have to go to Alice Springs or Mount Isa, they can do a bush order ...

**Dr LIM:** Alright you can do that.

**Mr CARPENTER:** A lot of that is done too.

**Ms BRYCE:** ... stuff too.

**Dr LIM:** And do they then pay a premium for that?

**Mr CARPENTER:** I believe the price at the Food Barn particularly on dry goods are as good as you get anywhere. There is no way in the world you can drive to Alice Springs to pick up a load of groceries and bring them back as cheaply as you can go straight down the street and pick up what you what then bring it back.

**Mr BLACH:** That's at the Food Barn.

**Mr CARPENTER:** Dry goods in particular are I believe their prices are very reasonable and very good. But you see people every week if you go to Alice Springs and you see people down there 4 or 5 or 6 basket loads of gear loaded up, now a lot of that comes back to again economies of scale. You are looking at 3000 people and you, I don't know I don't do the shopping, but I guess you haven't got bloody twelve sorts of tomato sauces, different sauces ...

**Ms BRYCE:** That fact is you don't have the variety that is the only difference.

**Mr CARPENTER:** So they go to Alice Springs and because they can buy a Campbell's tomato sauce that they prefer instead of a Heinz you can buy at the Food Barn they'll buy 2 bottles or 3 bottles and this sort of thing and you go in to any, it's a marketing fact you go in to any of these places and Woolworths will have their 20 litre, and you look at what's directly in front of you between waste and, full, odds and you'll be paying probably over the odds but the specials will either be way up there you don't see them or way down there where you don't see them and it's a fact of life.

**Dr LIM:** Could I ask you to identify yourself for the record at least if you don't mind.

**Mr HARVEY:** Michael Harvey. They were just two different scales that they have the general line and litre lines and opposite specials and so on so obviously there's advantage of getting on with a litre line there's less margin on that general line ...

But I means with these days of scanning and, than they do in the cities is that they're checking compared to checking prices all the time and if actual, to go there to the shops and check prices and that's all they do for ...

So they can just, of the mark up of a product by 1% or they can make it 1¢ cheaper than the shop down the road and with information technology the availability is so easy these days. We've got the system now, it's all in-house, you can print labels, change prices automatically.

**Dr LIM:** Do you source all of your supplies from Alice Springs, Adelaide, Melbourne, Sydney?

**Mr HARVEY:** Well we've joined 4 or 5 years ago we've joined the Foodland group which is the largest independent ...

**Dr LIM:** In groceries itself isn't it or not?

**Mr HARVEY:** No. Foodland was developed from, Independent Grocers or David's but it's now sort of, David's are actually sell all their retail shops so they are selling all their retail shops they are coming out and getting out. David's was taken over by, company so what they're basically doing is selling all their retail shops, sale that's a national, They are getting back into the wholesale business.

**Mr BALCH:** So you shops are then acting in a cooperative way to increase buying power?

**Mr HARVEY:** Well what happens we've joined Foodland and there's 90 stores within that group. The advantages are obviously being an independent is that they've got a central office and a separate office from the warehouse centre operate, and then basically buyers they've got to sort of wheel and deal for ...

We have buyers coming out of the warehouse we get, so basically they're wheeling and dealing and negotiating because you've got thousands of lines. I mean is very hard as a, independent, one store that

rings around and try and get deals because if are going to put something on special and you're selling it cheaper and with grocery lines there's not a very good margin you need to buy it from some supplier cheaper to be able to sell it cheaper to offset the price.

**Mr MITCHELL:** Is the Food Barn locally owned?

**Mr HARVEY:** Yes, it's independently owned.

**Mr MITCHELL:** Yes, but locally or a southern company.

**Mr HARVEY:** Well it's semi. Well Greg and Carol they have a house here, they live here they don't live here as much as they use to. They've had the business for about 16 years, the own a store in Roxby Downs as well, they live in Adelaide.

**Mr BALCH:** How do your prices compare, I heard it said before that they're pretty comparable to Alice Springs.

**Ms BYRCE:** Well they are to Alice Springs.

**Mr HARVEY:** Well to give you an example and this you know Greg and Carol sort of set the system up. We used to have, Foodland used to do 2 sets of prices because you have your weekly special and you have your monthly specials so they'll just set a load of specials for metro and country so then obviously the country you've got freight, on top of it now it's just got to be added to cost so basically what happens is that, you have to do with the catalogues and advertising and, decide what you're going to have in catalogues do you what them to advertise on TV and do you want the co-op to have, somewhere else so we're sort of virtually one of the last stores up here and they've decided well we're not going to do the monthly specials, we're going to recalculate all the monthly specials. You can load up Adelaide metro specials if you want so what basically the actual marketing specials for 5 weeks are actually the same price as in Adelaide and metro stores. So at any one time there's over 10% of the other groceries are Adelaide, Fremantle monthly specials.

Same price ...

**Mr HARVEY contd:** Same price, we obviously put freight on top of that. This week's an exception because what happens is because they're 5 weekly, there is one week were they overlap 2 together so we this week have 2 monthly specials in the same week. So we've got over 20% of the grocery lines in the shop at Foodland metro Adelaide prices.

**Dr LIM:** You must have heard we were coming.

**Mr HARVEY:** No.

**Dr LIM:** No, no I was just teasing you.

**Mr BALCH:** What about your fresh fruit and veg, meat products? Were do the source from?

**Mr HARVEY:** Well prodominantly okay sorry you asked about suppliers we get it from, we don't get much from Alice our main load comes from Adelaide. We are using David's Groceries. We get our fruit and veg from the, Market in Adelaide, they are the agent and source it in for us and then we utilise Queensland as well. We get a week delivery from Queensland and twice a week from Adelaide, markets, and Adelaide. We do get bits and pieces from Alice.

**Dr LIM:** Just top ups that's all?

**Mr HARVEY:** Well mainly, frozen lines ...

**Dr LIM:** When you get your goods landed in Tennant Creek how do you factor in the freight, is it do you buy it ex-Adelaide and then freight add on top of that?

**Mr HARVEY:** Yeah, well see. My store because we've got red lines, we've got a lot of things that have come direct from, actually warehouse they actually do the price structure so it's on supermarket price structure as in Adelaide and the freight gets added on top.

**Dr LIM:** Then you put your sales tax on top of that?

**Mr HARVEY:** Well that goes with the wholesale so that we get it back in at cost the freight gets added to the cost basically the warehouse lines they cost it for us.

**Dr LIM:** So would you be getting your supplies cheaper than in other corner store not, but somebody else in Alice Springs who source their products from a local wholesaler?

**Mr HARVEY:** Than locally in Alice Springs? I mean obviously there are price checking people. It's cheaper for us to buy out of Adelaide than it is to buy from a wholesaler in the Territory.

**Dr LIM:** Yeah, yeah.

**Mr HARVEY:** I mean it's ludicrous for us to buy from Top End Wholesaler if it's going to come back again on a freighter to go up to Darwin and they've got to freight it back again.

There are other things involved in freight. You've got the nett weight, calculated to the nett weight of that article, I mean you've got a 400g tin well it turns out that it weighed over 500g because you've got the weight of the container on top and then with the freight on top, you've got a nett freight weight I think it's referred per item gets added to the cost but then there's over and above costs, there's pallet weight, pallet, you get quicker pallet freight that's 60 kilos per pallet. There might be 2 pallets in the space, there's insurance on that, freight insurance, transport insurance, damage.

**Dr LIM:** Do you yourself supply to the bush communities at all?

**Mr HARVEY:** Yeah.

**Dr LIM:** You do, what as a retailer to another retailer?

**Mr HARVEY:** Well we're sort of in a bit of a unique situation, obviously we're sort of set up as retail/wholesale in a sense to 2 communities and then with certainly fresh fruit products we mark up retail sort of customers as well because they are extremely ...

**Dr LIM:** You re-pack and value add before you put it up for the communities?

**Mr HARVEY:** Yeah, before it's sent out to.

**Mr BALCH:** So you supply them with a product they can put straight on the shelf, packaged and labelled and priced?

**Mr HARVEY:** Yeah, which is labelled and priced.



**Dr LIM:** From a consumer point of view you guys are pretty happy with prices in Tennant Creek?

**Ms BYRCE:** Yeah, I am. I don't have a problem. I've lived in Perth and I find Perth just as expensive as Darwin.

**Dr LIM:** Yeah, well that's good.

**A member:** That's interesting.

**Mr HARVEY:** I've notice when I go to Alice Springs and so on, mainly to Alice Springs I suppose I find on the fresh food side like the fruit and veg and so on except for the specials that we're actually cheaper in price.

**Dr LIM:** And your spoilage and wastage?

**Mr HARVEY:** Like if I go into Coles and Woolies and I look at the fresh areas because I mean groceries are marginally there's not much, anyway.

**Dr LIM:** Your spoilage and wastage is not, you don't feel excessive being one end of a chain?

**Mr HARVEY:** Well it is difficult, I mean it was only let's say 4 years ago when we would get one perishable delivery per week and by the time it leaves the market place, it arrives here, it's got to last 7 days were it was 10 or 11 days old but it's got to last 11 days old on the shelf so obviously. I mean, I mean the more frequent deliveries you have on perishable items the better off you can be because you can have the older things, and so on so it was only really 4 years ago that we could actually have a second delivery before then it was very difficult, because you'd get older things by the time it had to last a week and then you had to sort of virtually order in 11 or 12 days ahead so, 12 days so your forward planning are just half estimate usage.

**Mr BALCH:** One of the things we've been told by some groups is that in order to get the produce here in reasonable condition you have to buy premium quality product because some time an unfair comparison is drawn to say Adelaide markets where somebody can buy a lettuce there may not necessarily be a lettuce that could travel 5 or 7 days. Is that your experience, you've got to buy premium product to get it here in good condition?

**Mr HARVEY:** Yeah, I mean that's priority one but we've been through a lot of, over the years, a lot of different fruit and veg people eat and still come here but one thing that always is stipulated is we want to pay more for the premiums to go, but something that is second grade is going to be a lot cheaper, it's on a special mainly for a reason, deterioration, but yeah priority is equality because if you get the quality for us ...

**Mr BALCH:** But there seems to be an agreement I guess that quality is certainly improved right across the Territory over a period of time.

**Mr HARVEY:** That's also with transport with containers, I mean it wasn't until dual systems, refrigerated systems like before it used to be freezer in the front one unit and you have the little hole there and that's how the, got refrigerated so you had one unit running the whole, and it wasn't really until 7 or 8 years ago that we actually had dual vatted units separate complete units, freezers run separate to perishables. So back then you have fruit and veg arriving up it was either frozen or rotten. There was no sort of compromise, I mean we've got a, and the freight company only ever comes here, so you've got I

think, 200 000 to, only working, one perishable, that only comes to Tennant Creek. It comes here by the time it goes back so that's loaded.

**Mr MITCHELL:** That's supplying your establishment or others as well?

**Mr HARVEY:** Well predominantly ours but it has, it's actually between 2, so it does actually supply others but predominantly it's for us.

**Mr BALCH:** What is a loaf of bread retail for here?

**Mr HARVEY:** I don't ...

**Dr LIM:** Lowest price yet.

**Mr HARVEY:** Well we actually set up a bakery here when there was no bakery but the bakery collapsed and is now or was no baker so we set up a bakery but because of the size of the town we don't actually have a bakery but we have, were they make everything by dough. We actually buy it in a frozen dough stage so it actually comes which obviously is going to cost more. It costs probably twice as much as what a, would because that comes from Perth and freight from Perth is up to, as in a frozen block ...

**Mr MITCHELL:** It's just a premix and then you finish it off.

**Mr HARVEY:** No it's not a premix, it's actually like you know, same thing, it's actually frozen made up dough.

We carry basically yeah I bake them and, from Perth so obviously it costs extra.

The dough weight system, changes so by using that as a dough, system ...

**Dr LIM:** Welcome to the meeting Mr Mayor, nice to see you here. Are you happy with shops in Tennant Creek sir?

**Mr CARPENTER:** Another sore point something that Michael brought up ...

The likes of Coles and Woolworths buy straight out of the warehouses, straight into their retail outlets, sales tax is paid at the last wholesale point. So they pay it on the price they pay but when it comes out of the manufacture in this case well David's in a lot of cases who we predominantly buy from and the last we're paying sales tax on David's mark up as well so there's an extra few cents added on to any of the sales tax, that's been a sore point for years but you know there's no clown in Canberra who wants to listen to that ...

**Dr LIM:** Well I think that information has just been recently been fed to the federal inquiry that's currently been underway.

**Mr CARPENTER:** It's been going on for years and no one's been listening to it, but every step you take, buy out of Alice because that's another step in the chain, a dollar out of it somewhere along the line, but you can't afford to buy out of Alice.

**Mr BALCH:** Well the wholesalers from Alice are in a, as we heard the other day in a worse position because they're paying sales tax on the freight right up to Alice, so it makes it hard for them.

**Mr CARPENTER:** That's where the smaller ones just can't win, haven't got a hope in trying to

compete with, puts you out of the ball park before you even start.

On a lot of the stuff and people whinge about the quality of fruit and veg like Michael says it can be a week or 10 days old before they even get it into your shop and Michael can't go and buy 20 tonne carrots from a carrot grower and say I'll take the lot on Monday morning when the trucks are ready go meanwhile he might want half a dozen grapes so by the time they've picked them, sat on a back of a truck, carted to the markets, sits on the market for a day or so until someone buys them, then they're eventually loaded into a truck and something else is loaded on top of them and squashes them and when it gets on the shelf here you wonder why you can turn, out of them, it's not surprising at all.

In the early 70s you got your beautiful market garden down out at Warrabri. I would say probably 80% of fruit or vegetables in particular used to come out of Warrabri. It was quite a circus, I think it used to be on Thursday morning from memory, they'd load up about a F250 For truck and hungry boards on the side, she'd be loaded up with watermelons and melons and turnips, whatever was in season at the time and those days most of, I'll tell the story, people have probably heard it before.

Most of the families only had one car so Dad would go to work with car and mum would have the pusher and that was about it so about 9 o'clock they'd start to gather around and the truck would pull up and like flies on a ageing piece of meat they're all over it and the next thing the dogs would be fighting in the back corner and mums would be dragging watermelons and gear off the back of the truck and anyway finally you'd see them heading off down the street and mum would be pulling the pusher because there was no cement footpaths, it's all dirt ...

**Mr CARPENTER contd:** ... so she'd be pulling the pusher with a watermelon and all the gear hanging off it, the kid would be another 10 feet behind screaming, the dogs would be another 20 feet behind fighting and there's mum with a one in the boot, one in the tub and another one in the pusher or walking behind and definitely quite a circus it was a regular feature it was always good for a laugh.

**Mr BALCH:** Why did the local grower fall over, what happened there?

**Mr CARPENTER:** Well they don't have to work anymore they've got money, do your own thing. Last time I was down there a few years ago all the irrigation gear was still all stretched out through the flood there, together with the broken down trailers and a couple of tractors without wheels on and things like that.

Go back to the war years, they use to have a beautiful garden at Whitecliff, that's history and in all the war history books the gardener's wife took the garden at Banka Banka.

That's in all the history books, you don't have to go far to find that. Something that we've been pushing for years to get the water, around to find out what can grown and will grow. We've got sewerage ponds out there, all drifts over to Port Hedland and Broome, and get the south-easterly blowing, now why isn't that water being used? It's all too hard, no one wants to worry about it.

Now why isn't the abattoirs working? We always used to have Philip Creek cattle, some of the best cattle the best beef you'd buy anywhere. It all goes to Adelaide bruised and knocked around and weight loss and they can't it back in a box to be beef from Adelaide.

**Ms BRYCE:** It's called progress.

**Mr CARPENTER:** Yeah backwards.

**Dr LIM:** Are many more people who are not retailers in the room now? Can I just have a show of hands if anybody is dissatisfied with the food prices, I'm not directing this at Michael at all in anyway please don't think that. When we heard that there was some dissatisfaction that prices in the Territory were too high we want the Territory to find out whether that's true or not and it appears to me so far that Tennant Creek people are very happy with the food prices, am I right in saying that?

**Mr ERICH SCHOPPE:** People here haven't got a choice.

**Dr LIM:** You haven't got a choice?

**Mr SCHOPPE:** If you need to buy you've got to go and buy.

**Dr LIM:** Okay, but if you compare the price that you pay here with a choice elsewhere are your prices equivalent?

**Mr SCHOPPE:** I think on some products definitely Tennant Creek is very different compared to places like Alice and even Darwin for comparative sake but we say the prices are currently not.

**Dr LIM:** Can you just give me your full name, sorry I know who you are but could you give me your full name so that we can have it on.

**Mr SCHOPPE:** Erich Schoppe.

**Dr LIM:** Okay, so you feel that because in Tennant Creek you don't have the variety or the choice of shops?

**Mr SCHOPPE:** I think the variety is there but also understand the, of distance where we have to pay for the cost of goods to come here that I think in some instances there's a quite a large gap between what coastal regions pay to what we pay.

I'm not saying it's a fault of the Food Barn, the job.

**Mr MITCHELL:** But would you regard prices as excessive I suppose is the question?

**Mr SCHOPPE:** In some product lines yes.

**Ms BRYCE:** What lines Erich?

**Mr SCHOPPE:** Perishables for one. Maybe not so much in the cost of the product but in the actual product itself and I've heard they've already spoken to, the product ...

**ALDERMAN:** I think it's also a, situation thing. I mean I've done the shopping and my wife does it on a regular basis but if I'm saying I'm going to Alice Springs or Darwin for, to her that's a shopping spree, she can get exactly the same thing in Tennant Creek but what she hasn't got is, go around all the shops, and buy exactly the same things in Tennant Creek only it will be a little bit dearer. It's like ...

**Dr LIM:** So when you're on holiday you're prepared to pay more?

**ALDERMAN:** Yeah.

**Mr HARVEY:** They're more relaxed.

**Mr Ah KIT:** I'm just wondering Gavin is it? I just wanted to come back to your comments about

Warrabri back in the old days. I mean a lot of the Aboriginal communities there was, chicken coops, market gardens, piggeries and most of them had something or another going which was good which was adding to the not only the community but providing some places like Tennant as you say and also Katherine and another few smaller townships but I don't necessarily think that Aboriginal people are to blame because there's too much money out there. I'm more interested in looking at the infrastructure side also and my question I suppose to this forum is is the infrastructure in place in this region especially in Tennant Creek to allow for people to look at market gardening and to start growing fruits, fruit and vegies and the abattoir stuff and why is that closed and could that be opened up and what needs to be done? I'm interested in sort of looking at that side of things.

**Mr CARPENTER:** Well you go to Kununurra and you see them loading up pallets of trombones and melons and going to the Melbourne markets I just forget the hours, 36-38 hours or something that they're in the Melbourne market, now why aren't they carted out of Warrabri or wherever else they'll grow around the place. They've proved it'll grow in Warrabri but this has been my argument for sometime. There used to be a beautiful market at Warrabri it's not there, there used to be a very successful loosen patch at McClaren Creek that's not there, these things have already proved they will work why aren't we still doing it or doing it again and getting into it? Rather than try all these airy fairy things that you've got to experiment on to find out whether they will or whether they wont. That's just 2 issues, they've proved it'll happen.

**Mr Ah KIT:** And I agree with you. In the beef country where the cattle is being sent down to Adelaide and coming back in boxes to the Top End with I think some of the fruits, like mangoes and that are going down to the markets and coming back on to the shelves in Darwin.

**Mr CARPENTER:** At Christmas time we can buy Darwin mangoes cheaper than we buy the bloody things in Darwin, work that out and they're reasonable mangoes.

**Mr Ah KIT:** Has government over the years, or council pursued a sort of plan to develop.

**Mr CARPENTER:** Governments have got plans.

**Mr Ah KIT:** They'll pursue them I suppose if the council is pushing and business people are looking for.

**Mr HARVEY:** You've got 2 problems, availability and land and water. I mean you can't tap into Tennant Creek water for commercial uses it's there for the town. And you've got land, where can you buy a station, there's not subdivision, there are hobby farms out there 5 acre blocks, there is no land or access to that land you can't access water in Tennant Creek for commercial use.

**Mr MITCHELL:** Do you get much stuff out of Ti-Tree at all coming here? And I suppose if not is there reasons for that, there apparently seems to be fairly good stuff coming out of there.

**Mr CARPENTER:** Well back here a couple of years ago we called in and picked up some watermelon on the way past which you usually do on coming back, see what they've got. Talking to one of the blokes down there which will remain nameless they'd just taken 7 tonne, air freighted 7 tonne of watermelons, rockmelons out of Ti-Tree that morning, we'd actually passed the truck on the road that's how we knew and I think about 10 days later we were buying the same rockmelons back here in Tennant Creek.

**Mr HARVEY:** When Ti-Tree first were getting up off the ground they were bringing produce up here,

they'd be on the phone, now they don't want to know about it. They don't need to know about it.

**Ms BRYCE:** We are just a small market.

**Mr HARVEY:** Yeah, that's it.

**Dr LIM:** I'll ask the Mayor if he's got something to say.

**Mayor RUGER:** Just carrying on with what Gav was talking about. Over the years we've had people come to town with all these schemes about growing grapes and dates and all the rest of it but every time he goes from there to the government there's not enough power, there's not enough water. A couple of years ago wanted to do their own thing at, didn't want any money just wanted to tap into the water reserve, wasn't allowed to do it. The same with grapes or wanted to grow dates down here somewhere. Every time you go to do something, not enough power, not enough water.

**Mr CARPENTER:** Just stating on top of that again, you try and get a report on the local water basin of the usage that comes out of it, the refillable rates and try and get something out of water resources, it's bloody impossible because no one wants to know you.

**Mr NIGEL RUSH:** Nigel Rush from Tennant Creek Town Council.

That's a fair, we've been saying this for years and year we I would say probably government support, try and get some land and some, filling around the area so we can set up these things in town, if we get that I think we can benefit the town and the Territory.

**Dr LIM:** I know that it is an important issue but we are drifting away from the fact about food prices and obviously if you can grow your own stuff here food prices may be better, well you hope it's better but again as John just brought up earlier, if mangoes for instance, most of the mangoes that are produced the commercial quality mangoes that are produced in Darwin are in fact sent away from Darwin to the Melbourne markets and then brought back to the Northern Territory for sale. That's the ridiculous scenario but that's what it is. The mango grower, first of all pre-sells his crop, he gets better prices for his boxes mangoes in the Melbourne markets than he can get locally and he does it with one person, he deals with one buyer and so it makes sense for him to do that. So he says well it's no point my supplying shops here and there and everywhere, running around town by the proverbial and getting very little return, this way putting it all on the back of a pantack flight and sending it down to Melbourne is a lot more convenient and I get better return for my efforts. So whether, then comes the question whether growing your own crops here would achieve anything because suddenly the crops might be so good that Melbourne markets want them so suddenly everything from Tennant Creek goes to Melbourne and comes the whole way back here again.

**Mr RUGER:** Let's try it.

**Mr BALCH:** We'll limit the stock that goes to Melbourne.

**Mr RUSH:** That's right we can make a condition on them.

**Dr LIM:** Of any development you reckon?

**Mr BALCH:** Put a gate on the Stuart Highway.

**Mr CARPENTER:** Five or 6 years ago, Mike Palmer going to offer us \$80 000 and they're going to put

in an experimental block, they keep saying a native title, native title, native title might be a good excuse that nothing's happened maybe they've invested the \$80 000 and got 2% interest on it in the last 5 or 6 years I don't know, it won't take them far but nothing's happened.

After awhile you throw your hands in the air and say to hell with it.

**Dr LIM:** But we do know that Tennant Creek is surrounded unfortunately.

Returning back to the issue of food prices, I mean again when Erich just to say that some things are a bit high, I'm still getting the impression overall that things are pretty comfortable in Tennant Creek, I'm getting a lot of nods here.

**Mr RUSH:** I'd like to just say to that we'd like to have a veggie garden, fresh and fruit and vegies to get here on time.

**Ms BRYCE:** We could always hire a plane and air freight it in Michael.

**Mr MITCHELL:** I think Michael would say do you want to pay for that, he'd be glad to do it.

**Mr HARVEY:** Glad to do it.

**Ms BRYCE:** You used to do it years ago in Darwin.

**Dr LIM:** But do you think that your fresh fruit and fruit and vegetables here in Tennant Creek are more expensive than Alice Springs?

You say yes.

**Ms BRYCE:** Well I think you'll find, I don't get to Alice very much. I mean all I see, I went down there a few months ago and I went into Coles because everyone says you've got to go shopping when you go down there and I walked around, I picked up about 6 things off the shelves and I thought well I'll go and look at the fruit and vegetables because they looked like they had a huge range and I looked at them and I thought no I'll go back to Tennant Creek and buy my fruit and veg.

**Mr CARPENTER:** You must do price checks Michael, I don't do the shopping so I don't know what they cost. If I want something I go and buy it I don't look at the prices.

**Mr HARVEY:** We've got, I do check the prices especially the fruit and veg when I go down there, but yeah we get price checks, we get price checks out of Adelaide, Woolies, Coles that comes up.

**Mr CARPENTER:** That's all comparable or same as...

**Mr HARVEY:** Obviously there's different markets there so comparing I mean Woolworths and Coles like I said earlier what they're actually doing and what is actually happening is so competitive, they are actually having, comparisons in prices and technology is very easy to just change and make it, cheaper and they've got, they've got 4 people full time just at David's that go around checking prices and Woolies and Coles.

**Mr CARPENTER:** But it still comes back the size of the market and that market is 3 500 people.

**Ms BRYCE:** That's right, exactly.

**Mr CARPENTER:** It's just a fact of life.

**Mr BALCH:** Well one of the things our report will seek to do is to show the comparison across the Territory so that the Territory community can be better informed about where the various places stand and how they compare and then drawing comparisons to other regions outside the Territory to say well in picking up your point there, there's a perception that Queensland coastal regions have got it a lot cheaper than us, maybe that's so maybe it's not we don't know but we're going to draw those comparisons just to see where we stand as part of the information that will provide out of this committee's report.

**Mr SCHOPPE:** If I remember rightly over the last 2 or 3 years I think I've heard it every year that the same things come up, you hear it over the radio about the price comparisons on food products between all the states and they say whose the highest price and, or is the Territory.

**Mr BALCH:** Yeah.

**Mr HARVEY:** It's all related to buying the product. It's all, buying it, it's all buying power. Until we joined the Foodland group I mean we buy a lot better now than we ever have because we are part of a group. Woolies and Coles if you put a product say Heinz baked beans and you go to the supermarket and say well we want that on your shelf well they'll say okay we want it at that price and, \$2000 or \$3000 per line per item to have it on the shelf so then you've got all this coop advertising money coming in on top of it, that's the buying price.

**Dr LIM:** Michael now from the committees point of view we would be interested in having information from you say like your mark up worries and or that, I'm not asking you to reveal it here, if you are prepared to do that as a private thing between you and the committee we'll be more than happy to accept that so that ...

**Mr HARVEY:** There's no set mark up.

**Dr LIM:** Sure I understand that.

**Mr HARVEY:** Let's say the grocery line, the mark up out of the warehouse is done in Adelaide South Australia and in order to be a leader to the general, you can have one section of soups or whatever and every single item has a different mark up depending on the brand, size, whether it's a market leader, the leader has less the margin than the general line and I mean there's no set ...

**Dr LIM:** Sure I understand, I do understand.

**Mr HARVEY:** You can look at the sheets and it's varying.

**Dr LIM:** Is it possible for us, we are looking at doing a survey throughout the Territory, is it possible for us to come to you say on a particular day we would like to have your price list for that particular day are you able to provide us with that sort of information?

**Mr HARVEY:** I can do that if you give me specific items.

**Dr LIM:** Yeah we can do that, because we are in the process now of working out the average food basket for a Territorian and we think we can work that out and then we'll do a spot shop on a particular day across the Territory in trying to pick up the prices and all that.

Now I put this to the community, if the committee comes up with a suggestion that we will publish a



monthly bulletin with a list of food or the average food basket with all the prices on it across the Territory would it be a useful thing for people?

**Mr HARVEY:** It used to happen.

**Dr LIM:** It used to happen that's right and it fell by the wayside, we are thinking of reviving that and perhaps even put it on the Internet so that people who want to look at, I'm going to go shopping tomorrow I'll just check what the average prices are like around the Territory and then go and do some shopping. Would that be a useful thing? Would you use it?

**Ms BRYCE:** I wouldn't because I believe buying local.

**Mr HARVEY:** I mean it's not going to make a lot difference to people living in Tennant Creek, I mean if you're in Darwin and you've got a price comparison

**Mr CARPENTER:** I think price comparison there's different ways you can go to. Here you are limited and that's it.

**Ms BRYCE:** But the only way that would suit people is the government people who get a freight subsidy.

**Mr CARPENTER:** Yeah.

**Dr LIM:** Who gets a freight subsidy? Do you get a freight subsidy Glenn?

**GLENN:** No I don't.

**Dr LIM:** Who gets a freight subsidy?

**Ms BRYCE:** Some of them do. Police do, teachers.

**Mr Ah KIT:** As part of their conditions in their remote locality, under Public Service.

**Ms BRYCE:** Yeah. So therefore a price comparison would suit those people so they can say well we'll buy here rather than there.

**Mr BALCH:** But from what we've been hearing it might show how good the prices in Tennant Creek are get all the Alice Springs people coming up.

**Ms BRYCE:** Well it could do.

**Mr HARVEY:** Well it used to.

**Mr BALCH:** You'll be getting all the Alice people doing bush orders off you.

**Mr CARPENTER:** One point a few years ago I'm not sure whether it's still you might be able to correct me Michael, a few years ago we were chasing freight for a particular item and we were charging the same freight rate to here as they were to Darwin because the bloke said well I can't drop a 3 trailer road train in Tennant Creek and do it I've got to Darwin, I might just as well pull the third trailer but if you want it dropped off in Tennant Creek that's okay because that's your price and that was a Darwin price like it or lump it. The fact that he only towed 2 trailers from here to Darwin and back saving on tyres and fuel and everything else that was beside the point. Now I don't know if that's still right or not is

it, where the drop off 1 trailer?

**Mr HARVEY:** Yeah, I mean I suppose in freight we've got a bit of a monopoly, we haven't had a freight increase for 6 or 7 years.

**Mr CARPENTER:** You don't want to say that too loud.

**Mr BALCH:** There's no trucking companies here Gav.

**Mr HARVEY:** Everybody wants our business.

That's just wheeling and dealing, I mean like they've tried to get a freight increase but, I mean I've got quotes from other companies that will match it, several companies so there's be no increase.

**Mr CARPENTER:** This was a one off, we wanted a particular item and it was going to be a trailer, a trailer load or a trailer and they said well that's what I get to cart through to Darwin and that's what you'll pay if you don't like it well stiff. I must admit it was a one off, that was their attitude.

**Mr HARVEY:** Normally you'll find that does happen be in Tennant Creek at 3am in the morning well unload at unusual times.

**Ms BRYCE:** Been there, done that.

**Mr HARVEY:** It happens a lot, like they won't break their schedules.

**Mr MITCHELL:** Well it's one thing that's already surfaced over the last, recently anyway is the freight component that the whole freight area is very, very competitive in trying to get the business and just in the last couple of days some of the freight components that we've heard is actually quite minimal to a lot of even the more remote communities so one thing that's already starting to surface I suppose throughout this is that the freight which has always been blamed for being high prices in the Territory is not really a major factor at the moment.

**Mr HARVEY:** If you've got volume you can shop around but hopefully when the railway goes through it will be cheaper won't it?

**Mr MITCHELL:** Yeah, it'll be good for Tennant Creek to.

**Mr Ah KIT:** Have you got those guarantees stitched up?

**Dr LIM:** Any other issues anybody would like to bring up?

**Mr MITCHELL:** Can we just go back to the beginning, a lot of people weren't here when Richard first outlined the way that this committee works, if there is anyone here that wants to say anything in camera, in confidence, do you want to explain that.

**Dr LIM:** Well the committee has been going around the Territory asking people to tell us about food prices and whether they be considered high, low or not. It is a fact finding visit for the committee we haven't decided what we are going to do with the information apart from sharing it with the community at the moment. Anybody whose got information they would like to share with us, we are more than happy to receive from you.

If you feel that it's something you don't want to share with the community or with the public we can

have an in camera session where we will listen to you privately and keep that information confidential. Obviously there are some times commercial in confidence information that you don't want to share we are prepared to look at protecting that and when the report comes down in August that part of the report will not be made public but other bits of information like that's been shared so far today will be made public.

**Mr MITCHELL:** So if there is anybody who wants to express something confidentially you can have the capacity to do that to us privately after this forum.

**Mr BALCH:** Or even if after we go a way you could write to the committee and basically we want to find out as much as we can about how and why prices are where they're at and then draw as I said before, draw some comparisons and some conclusions of where the Northern Territory stands, because the reporting in the media tends to be, tends to be pretty emotional and sensational and we want to get some facts out there in the community about exactly where we stand.

**Mr BALCH:** They don't let the facts stand in the way of a good story.

**Dr LIM:** Sorry you where saying?

**Mr MITCHELL:** That is the media though sensational.

**Mr BALCH:** But the perception was growing pretty strong. I think again in particularly I guess particularly up in the north with the influx of a lot of people from interstate, the military build up and all the rest of it they tend to come in and they're not use to the fact that prices are high because of the transportation costs and small markets etc and they immediately come in from a larger market place and start drawing comparisons and saying well something's wrong here and that perception was just growing so wide and that's one of the reasons why parliament decided that it needed to have a good look at it and put truthful information out into the community about exactly what's happening.

**Mr HARVEY:** Well what's happening with like prices at Coles and Woolies, how are they responding?

**Dr LIM:** We are looking at that, Coles and Woolworths are giving us very detailed submissions plus we are expecting 6 quarter reports from the big chains to show us what their prices have been like over the last 6 quarters and also they'll be a spot price list only but it will be available when we will be doing that survey and we'll be looking at talking to them at great length and great detail in Darwin when they come to the hearings up there.

**Mr MITCHELL:** For your interest Coles representatives are actually here today.

**Dr LIM:** Mr Ted Moore is one of the Coles representatives.

**Mr CARPENTER:** What's going on with all shares going down.

**Mr Ah KIT:** I just wanted to make the point also clear, make the point clear that we don't want the public to have the wrong perception that just because this committee is moving around it's got a task to deal with in it's term of reference that everything is going to be cheaper when we table our report in parliament. That's definitely not going to be the case and hopefully we can, together some strong recommendations that parliament can debate and the government can at the end of the day can act on some of those recommendations if not all in terms of what we come up with so that we can hopefully put in or the government puts in place and measures at least to stabilise the cost of living if there needs to be

an infrastructure pursued in certain areas and certain regions then maybe that's something we look at. I mean I certainly would like to see the CDP programs with the announcement in the federal budget that with an extension of those and more possessions around the Territory that Aboriginal people will move into back into market gardening and that sort of stuff because if we can grow it at home and sell it within the community and people shop locally then that's better for the communities and the regions and the Northern Territory's economy one would think.

**Mr SCHOPPE:** One other query, if the GST gets in, if it does wouldn't that make the goods even more costly here ...

**Dr LIM:** Well the way they explained to us is that first of all, all wholesale sales tax would be removed.

**Mr SCHOPPE:** Would be removed?

**Dr LIM:** Would be removed. No some goods I don't know you pay up to 30% wholesale sales tax others you pay 20% all that will be removed. Then the GST is put on top of that and so depending on which goods you're talking about, some goods that are sales tax low at the moment might be a bit more expensive and others that have up to 33% wholesale sales tax will be a lot cheaper.

**Mr HARVEY:** Luxury items ...

**Mr Ah KIT:** But I suppose we have to wait and see how the negotiations with Meg Lees and the Prime Minister and the Treasurer because nobody knows, and if she's able to get her way with ...

**Dr LIM:** If food becomes GST free then it'll be a different thing altogether, but then again I suspect this is a small opinion if food is GST free there will be wholesale sales tax on it, so you are no better off. I think you need to really get down to the actually dollars and cents to work it out. If the wholesale sales tax remains what benefit is there without a GST on food, I mean what's the difference?

**Mr BALCH:** One of the significant things in that package to, to bear in mind is the rebate on diesel fuel that was intended which is going to have, which would have a significant impact on transportation costs which has a significant impact on Northern Territory but of course that's one of the things the Democrats want to take out.

**Mr Ah KIT:** Hang on, hang on.

**Mr BALCH:** Let's not get into politics.

**Mr MITCHELL:** One of the things that we said right from the word go is that we have to get right away from the GST situation, we'll deal with that when it gets there.

**Mr BALCH:** Because it's an unknown.

**Dr LIM:** Irrespective of whether GST is here or not the review is about 'the food price' and with the GST it still makes no difference. The price is there, the price there.

**Mr HARVEY:** Obviously consumers, one of the key worries is if they come into the shop or a shop and there is a price on the ticket and then they, no worries and then they get to the register and the GST goes on top ...

**Mr MITCHELL:** Some of those overseas countries would look at that, you feel like you're getting

ripped off when you're going through there.

**Dr LIM:** Well the wholesale sales tax is already off it so your shelf price would be lower.

**Mr HARVEY:** Yeah, that's right.

**Dr LIM:** So when you get to a check out you know that you've got 10% on top of that.

**Mr HARVEY:** And that's where I think most people are going to be upset because they want to know what it's costing them then and there on the shelf.

**Dr LIM:** Well let's put this suggestion to you and then see how you feel about it especially from the retailers.

Take say a can of baked beans with different brands you can actually have different size cans as well, you can have 350g, 375g, 450g to a kilogram can now when you look on the shelf you'll have a different price per can per different size. When you pick up the can you really don't know whether the 1 kilogram can is actually cheaper per 100g than the 350g can. How would you feel if there was legislation saying you must put per 100g baked beans. This can, that can, that can, that can then there is the comparison, people shopping can say uh that can although it's bigger or smaller is in fact cheaper per 100g than the big can I'll buy the small can.

**Mr HARVEY:** It does happen.

**Dr LIM:** It does happen?

**Ms BRYCE:** I do that.

**Dr LIM:** You do that by doing your own calculations but in the shop you can't, if you're not good at mathematics in your head you can't do it quickly unless you carry a calculator with you. How about if the shelves, you were forced to put a label on the shelf that says how much per 100g what would you feel about that?

**Mr RUSH:** It sounds like a good idea.

**Dr LIM:** Sounds like a good idea for the public? How about the retailer, how do you feel about that?

**Mr HARVEY:** Where would you fit it on the label?

On the label, customers would note there is a lot of information on the label, on the packing size, quantity, is it Australia made, order numbers, doesn't worry me.

**Mr MITCHELL:** You could put the 100g on the label and find some place to put it that would probably work out.

**Mr HARVEY:** You would have to rewrite all the software.

**Dr LIM:** It ought not be on the can because on the can you don't have the price on the can anyway if the price is on the shelf where the can is stacked. \$3.50 per can or 35¢ per can, and the next shelf you've got 45¢ a can and the cans are a different size then you put it on that shelf, a little tag per 100g.

**Mr SCHOPPE:** It's on a lot of cans these days to when you look at them they're 375g etc, you still have

to bring out the calculator out anyway even if you put per 100g, they have to work out what's 375g.

**Mr HARVEY:** A lot of the manufacturers, what they've been doing over the years has been instead of putting price up they drop in quantity. So a 440g is now 415g it's still the same price.

**Dr LIM:** That's right yes, that's the packaging industry doing that so what I'm saying is therefore what you do is if you put down per 100g people actually really can shop based on the unit, per unit rather than on the size of the packaging.

Well there's nothing else, no other comments, I'll bring the hearing to a close at 4.15pm. Thank you very much for coming, a very good turn out, considering when we first arrived here there was going to be nobody turn up at all.

---

## Chapter 3

# HANSARD TRANSCRIPTS OF PUBLIC HEARINGS

## *CANBERRA*

---

**Australian Competition & Consumer Commission**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

AUSTRALIAN COMPETITION & CONSUMER COMMISSION – Tuesday 13 July 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Professor Alan FELS; Chairman,

Rhonda SMITH; Associate  
Commissioner

Hank SPIER; General Manager

Tim GRIMWADE, Director Mergers  
and Asset Sales Branch

ACCC

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** that some of the arguments that sort of follows me a little bit trying to understand the I suppose the finer of the arguments sometimes what seems to be pro anti competition is seen to be pro competition you hear what I'm saying Allan?

**Prof FELS:** Yeah.

**Dr LIM:** Some of the arguments that we say look we are doing this to be pro competitive then if you read it on a little bit more someone says hang on a minute that sounds more pro anti competitive than pro competitive and that then obviously then we are just lay people trying to read and understand how the, interpret the legislation and how you, it. There are a few questions we'd like to put to you and ...

**Prof FELS:** Very happy to answer them.

**Dr LIM:** Perhaps I can now before I go any further say that this is a formal hearing they're recording I'm sure you've been to many of these committees before and the standard practice of being truthful to the committee. A transcript of the recording be sent back to you for you to look at and to change as necessary. You're oral submission was to be coupled with your written submission in part of a report on the 19 August coming. So we haven't got much time left to get it all together.

If there's anything that you want to be given in camera that's fine but there's nobody else here but us anyway.

Now would you like to talk through your submission first?

**Prof FELS:** Well I didn't really want - I'm more interested to talk about the issues we have given you a general submission and I guess there were some questions about the Northern Territory as such that come up. We would tend to start from the view that there are higher prices there by way of a qualification of that there are some areas in which national prices and even national specials apply.

There would be a number of reasons for the problems with prices. Small, remote markets, concentrated markets which goes with some of it being small. There's no Franklins, the independent sector are rather weak. There are generally in the Northern Territory quite high cost structures and anti competitive structures and possibly conduct and these things often tend to go with one another and to reinforce one another. It's sometimes easier to not compete in small remote markets and then bigger diverse markets with more players for example.

So we would tend to be to take the view that there are limitations obviously on the extent of competition

throughout the Northern Territory. We ourselves have been involved in a fair number of cases and matters up there which is perhaps systematic of some of the problems. For example, they've been a number of price fixing cases, the back packers, rental cars in Alice Springs. There was the exclusionary behaviour with regard to taxis, bread a price fix we are investigating milk at the present time. So there is certainly not a disproportion of amount of anti competitor behaviour up in the Northern Territory generally.

**Mr SPIER:** couldn't bring up the issue of the milk.

**Dr LIM:** Do you get complaints for up to which you then follow up or just do that as a part of a market research and tell you what's happening?

**Prof FELS:** Well just as a general proposition we don't rely on complaints if we think there's something wrong we'll go out and have a look but in practice most of the time there has to be some complaint that comes in, some expression of concern and it has to be about a breach of the *Trade Practices Act*. For example, if a price is high that's of concern but it doesn't necessarily indicate that the *Trade Practices Act* has been broken. That could be the, that may not have been broken the first is that there are many reasons why prices are high in the Northern Territory including the small market, the sometimes the high costs of doing business there and so on and the second is that there may be some quite concentrated market in which there's just a small number of players and so that anti competitive structure leaves almost inevitably in those cases to higher prices but that is not something that is a breach of the *Trade Practices Act*.

For example, monopoly is not a breach of the *Trade Practices Act* not a breach of any competition over the world it's only taking advantage of monopoly power and even then there's a few more limitations on it. So we, if we get some kind of complaint we would most often look into it if there is any even sneaking suspicion that there may have been some behaviour that breaches the *Trade Practices Act*.

A member: Do you have anything more on?

**Dr LIM:** Sometimes we hear about bigger chains being very parody in the practice. Something that keeps coming up is a big chain has a butcher outlet and there is a retail butcher in the same complex, without undercutting the butcher we have price parody, because the retail outlet has other things, people go and do the shopping for the grocery, see the price of meet here is exactly the same as outside and say I might as well buy it all here, there is no advantage buying outside. So without undercutting the chain has in fact taken an advantage by having price parody. Eventually the butcher is driven out and then prices start to creep up until another butcher looks at their prices and says look I've got a competitive rate I can do it better they start and then these prices start coming down and again to it becomes to parody. That is predatory if nothing. Although we weren't under cutting so we were playing fair. How do expect the butcher to start selling groceries as well.

While the competition is going on the consumer benefits but the moment the butcher goes out of business the consumer no longer benefits and in fact you start to pay higher prices. Would ACCC do something about that sort of practise?

**Prof FELS:** Yes, well let me describe the statutory framework anyway because obviously this has been debated in the parliament at various times, and there have been quite a few inquiries into Section 46 of the *Trades Practises Act*. Now Section 46 is the perdition about the abuse of market power, and just to put it in context just for one second, there are other bits about cartel behaviour anti competitive



agreements, resale price, maintenance explicit dealing and merges, but there is also provisions about the abuse of market power which did not explicitly mention predatory behaviour but which addressed questions like this.

Section 46 has a number of elements to it. It says that a firm with a substantial degree of market power. Most often the sort of cases you have in mind we would think that the big 2 qualify – Woolworths and Coles – but that is a bit of a sweeping termination. So a firm with a substantial degree of market power must not take advantage of that power for the purpose of damaging competitors. I will just go through some of the elements, so its got substantial market power, must not take advantage of that power. Now that's been to the High Court what that means, and basically what it means is that the behaviour in some way has to be related to the fact that they have market power and most often that means that its not sort of normal commercial behaviour that they would do in an every day situation. They must not take advantage of market power for the purpose of certain things that I will come to particularly if someone has got Section 26 out. So they mustn't attack for the purpose. Now the purpose is also a slightly limiting provision and its deliberately intended to limit the power of the *Trade Practises Act*. It's not enough to show in the case that you have sighted that the aim of the that the effect of the behaviour is to eliminate the butcher in anti competitive manner. It has to be shown that it was the purpose and although in the act there's a few provisions that help you infer purpose from effect at the end of the day you have to show purpose so in the famous BHP case that went to the High Court about Queensland, BHP had problems because their internal memos saying that we'll get these people, we'll kill them etc etc. So purpose was able to be shown and then if you overcome that hurdle then you then if they've done all those things and it damages or eliminates a competitor or deters new entry or whatever, eliminates or substantially damages a competitor, prevents entry into a market or deters persons from engaging in competitive conduct in that or any other market then that's a breach of the law.

Now turning to the predatory pricing aspect, as I've said predatory is not explicitly mentioned in our act, there have not been that many cases on it. The commissioner at this moment is conducting several cases however, on predatory behaviour. We have a big case in Melbourne on it, we've got the Safeway/Woolworths case in Melbourne. We've got the SIMM's case in Adelaide, we've got another likely to go into court soon. Boral SIMMs and Safeway/Woolworths they are 3of them already and there's one likely to go soon and that's a little bit of an innovation from our point of view. We've not for a number reasons not run many cases under Section 46 in the last 10 years.

Now if I could perhaps just go on a bit further on predatory in particular, I'll skip lightly from the Australian law to what the US law has said about predatory because there is more case law there. There is a little bit of an issue whether the US law applies here but it's certainly is arguable after all we're running some cases on actually end up deterring genuine full blooded competition that would be a major issue if you carry it too far would it stop people getting the full benefits is it to great an intrusion in business particularly as you'll end up with courts and commissions having made pretty difficult judgements. It's easy enough not price fixing but it's not really a difficult thing to judge. Even the mergers are not as hard to judge as these pricing matters and anti competitive behaviour are more difficult and more tricky and it is probably a harder capacity to make errors there.

**Dr LIM:** Explore this one for me. We are told that with EFTPOS in the major chains the consumer buys the groceries whatever, goes through the checkout uses EFTPOS, the bank actually pays the bigger chains up to 2% commission up to 2% of the price. Whereas if you go to the corner supermarket and use the same system the poor supermarket, the retailer has to pay the bank up to 2½% fee for the use of the

EFTPOS facility. Suddenly you've got 4 to 4½% differential than the bigger chain who's suppose to be more efficient versus the smaller fellow who's trying to make a living. So you've got this 4½% differential, is that fair trading?

**Prof FELS:** There's a very difficult issue here I suppose the other side of the story is the consumer benefit in this issue here he gets the benefit.

**Dr LIM:** Does the .....

**Prof FELS:** I mean I could say a few things but unfortunately they don't resolve the difficult question you're asking.

If we were convinced that there was really serious competition in the end retail market we'd probably look at that case and clear case we would put consumer ahead of the interests of small business but if we don't have, have concerns and there are certain policy things we can do to try to protect competition at retail but the question is whether they go far enough. First of all it's in my view important that we have an adequate merger law indeed it's my view that the Coles Meyer merger would not have occurred had the test been different in 1986 when it happened and possibly the Safeway/Woolworths would not have occurred either, so we have a certain history behind us. If we went back to the dominance test then I would have said without doubt that Coles could have Davids if it wanted and Woolworths could have Franklins and it would not breach the law so you need an adequate dollar and we need an adequate merger law. Also we need laws against anti competitive conduct and some of the other laws but in the end have you got a truly competitive retail market? That's the hard question and the even harder one is that if you think we don't then what policy measures are there that could be taken, many of them look difficult is the cure worse than the disease? Would the curers bring about any improvement?

**Dr LIM:** Don't let me hog the floor.

**Mr MITCHELL:** We had a bit of a discussion before and a lot of it was stuff that Richard's, stuff that we've all, answers to.

**Dr LIM:** In the abstract has your office in Darwin been aware of any anti competitive practices in the Northern Territory that should be investigated apart from this new one I'd be interested to explore with you but what you've heard about it or what you know about it?

**Prof FELS:** Well there has been a, disproportionate amount of ...

**Dr LIM:** In the food sense.

**Prof FELS:** Yeah in the food sense.

**Dr LIM:** In the food sense yes that's right.

**Mr SPIER:** Of course as I'm sure it's obvious, it's often not very easy to find about these things especially in a small place like Darwin. Smaller place people are less inclined perhaps to come forward but there's always been issues about milk, bread, fruit juice, meat are always bubbling around in Darwin things come up, but getting enough evidence to take action is often a major issue.

**Dr LIM:** What I heard about the milk was that for instance is that Woolworths is trying to introduce it's own brand of milk and as a consequence it has raised the price of other brands of milk in it's Woolworths

shelves to match price comparative with it's own brand whereas the same milk is sold at still it's original price at other stores. In fact for instance Rolands has continued to supply the milk to Woolworths at its original price but Woolworths has raised the retail price of that milk to match Woolworths brand milk. That to me sounds quite - it sits uncomfortably with me anyway.

**Mr SPIER:** It's one of the issues but that's involved with a bigger issue involved with Rolands and QUF and others up there.

**Mr STIRLING:** Can I just if we just go forward, one of the because we're at the end of a long freight line to the Northern Territory and places like I represent Nhulunbuy even further, the common the common story from retailers in relation of why is it so much is well it's freight and that's been for 50 years, it's always been the story. As we've worked through this it appears that and the Chamber of Commerce for example has lobbied consistently for on behalf of their members for pointing out how unfair that the wholesale sales tax is going on the top of freight because that pushes it up even further. People have had to accept that over the years well it's freight whatever is whether it's spare parts for your motor vehicle or food.

When we pitch forward 12 months time and the GST which will reduce the freight and the wholesale sales tax goes out and what we're starting to find now is that freight is perhaps not the big component in the add on prices that we've historically been told that post GST monitoring becomes absolutely critical because if we don't get the drop that we should and expect to get in prices across the board with the GST well they'll say well really freight wasn't that bigger part of the pricing anyway. Do you know what I mean and that's why prices are staying the same or not dropping too much. So what forms of monitoring and how closely are those sorts of things going to be monitored?

**Prof FELS:** Well in the next day or so we're going to announce our first round monitoring on the tax cuts due on July 29 this year and it's quite extensive. We've already surveyed the prices at numerous outlets around Australia and then we'll have a look at them shortly after the tax cuts.

We expect to do something similar next year and of course anticipatory behaviour we'll also look at although if their prices are coming down that's less than a worry than where the GST is going up. The freight one is from our point of view probably the most important, it's certainly one of the most important in 2 or 3 areas because of the magnitude of the cuts. Obviously as your comments bring out where businesses in the Northern Territory have been telling you for your whole life how important freight is in prices and then suddenly when freight is going down that you're being told that it's not an important point they're trying to, both ways.

Trying to have it both ways, but we I mean we're regarding it as extremely important that there be the pass on and we will be doing extensive monitoring. We will also be saying a lot publicly about it and hoping to get a response from people who feel there is not this pass on.

Just going on another aspect your question for a minute you may or may not want to come back to this. There are in remote areas we find typically that the causes of high prices are all mixed up together so to take that other well known one petrol or fuel of any sort, if you look at the differences around Australia the traditional major capital city and rest of Australia price differences freight costs only explain a small part of the differences. Also the higher cost of doing business explains some of it but not all of it. Also the fact that prices are high actually makes room sometimes for less efficient operators anyway so the high prices cause higher costs but in the end it's the lack of competition in these markets and that flows

through at all stages very often that is it's not just a question of say retailers - I'm drifting on to petrol. It's not just a question of retailers getting together in a small town and agreeing on price that maybe present or there maybe understandings but if there's say only 2 of them they may without acting unlawfully just be in a very cosy position where they can charge a high price. Now the early chain where the oil company or the distributor is selling to them that person is under less pressure to offer a good price because he knows what's happening at retail and in those competitor disturbances if say they're 2 oil company sites in a town and there's even 2 let's say there's 2 distributors 2 oil companies, well if they know there's no competition at retail they're not under that much pressure to compete against themselves, they'll add on a bit for themselves and right back at the oil company level they also know that all the way through to this remote area they can add a bit on. As I said there are things that get wrapped up with one another unfortunately. Now there maybe unlawful anti competitive behaviour along the way at various points if one can find out about it's not that easy often in smaller communities to find about it anyway, but more often it's that the underlining structure creates a situation where it's rather easy to charge anti competitive prices and give poor standards of service quite often.

**Mr SPIER:** I think on the GST clearly will have a particular focus on the type of issue that you've raised.

**Mr STIRLING:** Well keeping with food, with food out and then fuel down, freight down there's got to be a dampening and if we don't see that in the shelf price I think we've got a problem. Particularly if just to my example where I think we're told freight could be 10% or 11% wasn't it? In the case of bush in far north east Arnhemland 10% or 11% of the final price now that's got to reduce, that's got to show up post GST.

**Dr LIM:** Price surveys do you normally do them yourselves?

**Prof FELS:** No.

**Dr LIM:** So do you see regular price surveys done by any agency is it pro competition is it anti competitive and how do you feel, how do you feel it could be done if you believe that should be done?

**Prof FELS:** We'll put the GST to one side because we are doing some surveys there. Generally we don't, we've probably not been funded to do so but it's also true we have not applied to the government to do so we've set other high priorities I suppose. There are some surveys they're usually imperfect the ones that are published and I don't mean that in a highly critical fashion it's just inherently difficult to do the surveys. If you're comparing retail prices there's so many elements in the package, what are you going to compare? It is also somewhat difficult to draw conclusions from them that are valid. There is a certain amount of, that are done that usually there are pretty severe limitations on the validity.

**Dr LIM:** There are some suggestions that one should not concentrate on the food basket because it's a small list of up to perhaps a 100 articles which means that it can be easily manipulated.

**Prof FELS:** Yes.

**Dr LIM:** Whereas if you went to say the top 2000 lines by volume of sales then that makes it very difficult for any retailer to manipulate the market prices because if he kept manipulating those figures he'll end up going broke. So that the regular 2000 item price survey might be would probably level the variables a lot better.

**Prof FELS:** Well certainly when the original consumer price index was devised many, many years ago both here and in other countries they saw it was important to put in a very large number of items they were more concerned with governments putting on price control on particular items to keep the CPI down. There's a fairly broad base there but even that is less than adequately. I mean I see on the whole I see value in price surveys, I would see value in the ABS being able to do more in the way of surveys and have more useable material, sometimes they can't release they say because of confidentiality problems but they already do collect quite a lot of statistical information and there's probably scope to build up more and particularly in the NT where we have the whole price problem the exposure through official means than reliable impartial statistics I think in the end would have some beneficial effects. I mean I would have assumed that not only has the establishment of your committee assigned of the problem but also it can make a contribution by highlighting the problem and that may itself have some ameliorating effect I don't think anyone would think it would have major effects but highlighting the problems has some value.

**Dr LIM:** opinion whether or not the prices in the Northern Territory are consequently higher than the eastern states or it's a fair gap?

**Prof FELS:** We haven't really passed a judgement on them but we would say that for the most part even taking account of cost differences and remoteness issues that there is a higher non competitive premium in Northern Territory prices than in other Australian capital cities than in other states really and in Darwin and in other capital cities.

**Mr MITCHELL:** That's an interesting statement non competitive - I must remember that.

**Dr LIM:** Also I was looking more from the point of view in the Northern Territory through competition to chains that dominate the food market. To the extent that if a third chain wanted to try and get in it would be well now impossible because dominance of the 2 chains. For instance, Coles and Woolworths have outlets along the main track they are outlets in Alice Springs, Katherine, Nhulunbuy and Darwin so by supplying Darwin it can supply it's other stores also. For somebody to come and set up whether Franklins whoever comes to set up in the Northern Territory it needs to establish an infrastructure first to improve it's efficiency of delivering your goods into the Territory so having one single store in Darwin not may be competitive it's like the Big Crow who tried to compete in Alice Springs. Big Crow looked at prices that Woolworths and Coles were charging for groceries and said look I can do this and supply groceries to Alice Springs at Adelaide prices. He went in there he did it, got lots of trade for the first 6 months and then pressure was put on him and gradually his prices went up. Gradually Woolworths and Coles prices were the same as his prices and suddenly he was no longer competitive and the range of Woolworths and Coles was probably higher than his so gradually he was squeezed out of the market. So to have a single store in the Northern Territory is highly inefficient and that's why the independents small independents have great difficulties competing.

**Mr MITCHELL:** Prices went up slowly straight after.

**Dr LIM:** So by promoting competition allowing the chains that dominate because through their competitiveness it prevents others from getting in to compete is that anti competition then? I mean that's the difficulty I've had with the intricacies of trying to rationalise this.

**Prof FELS:** Well to a degree the ACCC doesn't have to wrestle with every issue that you have raised because the *Trade Practices Act* prohibits a narrower range of anti competitive behaviour than you might

have in mind and so if what the chains were doing was seen as legitimate commercial activity reflecting efficient operations then there's nothing you can do about it. It's only when they start engaging in truly predatory behaviour and there's some argument about what that constitutes that you start to have a problem.

There have been some cases in the US in the early days about action being taken against major monopolists that expanded their activities almost excessively to fill the market, they over invested. They invested more than was necessary to meet demand, they invested enough to meet demand for the next 5 years to keep new players out and as a major case on that list generally been a lot of reluctance to in anti trust law to discourage firms from investing heavily in those circumstances.

**Mr MITCHELL:** We had a situation in Darwin where one of the major chains has 4 stores I think in Darwin itself and one of their stores is quite substantially cheaper than the other 3 merely to maintain their share of the market. I just wondered if that would be seen as, I mean it's great for the people that shop at that one particular store but with the other 3 propping up that store I just wondered if that's anti competitive terms.

**Mr SPIER:** Is that Bi Lo?

**Mr MITCHELL:** Actually no, it's Woolies. It's Woolies in our largest shopping centre in the Northern Territory is Casuarina. They actually - they say that they run that store at a loss and the others stores around Darwin actually prop up that store and we find that strange.

**Dr LIM:** Well we don't know that they prop up the stores - the tell us that each unit is a single economic unit so look after themselves but if 1 out of 4 stores is making a loss it just doesn't add up why they're doing that.

**Mr MITCHELL:** It might be something out of your area but it's just an interesting scenario that comes up along the lines that you were talking about.

**Prof FELS:** I mean, if say they're running at a loss on that particular one because they're subject to more competition in that location there starts to be a competitive issue but there are quite a few hurdles before you conclude it was unlawful and there maybe many innocent reasons why they're running at a loss. Most typical scenario that is talked about is when they run prices at a certain level in a number of their stores but in one area where they face troublesome competition they lower their price. Again if they're not lowering their price to below cost then broadly speaking they're in the clear.

**Mr MITCHELL:** Yeah, it's a question that comes, well not a question so much as observation because are the merely doing it to maintain their market share in the particular area which is about 27% of the market or whatever.

**Mr SPIER:** Is that area more competitive? Why they need to fight for the market share there than elsewhere?

**Mr MITCHELL:** Probably because it's the largest shopping centre I think it's by volume it's one of the highest in Australia.

**Mr SPIER:** Because you'll find they're, in Canberra to you'll find that Woolies will have be cheaper in some areas than other areas also Coles depending upon often also with, because it's different to, different issues and closer competition. It would seem odd to have lower prices for the sake of having lower

prices.

**Dr LIM:** I suppose we are wrestling with the difficulty of creating an environment where a third chain or fourth chain could be in the Northern Territory because of our small population. I mean here in the eastern states it's easy to have 3 or 4 chains and still have enough volume of trade for everybody to start we don't have that volume.

**Mr SPIER:** Very hard in Darwin unfortunately Davids when they were sort of at their peak were setting up a major warehouse operation in Cairns to supply north, and Northern Territory and of course that's gone in the way of history.

**Prof FELS:** There is no doubt that the best single solution is to have a new entry into the market. That is always the solution in these areas that works best if it can be achieved. Now in that regard from a policy point of view sometimes if you probe there are regulatory restrictions that make it hard to enter rather than - now I don't know the situation in the NT but often there's some planning law that makes it more difficult for entry to occur. I mean in the end it's the new entrant having the extra competitor that makes all the difference. There are certainly some areas of business where new entry is retarded, planning laws and restrictions.

**Mr MITCHELL:** We have a situation where the 2 major chains in the Territory at the moment control approximately 88% of the market that makes things a little bit difficult, slightly more than down here.

**Prof FELS:** I suppose from the point of the new entrant the prices up there make it an attractive place to enter but the smallness of the market, the power of the incumbents they would certainly be worries.

**Mr MITCHELL:** Well you would be aware ...

**Prof FELS:** And it's the expanding market of course, Darwin's growing really fast and perhaps I should say that taking a slightly longer term view one advantage NT seems to have is that it's growing so fast that it's a market in which entry possibilities are better and maybe one of the conclusions you should think about even if it is slightly abstract at this stage is to emphasise the importance of there not being legal restrictions on entry because one day it should occur.

**Dr LIM:** You would be aware of the NARGAS design to cap the or put a cap on the market share that the bigger chains may have. They way I read it, it would be anti competitive in a sense that if you cap the bigger chains whether it be 2 or 3 or 4 or 5 chains reserving the remainder for the smaller independents, I mean the smaller independents will say this is my market share I can do what I want. I mean that's how I can see it.

**Mr STIRLING:** Between a rock and a hard space.

**Dr LIM:** To try and satisfy one component of business you're really treading on sharp glass there.

**Prof FELS:** Yes I agree with that.

**Dr LIM:** Anything else Syd?

**Mr STIRLING:** No I'm just - that monitoring question is critical I think, for everywhere but for us because we've been told the story for so long all that will set the truth, otherwise if we don't get that reduction then it will have shown that we have been consistently ripped off for 50 years and may

continue to be. So that question of monitoring right throughout.

**Dr LIM:** So will ACCC be publishing sort of data on that through the general media or just on specialist publications?

**Prof FELS:** No, well I can speak defiantly about what's happening on July 29 which is really a try run. On that day there will be reductions in taxes on TVs, videos, cameras, watches, Hi-Fi's and we are doing an extensive survey of shops all around Australia before and after. First of all to see what's happened, see if it is a competitive market in the sale of those items and secondly maybe to find a few potential contributors to Commonwealth, because appliances are quite high.

**Mr STIRLING:** It would be good to have a couple of examples I guess.

**Mr SPIER:** To take up your point which is a very important one and we will be monitoring we'll be doing that but we'll also need help from the market place because I mean no-one can be everywhere and the market place needs to give feedback issues.

**Mr STIRLING:** Yeah, I think we should have a prominent part in our report that people should be aware of what to expect and let someone know if it's not happening.

**Mr MITCHELL:** Yeah I don't really have any questions - got a lot of questions but necessarily anything that, but I'd just like to comment though that a lot of us watch with great interest here of the activities of the ACCC and think you do a bloody good job.

**Dr LIM:** I'd like to thank you very much for your time and your thoughts. It's been very enlightening for us to try and go through all this intricacies of, and anti competition. I mean listening to some of the oral submissions yesterday it is like extracting teeth from some of these, and they just go around and round in circles and don't tell us anything.

---

**NARGA**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

**NATIONAL ASSOCIATION OF RETAILS GROCERS OF AUSTRALIA –**

**Tuesday 13 July 1999**

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA



**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Alan McKenzie; National Spokesman for NARGA,

Lynal Richardson; Director of NARGA

Michael Kovas; President of Food  
Retailers Association of NSW

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** I resume the hearing of the Northern Territory food price inquiry, and welcome members of NARGA, who have come to speak with us. For the record, I'll ask you also to state your full name and the organisation you represent. You know that - you've done this before, all 3 of you. You know that this is covered under parliamentary privilege, and you're free to say what you like. If you wish to have any part of your submission given *In Camera* please let us know that, otherwise I'll give you the floor. We have received your written submission dated 24 March under your signature, Allan.

**Mr McKENZIE:** That's right. Okay, my name's Allan McKenzie. I'm the national spokesperson for the National Association of Retail Grocers, and I'm based at 159 Church Street, Parramatta in New South Wales.

**Mr RICHARDSON:** Lynal James Richardson, better known as Sam. A nickname I've had for years, can't get rid of. I'm also a Director of NARGA - have been since the late 1950s - and also General Manager of Tasmanian Independent Wholesalers, a cooperative of 534 independent retailers.

**Mr KOVAS:** My name is Michael Kovas, President of the Food Retailers Association of New South Wales, and representative - our organisation is representative of NARGA, for New South Wales. And I'm a store owner at 35 Missenden Road, Camperdown, Sydney.

**Dr LIM:** Just for your information Phil Mitchell, he's member for Millner which is in Darwin, and is member of the government, myself from Alice Springs, also member of the government, Syd Stirling, member for Nhulunbuy, which is tucked away in the eastern top corner of the Northern Territory. He's member for the opposition and also the Deputy Leader of the Opposition.

**Mr McKENZIE:** Well, you've already got our submission. We don't have any additional comments. I think you've had the opportunity, of course, to hear our evidence before the inquiry, and you've got a copy of our supplementary submission, which pretty much says, puts forward all our points of view. The supplementary submission was basically put together in response, and in support of, our previous major submission, but in response to the questions that had come up through the committee, and also the evidence that was given by the many participants to the public inquiry, and in particular those that gave evidence in person before the committee. And our supplementary submission was really there to clarify where we see the position, and to amplify some of the key points that we made. And it was our intention

to, in so doing, take our arguments to the point where they would be very hard to dispute. And we think we've effectively put our case before the inquiry.

So we don't have anything specifically in relation to your inquiry, other than what we've already sent you. We don't have any members or any representative organisation in the Territory. We have representatives in every other state and territory, other than your own. So I don't know why that is the case. I guess historically, perhaps there was no suitable organisation for us to align ourselves with. However, if there was such an organisation ...

**Mr RICHARDSON:** We'd be in there kicking too.

**Mr McKENZIE:** ... well, I guess - and you might be able to help us out, because it's our intention to represent all the independent grocers across Australia, and if there was a suitable body in the Territory, that we could liaise with, we'd be very happy to open that possibility up.

**Dr LIM:** Well, it was interesting because we had, I suppose, a director or a spokesman of a group called 5 Star chain in Darwin, which has a branch in Katherine also, who put themselves forward as speaking on behalf of NARGA, and in fact, quoted figures that had been published quite widely by NARGA, including the graphs, the pie charts ...

**Mr McKENZIE:** I think I know the guy you ...

**Dr LIM:** ... and also, in fact, suggested that there should be a cap, using your figures also. I can't recall his name ...

**Mr MITCHELL:** Alan Morris.

**Dr LIM:** Alan Morris, that's right, yes.

**Mr McKENZIE:** Look, the guy that you're referring to, Alan Morris, he rang me up and spoke to me about this and he said, 'Look, we're doing something up here'. He explained that there was a price inquiry, and he said, 'Can you send me all your material?', which I duly did. And he said that his intention was to be a prime mover for change and more competition in the Territory. So I obviously provided him with all of our standard material.

**Dr LIM:** But he was not speaking on behalf of NARGA?

**Mr McKENZIE:** Oh, no, no. We've never - I mean, I was helping him to arm him with information that he could use to try to seek improvements, if you like, in the competitive environment in the Territory. But he's never formally aligned himself - and I've never given him any authority to speak on behalf of NARGA.

**Mr MITCHELL:** We'd have to go back through the record. I don't know if he was actually ...

**Dr LIM:** Did he say that?

**Mr McKENZIE:** I thought he - I read it that he was.

**Mr MITCHELL:** We'll come across that later. I can go back and ...

**Dr LIM:** Yes. I had the impression that when he was talking, the feeling I got was he was speaking on behalf of NARGA. That is clear anyway.

**Mr McKENZIE:** I guess if he's actually quoting NARGA's arguments, then I guess ...

**Mr RICHARDSON:** Then we would have no argument with that.

**Mr McKENZIE:** ... ipso facto, we've got no problems with him.

**Dr LIM:** Let me address the issue of the NARGA cap, if I can loosely term it as that, okay ...

**Mr McKENZIE:** Yes.

**Dr LIM:** ... whatever the percentage may be. And we suggest that the bigger chains probably has more than 80% in the Territory. But that again, is hard to ...

**Mr McKENZIE:** That also applies, of course, in Queensland and New South Wales.

**Dr LIM:** Yes. But with a cap - and I don't know the point was made clearly yesterday, and I didn't hear the response from you clearly either. If there were a cap, that the big chains can have, say, let's say 80% that you quote, the remaining 20% is up for grabs, by anybody, whether it be for small independents or a big independent. Okay?

**Mr McKENZIE:** Yes.

**Dr LIM:** A big independent can pick up the other 20%. The real problem then is the small independent gets pushed out totally. So where does that leave your members?

**Mr RICHARDSON:** If I could probably answer that, Mr Chairman. You've got to look at the total market. You're not just operating in the 20%. You're operating, if you're a big independent, you're operating in the 100%. You're not just operating in the 20%. So whilst you're saying, okay, the 80% is just for the major chains and the 20% is for the independent, in reality in your competition, you're right in amongst the big boys as well as the independents as well.

**Dr LIM:** Sure. Except that the 20% is untouchable by the bigger chains. Except ...

**Mr McKENZIE:** Well, that's the existing chains. Of course, if there was new competition that came in ...

**Dr LIM:** Would that go into the 80%, or would they go into the 20%?

**Mr McKENZIE:** Well, no, because what we've said is that the 3 major chains should be capped at their current 80%, and reduced back through via divestiture over 5 years to a maximum of 75%, with no one chain having more than 25%. So theoretically, a new player could come into the market and take up the other 25%, and if all the others had 25% each, well, effectively, there'd be 4 players in the market and no independents.

I mean, we haven't actually asked for protection, as such. We haven't asked for 20% to be reserved for independents. What we've said is that no one entity should have more than 25%. And that the current 3 who are there should be capped at 80%. So I guess in doing so, we have allowed the possibility of other competitors to come into the market, and we haven't in that sense, sought protection for 20% for independents.

I mean, independents, I mean, we don't regard them as a protected species. They've got to fight for their right to exist. but the problem we have now is the overwhelming might of the big 3 just crushing the

independent sector, to the point now where - as we said to the inquiry - critical mass is on the line and if it gets pushed much further, once you lose that critical mass, you can't support a viable independent sector.

So what we've tried not to do is to take a protectionist approach, which says only independents can have that 20%, because I don't think that's workable. I think what you've got to do is allow the possibility of other competition coming in, and that's what we've done in the way we've addressed the issue of capping. And if independents, at the end of the day, aren't good enough to fight for that 25% that might be left - if there's only 3 players - well, that's up to the market to decide beyond that.

**Dr LIM:** Let me give you another example or a scenario for you to explore. Let's say Woolworths now has 25% of the market in the Northern Territory. It's at the cap. Can't do anything, cannot do anything anymore. It's got a store in Katherine, okay. Now it sees that there is an opportunity to open up at Yulara, because Yulara's now got 10 000 people, it wants to open up there. It can't because it's at its cap, so it's got to sell Katherine or Alice Springs ...

**Mr McKENZIE:** Yes, or sell somewhere else. That's right.

**Dr LIM:** ... or somewhere else within the Territory before it can buy Yulara. Now, and so what happens then?

**Mr McKENZIE:** Well, that's if you apply cap on a state-by-state basis. We've only ever asked for a national cap. Okay? I mean, we've never got down into states and city cap ...

**Dr LIM:** Okay. Even so, let's say it is a national thing. So it's got to get rid of some place ...

**Mr McKENZIE:** That's right, yes.

**Dr LIM:** ... and some holding somewhere to give them the space to acquire a new one.

**Mr McKENZIE:** Yes, that's right.

**Dr LIM:** Now, assuming that the one that they've got to give up is in Katherine, okay. Let's assume that is the one that they've got to give away. Then Katherine consumers may go through hardship because there's no longer a Woolworths. Yes, it might have an - anybody might move in - but there's no security that somebody would go in, No 1. No 2, there's no security that the pricing that's by the independent could be as competitive as Woolworths, because Woolworths has that bigger market in the Territory.

Big Crow, as you all probably know, went into Alice Springs, because it thought it could compete against Woolworths and Coles in Alice Springs, by supplying goods at Adelaide prices. But, Woolworths and Coles has got an infrastructure in the Territory that maximises or makes its supply of goods into the Territory efficient. Whereas Big Crow on its own, find that it's fighting an uphill ...

**Mr KOVAS:** Had to draw from Adelaide.

**Dr LIM:** That's only one store, too.

**Mr KOVAS:** Yes.

**Mr MITCHELL:** They got squeezed out.

**Mr McKENZIE:** Yes, 6 months ...

**Dr LIM:** Yes, about 6 months.

**Mr RICHARDSON:** See, what we do - what we're putting forward, Mr Chairman, is not just one, like, cap. It's a suite of 3 amendments. Now, Alan Fells has not seen them. We have had them through corporate lawyers. In fact, we've had quite a lot of discussions with the ACCC on them. It was quite obvious that they had not been passed too the ACCC by the inquiry, because we ...

**Dr LIM:** Alan Fells has made comment on the same lines as I have just put to you.

**Mr RICHARDSON:** No, no. He has just addressed the inquiry.

**Dr LIM:** Right, yes.

**Mr RICHARDSON:** And he was at a disadvantage because he has not seen our clauses as yet. Because doing the proper diplomatic thing, we gave it to the inquiry first, and expected them to give it to Alan Fells. We didn't want to get anybody's knickers in a twist about all that. So there are 3 clausal amendments within that, and it is to be looked at as a total rather than just a cap, because within it there is also transparency on pricing.

And that, I think, is probably one of the major issues that we should be raising with you at this moment, because the transparency of pricing is where all the variances between independents and major chains occur right now. Because the major chains are better served by major manufacturers than independents. There is always a disparity between the promotional and case deals that are given to the major chains in regard to independents. And I was able to - I don't know if you were there when I gave evidence against Coke, Coca-Cola? Were you there at that particular time?

**Dr LIM:** Yes, I was there, yes.

**Mr RICHARDSON:** Which explains the above and below the line differences, okay? Like, we co-own a warehouse with Woolworths in Tasmania, as Roger Corbett said, and we have a very good relationship within the warehouse. We might scratch and kick outside the warehouse, but we have a good relationship, because we know we need critical mass in that warehouse. But they have a massive opportunity that we do not have. and that is being given by the major manufacturers, such as Coke, where they give them 8.5%, plus they have a 0.4%, which is at the discretion of Coca-Cola to do further work. And then they give them 1% scan data.

**Dr LIM:** What does that mean, the 1% scan?

**Mr RICHARDSON:** 1% is on their promotional scan data. Okay? They pay for that. So they actually get 9.9%, okay? And for the year just gone, the financial year, we get 2.5%. So it is no wonder that people - even small retailers in your state - go to the major chains to buy their Coke and other ...

**Dr LIM:** Retail.

**Mr RICHARDSON:** Go and buy it retail, because it's cheaper than they can get it from Adelaide.

**Dr LIM:** Now, the Chairman brought Coca-Cola back to the hearing to ask them to, you know ...

**Mr RICHARDSON:** Try to rebut what I was saying.

**Dr LIM:** ... answer your comments. And Senator Boswell kept asking, you know, to try and get to the

bottom line. The answer was not forthcoming.

**Mr RICHARDSON:** No.

**Dr LIM:** Could you give me what Coke - could you interpret for me what Coke said at that ...

**Mr RICHARDSON:** Well, Coke are talking - it was quite a bit of nonsense really, because what they're doing is customer engineering. They call it customer solutions, where they want independents and major chains to put a product in different places all around the store. They want to reserve some product that is cold, and some product that is at ambience temperature. And they were talking about 2 L, 1.25 L and their cans and their 600 ml.

All of that is available out of our warehouse to Woolworths, to my largest independents, and also to the very smallest corner store that pulls out of our warehouse. So in that respect, that was a total nonsense what they were going on about.

**Dr LIM:** They don't want you to supply. They do not want you to be the middle man. Is that what ...

**Mr RICHARDSON:** Well, what they are trying to do is ...

**Mr KOVAS:** Separate.

**Mr RICHARDSON:** Is to maintain a very strong route trade where they have total control of the market. Okay? Like, 70% of the Coke sales in Tasmania would be in the route market.

**Dr LIM:** Direct sale by manufacturer into the stores.

**Mr RICHARDSON:** That's direct into the store, and they wheel and deal in particular stores, and you know, it is not an efficient manner of promoting Coke at all.

Now, we do not have the ability ...

**Dr LIM:** It must think it's efficient. They must think it's efficient, otherwise they wouldn't do it.

**Mr KOVAS:** Ys, for the ...

**Mr RICHARDSON:** No, but it's only there for the control. It's no different to our milk situation in Tasmania. We have 2 processors. One has 70% of the market. It totally dominates the market to such an extent that they dominate the vendors as well. If you're not on-side with National Foods, you're not in the industry. Okay?

So, National Foods will not allow us to have an account with them. Now, we sell, collectively, about 60% of the milk in Tasmania. But we cannot get an account with National Foods, because all of a sudden they have lost control of that distribution system, because they control the vendors like, to the most north-west town in Tasmania, Smithton, it is the same vendor in the same truck and the same milk processor, that delivers to a Woolworths store down there, for 102.8¢, and charges my store, with a similar quantity of milk, just around the corner, for \$1.14.

Now, that is the way that they manipulate and keep control of their market. If they allowed us to have an account, we would then have contracts with milk vendors. We would have a more competitive environment, because instead of having been screwed by Woolworths to get their milk delivered for 6¢, it would be a more realistic 9¢ or 10¢. And then the independents would have that opportunity also.

But at the moment, because of Woolworths 51% in the market, they say, 'Well, if you don't give it to me, I'll go to the bloke down the road, Better Milk, and he'll do it for me'. So it is a thumb on the nail all the time.

**Mr KOVAS:** Yes, it is interesting to know, Mr Chairman, what Mr Richardson was saying is 101% right. But Coca-Cola, getting back to that, is that they love to manipulate with the route trade, and have control, (a) for the COD, which a lot of it is COD or 7 days - very, very few people are on 30 days - and (b) they can control different sizes. They can control you know, like they said, the cans, the 300 ml and the 600 ml. So obviously, that's why the whole process is done that way.

**Mr RICHARDSON:** It's no different with bread, Mr Chairman, because they get a 5% settlement discount on bread. They also get, I think it's about 3.75% promotional activity. We get 2%. Now, we also sell more bread than what they do, in Tasmania.

Now, for a generic bread, they buy their Homebrand generic bread from the same bakery as we do, and they pay \$1.27. We pay \$1.45, and retail it at \$1.95, exactly the same as the chain. In fact, if I could just table these, Mr Chairman. They are some price comparisons.

**Dr LIM:** While you do that, let me ask you this question then. You're buying the bread at nearly 20¢ more than Woolworths ...

**Mr RICHARDSON:** Yes, 21¢.

**Dr LIM:** Okay. Why can't you go back to your suppliers and say, 'Look, hey, come on. I'm buying nearly as much bread as Woolworths is, why can't you give me a better price'. I mean, Woolworths can do it, why can't you do it?

**Mr RICHARDSON:** Yes. Let me proceed on that issue. Two months ago, I picked up a Woolworths executive. I didn't say that in the other inquiry, because they were all sitting around there anyway. But I picked up a Woolworths executive who's got ...

**Dr LIM:** To work for you?

**Mr RICHARDSON:** ... a very retentive memory. In fact, he was the one who would have negotiated most of their deals in Tasmania. Okay? Now, we have full bottle on what all the deals that we have been missing out on. That's how I'm quoting these prices. We have now just about worn the carpet out in my office by getting these national manufacturers in and out - they're like blow flies at the moment. And so we're addressing this issue.

And what we have told the ACCC, as well as the manufacturers when they walk in, is up-front, we want competitive structures similar to our major opposition in the state. If we have evidence of any unfair or discriminatory practices, we will pass that listing onto the ACCC. That is why Coke came to see me last week to try and nobble, probably, but they didn't offer what they should have done in the first place, and I couldn't sit there and listen them waffle on with all the rubbish that they were doing.

**Dr LIM:** I don't get into the adversarial side of the thin. What I'm saying is, as a business, you know, with a high turnover, why could you not negotiate directly with the manufacturer, and say, 'Look, I'm buying a lot of stuff from you. My buying power's not too bad'. Why couldn't you negotiate a better price?

**Mr RICHARDSON:** Because ...

**Mr MITCHELL:** That's what you're saying you're doing though, at the moment, isn't it?

**Mr RICHARDSON:** We're doing that at the moment. But 51% - Woolworths have 51% in Tasmania.

**Mr MITCHELL:** Of which?

**Mr RICHARDSON:** Of the total grocery market. Of the total grocery market.

**Mr KOVAS:** Through acquisition.

**Mr RICHARDSON:** And they can say to a supplier, 'Look, I'm not going to put your product in'. That supplier may as well fold his tent and leave the island.

**Dr LIM:** Is that fact, or is that ... I know they can ...

**Mr McKENZIE:** They have enormous - I guess what we've said at the inquiry, is that the scope for discrimination in trading terms is enormous, because of the market power that the chains have. And the only reason why Sam can push this issue now, is that he has the information. Before we didn't know what the discrepancies were.

**Mr RICHARDSON:** We suspected, but we didn't know.

**Mr McKENZIE:** I mean, we all have these nagging doubts as to whether or not our wholesalers are buying at the right price from the major suppliers. Because if you don't get that part of the equation right, there's not much hope for the rest of the equation.

**Dr LIM:** Yes, sure.

**Mr McKENZIE:** And one of the major problems, as we've said to the - is not just the quality of price - and that includes the trading terms that are associated with those prices - but it's the whole issue of the pricing structure in the Australian grocery market, in the sense that there is no wholesale pricing structure.

And most people outside this industry express surprise when you tell them that, in fact, wholesalers can't buy better than retailers, when you consider that wholesalers have to carry the cost of credit and they've got the cost of raising invoices and managing credit departments and all the rest of it, as well as supplying a very diverse customer base at an arm's length, and having to service them all over Australia. Whereas, the chains pick and choose the major centres where they want to have their stores, control their range. We have to carry a wide range because we've got such a diverse customer base. There's no recognition for any of that in supplier trading terms and in their pricing structures.

So right from the very outset, the independent - even if we were buying at the same price as the chains through the wholesalers - the independents are still being discriminated against. And the only way that they can compete is if they sacrifice their margins or find a way to reduce their cost below what a chain store would operate at, which is very difficult. And a lot of independents manage to survive because they throw so many family resources into the business to keep the thing going.

So what we've been saying to the inquiry - as you would have seen is that the playing field is decidedly unlevel and there's a lot of areas that government really can't impact on, in terms of leveling the playing



field. There are some areas, and we've suggested some, including at least in something about the wholesale sales tax while it's still in place, looking at maybe a wholesale trading act to address the discrepancy there. But at the end of the day there are many other aspects that can't be realistically addressed by government, which is why we've gone to the point of asking for a cap, because we don't think there's any other way to ensure that there is going to be a viable small business sector in the marketplace, which has a lot of associated public interest benefits attached to it, which we've outlined in our submission. And particularly so in rural Australia.

And it's our view that unless there's political will on this issue, the independent sector is going to lose its critical mass and therefore cease to be a viable factor in the grocery market. And I think that the Territory is a very good example of what happens when you have undue concentration of market power. And you know, I don't know whether you've had a chance to study the sort of factors arising from the fact that the Territory has such high grocery prices, as was identified by the BRW study, as to what extent their impacted by issues of freight or other factors or lack of competition.

**Dr LIM:** Are you quoting that, or are you suggesting to us that freight is a ...

**Mr McKENZIE:** Well, look, freight is obviously a factor in the cost of goods, and I guess you're in a much better position to identify what the freight factors are and the differentials between Darwin and other cities, and for Alice Springs, for that matter, in terms of ... I think for example, Mackay was quoted as, you know, as one of the cheaper places around.

**Mr RICHARDSON:** I think we came up rather bad against Mackay too.

**Mr McKENZIE:** That's right, yes. Tasmania is a similar situation, so ...

**Mr RICHARDSON:** We had a prices inquiry in Tasmania not too long ago, and what the recommendation, what the findings of that committee was that, sure, there was a freight ...

**Dr LIM:** Equalisation scheme.

**Mr RICHARDSON:** No, sorry. There was a freight component within the differences, but what it did dramatically find is that we had the most retail square footage in Australia, and the over-capitalisation of that situation because we have 43 major supermarkets, and 5 K-Marts in a population of less than 460 000. And that is why - that is the paramount reason, why our prices are out of kilter, plus the factor that Woolworths and Coles have somewhere about 78% of our market. Okay? So there's no real competition. I like to think we're competition ...

**Dr LIM:** Does the Tasmanian, then, wholesalers supply to the other 49% of Tasmania?

**Mr RICHARDSON:** We supply ... Sorry, we ...

**Dr LIM:** You say you ...

**Mr RICHARDSON:** ... have about 22% of the market. Okay, the Coles ...

**Mr KOVAS:** This is Coles.

**Dr LIM:** Coles.

**Mr RICHARDSON:** Coles and Woolworths have 78% between them.

**Mr MITCHELL:** In Tasmania, of what, the total ...

**Mr RICHARDSON:** Total Tasmanian market - 78% Coles and Woolworths have of the Tasmanian market. 77.9% or something. So we have 22%. Now, the reasons I gave you that is to highlight the price structure and what you will see, there is very little difference. Now, I've marked on there which is Woolworths, because they call them Purity and Foss.

**Dr LIM:** Is that a retail shelf price, or is that ...

**Mr RICHARDSON:** That's standard, no that's standard retail price. That's ... And really, I challenge anybody to do a really competitive and comparative price check, be it ACA or anybody else for *Choice* magazine, because they don't understand what's happening in the industry. If there's product that's being moved out by a manufacturer because of pack changes etc.

But if you look along the bottom, you'll see there is very little price difference there. Now TIW is right over on the right-hand side. That's our independent banner, that's ITA, Festival ITA. As you can see, we're around about third cab off the rank or thereabouts, I think, as far as being the cheapest in the island. Now, they do that by having, taking a lesser margin to remain competitive.

I only show you that to show that they are competitive and to do that, under the conditions that they're trading - and I've explained to you about milk, bread and all the manufacturer's differentials ...

**Dr LIM:** Let me be the devil's advocate and say that you quoted selected items, obviously. Are these items the highest volume movers?

**Mr RICHARDSON:** Yes, they are, sir. That's the ...

**Dr LIM:** You're the top 20, top 25 highest moving items.

**Mr RICHARDSON:** 600 lines in our nearly 11 000 lines, 600 generate 34% of our business. Okay? 600 lines. We'd like to throw the rest away.

**Dr LIM:** That's right, yes. And that should help reduce costs because you're not storing them, yes.

**Mr RICHARDSON:** But you've got to have an offer, have an offer.

**Dr LIM:** I understand.

**Mr RICHARDSON:** But they are, they would be the top ranking products out of our warehouse.

**Dr LIM:** What the top, what, this is about 25, 30 items here.

**Mr RICHARDSON:** These would be the top weekly grocery basket products coming out of ... I haven't worried too much about some of the issues. If you wanted to put cigarettes in there, of course, they would be way up the top. Okay?

**Dr LIM:** Yes, all right.

**Mr RICHARDSON:** But this is taking out some of those issues such as cigarettes and what have you.

**Dr LIM:** Because we have worked out our average Territorians basket based on top 2000 lines, from across the board, and then worked on that basis. So, you know, we've got about something like, what, 60

items, which forms the basket, and that includes your cigarettes, the whole lot in there.

**Mr RICHARDSON:** I just wanted to get it on the one page, okay?

**Dr LIM:** Yes, but what I wanted to know was from the Four Roses to John West, what's that list? Was it, you know, with the deletion, was that at least 50, top 50, top 100?

**Mr RICHARDSON:** Out of this? Well, I took the fruit and vegies and all that out of it as well. I didn't put bread, I didn't put milk, because they would have just been repetitious because it would have been the same price structure. Because about 600 of the lines we would check every week against Coles and Woolworths, so we're pretty spot on with all those 600 lines. And we would do the whole supermarket in both Coles and Woolworths every 5 weeks. We would go through ...

**Dr LIM:** Price check.

**Mr RICHARDSON:** Yes.

**Dr LIM:** How would you feel if your government say, they would publish regular price check bulletins such as you've done here, sort of thing, on the Tasmanian government Internet so that people can just download it and have a look at, and so they can just go and shop wherever they like.

**Mr RICHARDSON:** If they had apples for apples, okay. And the only problem there, I would suggest to you, that there would be - unless you're involved in the industry - you will never know what a true shelf price is. Because there are so many things that factor upon it, be it moving a manufacturer that is changing a label, changing a shape of a bottle that is still 375 ml. The price remains the same or whatever, but because one warehouse has got more.

For instance, if our co-owned warehouse has got more than the Coles, the manufacturer will come and offer a TPR - a temporary price reduction - where you take it off the shelf at a, sell them off the shelf at a cheaper price to get rid of that. Or if there's a manufacturer who, for some reason, his product isn't selling in Coles, but it is in our stores. He will go and give an incentive to Coles to reduce that price to get that product up. Once the product reaches the mass that he wants it to, he will bring it back up to normal shelf price.

There are so many factors within our industry and we're constantly monitoring those factors.

**Dr LIM:** But wouldn't those variables eventually level off if you do enough of these price surveys.

**Mr RICHARDSON:** They are forever changing - forever. All the hair care, all the health and beauty's, you name it. There's new products that are coming across my desk every week, okay?

**Dr LIM:** What you're saying is that there's no ...

**Mr RICHARDSON:** And we move it. In fact, we have a standard delivery from the Red Cross and St Vincent de Paul to turn up to our door to get rid of all these products. Otherwise, I'll never get in my office. Okay? That's how many ...

**Dr LIM:** Yes. So what you're saying is price checks are pointless?

**Mr RICHARDSON:** Price checks to me are - we have Price Watch in Tasmania at the moment, that your colleague is doing, Duncan Kerr. He runs a price check in his electorate. It's a comparative but it is

a fairly ineffective comparative. And I believe even Duncan recognises that and ...

**Dr LIM:** Doesn't give any trends, any indicative sort of trends for people to look at and say, 'I'll go to Bi-Lo today, tomorrow I'll go to TIW, and next week I'll go to Woolworths'.

**Mr RICHARDSON:** The problem with that is that you then are like Coke are trying to do. You're consumer engineering because you're saying, 'Well you should go to this place here this week and that place next week', simply because of a ... It would be unfair on all of us because you're directing traffic, really, in that type of situation, where it may be - as I've indicated to you - those other ...

**Dr LIM:** But the food market also directs traffic in the sense that the packaging industry is one of the most manipulative industries that I know of. I mean, how many different types, size cans of baked beans do you have? Not to say coffee and tomato sauce and marmalade and jam and everything else. That's why you've got so many items in your store because every bloody container is different in size and at a factor that it is simply too difficult to do by mental arithmetic. You know, 375 gm. You try to divide \$5.50 by 375. You know, you stand for all day. And we are supposed to be the smart ones. So that's the problem.

Now, that to me is directing and manipulating the consumer. So suppose I say to you, how about if I ask you to label in every shelf the per-100 gm, per-500 gm net price. Would you do that? Say, if you've got your 5 different cans of baked beans there, different brands, different sizes. I look at those 5 cans, I wouldn't know which is the cheapest content to buy. So I'm saying to you ...

**Mr RICHARDSON:** I'd find it difficult.

**Dr LIM:** So, okay, that's fine. We all agree on that. Okay. So would you be happy ...

**Mr RICHARDSON:** I agree with that.

**Dr LIM:** ... to put on your shelf, for this brand, this can, 100 gm costs 20¢. This can, this brand costs 19¢ per 100 gm. So that the shopper can look at it and say, 'Look, what I'm now choosing is either price or quality'. Now, if I want to choose price at the lowest, I might have to forego quality - that's my choice. Okay? And if I want to buy quality, I might buy the most expensive 100 gm baked beans and not the cheapest. But that's my choice then. But I know what each can costs. How do you ...

**Mr KOVAS:** They can generally tell now, because when you've got, say, a generic brand next to Heinz and next to PMU, and usually you have the one size together, and then you probably have the smaller size on top. So the consumer is pretty switched on, particularly the housewife that does the shopping every week in, week out.

**Dr LIM:** Oh, yes and no. I mean, if I was a pensioner, I've got ...

**Mr KOVAS:** They can usually tell.

**Dr LIM:** Yes, but if I've a pensioner, I've got limited amount of welfare money available. Now, it could mean whether I buy a 375 gm can, or a 500 gm can. Okay? Five cans, all the same, all the same size.

**Mr RICHARDSON:** Could I suggest, I'd rather give them a calculator.

**Dr LIM:** Why? Because it's cheaper, or simpler for you to give them a calculator, or to put a price ...

**Mr McKENZIE:** There are issues here relating to technology, in terms of being able to calculate a price per gram, on the shelf, relative to a shelf price. Which every time the shelf price changes, so does the unit price have to change.

**Dr LIM:** Yes, that's correct.

**Mr McKENZIE:** That is a very time-consuming exercise, particularly for a small business person who have to do everything manually, do that manually on the shelf, and ...

**Mr KOVAS:** Family ...

**Mr McKENZIE:** ... it's a prohibitive cost to add that. And then you'd argue what is the real net consumer benefit? I think that as technology emerges, and we start getting these LCD, you know, crystal shelf labels and so on, the technology eventually would enable you to do it, in a very ... So every time you change a price in your price file, it automatically changes the shelf, including the unit price.

The other thing that's in relation to unit pricing is price versus quality.

**Dr LIM:** Yes.

**Mr McKENZIE:** People don't only choose on price, they choose on quality as well. So a simple price comparison will not necessarily give you the best consumer buying decision.

**Dr LIM:** No, I understand that, but most people choose. I suggest to you the cheaper it is, the more likely the quality might be compromised ...

**Mr McKENZIE:** Generally ...

**Dr LIM:** Not in general, this is ...

**Mr McKENZIE:** Generally, but not always.

**Dr LIM:** That's right.

**Mr McKENZIE:** And I think that the consumers are making value judgments every time they go to the shelf about the relationship between price and quality, because at the end of the day what they want is the best value for money.

Now, the other point to all of this too, is that if in fact you get supermarkets or independents who want to go to the ultimate length to look after their customers, it ought to be up to them. If there was a genuine consumer benefit, and consumers were really wanting this to happen, you would think that there would be some supermarkets out there who are at the leading edge of customer service, offering this as an add-on service, and a point of difference for their customers.

**Dr LIM:** May I suggest to you that ...

**Mr McKENZIE:** I would question whether or not there is the sort of demand for that type of service and ...

**Dr LIM:** I believe it's the otherwise. I believe it is that most retailers would not like to empower their customers too much.

**Mr McKENZIE:** Well, no. Well, I think that, look, it's all very well to have a focus on price, and price is very important. But I think that, you know, it's just like price comparisons. What price comparisons never show you - you know, the sort of things that Sam's showing you - is the quality of the service the person got in the store, the convenience factor ...

**Dr LIM:** Yes, yes.

**Mr McKENZIE:** ... whether the store was a nice place to shop in etc. I mean, prices is just one element of the equation, and I think that it's important - and it's a very important part - and we've made the point in our representations before the committee, that when it comes down to grocery prices, price is very important.

But let's not hammer the point to the nth degree. I think that we often feel that maybe our consumers aren't as smart as they really are.

**Dr LIM:** But, I suppose, our focus is more on food price, as you can appreciate.

**Mr McKENZIE:** Yes, I understand, I understand. And by the way, you'll notice in terms of fresh food prices, they do have, you know, where you've got packaged meat, they do have the price per kilogram and so on ...

**Dr LIM:** Yes, that's right.

**Mr KOVAS:** Well, that's law, that's law.

**Mr McKENZIE:** And not only that, but they've got the machines in-house, or wherever it's packed, to be able to put that labeling on automatically.

**Mr KOVAS:** See, price really is third and fourth down the list. I mean, there's been a survey done in the last 12 months in New South Wales, where takeaway foods have become more popular for consumers and they're spending - the private ones - they're spending up to 40% more for takeaway food products, rather than go to the typical McDonalds, Pizza Hut and Red Rooster. They're spending an extra 40% to go to their preferred pizza place, or their preferred old-fashioned hamburger place. And this is the trend now that's happening right now.

**Mr RICHARDSON:** The other issue I'd like to raise in regards to what you were suggesting, we've got enough problems with GST right now. I would hate to take something else, because the compliance costs are going to be so dramatic that ...

**Dr LIM:** I'm just talking - I'm exploring issues that we wanted to ...

**Mr RICHARDSON:** Yes, I understand.

**Dr LIM:** ... so I can have your thoughts on that.

**Mr RICHARDSON:** We would have no problem if the technology was there to do it, and the cost wasn't prohibitive.

**Mr STIRLING:** And it will come.

**Mr KOVAS:** Yes, like Allan bought up to me. I mean, the technology's there, and it's done. People expect it.

**Dr LIM:** Now, obviously in Tasmania you have a fairly high share of the market yourself. Now, let's take another state that hasn't got a single wholesaler. All right? They've got many wholesalers.

**Mr KOVAS:** Well, yes, New South Wales.

**Dr LIM:** The Northern Territory to, for that matter.

**Mr KOVAS:** Yes, the Northern Territory.

**Dr LIM:** Why don't you do what Sam's done? All got into a coop and have a single wholesaler that has the capacity or the clout or the buying power to compete with Coles and Woolworths?

**Mr KOVAS:** It hasn't been possible.

**Dr LIM:** Why?

**Mr KOVAS:** Oh, there's been a lot of reasons for it. I mean, David's ...

**Mr RICHARDSON:** Independents are their own worst enemy.

**Mr KOVAS:** Yes, David's bought out ...

**Dr LIM:** Oh, you said it!

**Mr KOVAS:** Yes, that's right. You take New South Wales. We had Composite Buyers and David's and then David's bought out Composite Buyers, because Composite Buyers became pretty well inefficient, and were losing a lot of money. And David's, you know, had the vision of the force, which was a good vision. It was a good idea. And basically along the lines of what you're saying. But it just didn't go down that track, for a lot of reasons. A lot of us independents wished it had of gone, but we couldn't control that. And now we've got AIW, which is - you people know us ...

**Dr LIM:** Which is Woolworths.

**Mr KOVAS:** ... does support ...

**Mr McKENZIE:** In fact your mate, Alan Morris, he's buying through AIW ...

**Mr KOVAS:** He's buying from them.

**Mr McKENZIE:** ... out of Queensland, isn't he?

**Mr KOVAS:** Yes.

**Dr LIM:** Yes, he is.

**Mr McKENZIE:** He's buying out of Queensland, because they don't operate in Adelaide, so he's got to be buying out of Queensland.

**Mr KOVAS:** No, he'd be buying out of Queensland.

**Mr McKENZIE:** So he could be buying from David's out of Adelaide, but he's chosen to go ...

**Dr LIM:** Yes, that's right.

**Mr McKENZIE:** ... you know, with the opposition. As Sam said, independents are often too independent.

**Dr LIM:** So can you elaborate on that more. Why are they like that?

**Mr KOVAS:** Why? I think I can - maybe I can just give my ... No, just a quick sort, because I've been on both sides of the fence ...

**Dr LIM:** I'm happy for all of you to contribute to this ...

**Mr KOVAS:** Well, I've been a customer of Composite Buyers, I've been a customer of David's, I've been a customer of AIW, so probably I can say that yes, we are our worst enemies, and we probably ...

**Mr RICHARDSON:** Prime case in point.

**Mr KOVAS:** ... too independent. We don't want to be controlled, we don't want to be told what to do, we don't want to be regulated. You know, quite often it's sort of to the detriment of your business, to the detriment of your bottom line.

**Dr LIM:** But haven't you learnt from the red Indians in America that you cannot beat an organised force like the white Americans? You've got - I mean, that's history for you, that to be too independent, you are negating your ability to be a force. And what I can't get in my head is if independents are crying that they cannot compete, why are you allowing yourself to be pushed into a corner even more by your own actions? I don't understand ...

**Mr RICHARDSON:** Could I - and it's probably historical - in Tasmania in 1979, we had 2 very large independents, Purity and Ralph Foss - Woolworths had 17.5% of the market. They came in and made a grandfather offer that they could not refuse. Now, at that stage Ralph Foss was part of our warehouse. We co-owned the warehouse together with Ralph Foss.

I fought very hard to stop that happening. I went to the other 3 independent wholesalers in the state who, unfortunately, weren't cooperatives - they were private companies - and said, 'Look, if this happens, they will control Tasmania from here on because they will have 42.5% of the market'. Either I wasn't a good enough advocate, or they thought that they could survive. They wouldn't join us.

Now, I had organised that we had the funding for the operation. Philip Lynch, who was the federal Treasurer at that stage, was backing the funding, but I couldn't get the buy-in. And that is where eventually, the other 3 went by the way ...

**Mr KOVAS:** Went out of business.

**Mr RICHARDSON:** Michael was part of one of the others. It was being supported in Tasmania. And we finished up as one wholesaler. That's how it happened in Tasmania. But unfortunately, there's been some power struggles within independents on the mainland.

Now, David's have nearly got it back together, except that AIW, in their wisdom, decided that they didn't want to see them get it together. So they set up in opposition to create the division that you're talking about.

**Dr LIM:** If I were Woolworths, that's the best tactic I can adopt.



**Mr RICHARDSON:** That's right. So they offered some terms and conditions that made it very viable for people such as Michael, to survive.

**Mr KOVAS:** If I may add just this point, with Sam's version of that. I think it was when they took over Canon's it was part of the agreement, that the ACCC would allow that to go, would allow that to happen, if they provided service to independents. So ...

**Dr LIM:** Right.

**Mr KOVAS:** ... that's, I guess, the ACCC opened their eyes, and said, 'You can do this, but you need to do that'.

**Dr LIM:** Yes, okay. All right.

**Mr MITCHELL:** Yes. We just got a submission here from Alan Morris. But he doesn't really say that he's actually representing NARGA anywhere, but he does have a lot of your material in his ...

**Mr RICHARDSON:** Oh, I'm glad our message got that far.

**Mr MITCHELL:** Well, he's certainly pushing your barrow, don't you worry about that.

**Dr LIM:** Oh, he was very passionate in his In their wisdom decided that they didn't want to see them get it together so they set up in opposition to create the division that you're talking about.

**Dr LIM:** Without Woolworths that's the best tactic they can adopt.

**Mr RICHARDSON:** That's right and they offered some terms and conditions that made it very viable for people such as Michael to survive.

**Mr KOVIS:** If I may add just this point with Sam's version of that I think it was when the took over Kennons it was part of the agreement that the ACCC would allow them to go, would allow that to happen if they provided service to independents. So I guess the ACCC opened their eyes and said you can do this but you need to do that.

**Mr MITCHELL:** Yeah we've just got a submission here that Alan wants me to, it doesn't really say it was actually representing an argument anywhere but he does have what your material .....

**Mr RICHARDSON:** Well I'm glad our message got that far.

**Mr MITCHELL:** He's certainly pushing the barrow.

**Dr LIIM:** He was very passionate in his submission.

**Mr KOVIS:** And we didn't even have to train him.

**Mr MITCHELL:** No he is very good.

**Mr STIRLING:** This really I mean your argument's not quite our argument as much it is the committee upstairs. We're across those but we're looking at different things, the dilemma I have is that Woolworths appeared before us and Coles appear before us and tell us to our face that they compete aggressively against each other but you're lines and people like yourselves would say that they compete far less against each other than they compete against you or us the small one to dive them out so that eventually

in a place like the Northern Territory there will be the 2 and in other parts of Australia depending who's there maybe 3 max and what happens then? This is where the ACCC, what do they do because do the settle down on their market shelf somewhere around a third each or maybe 40/40 20 or whatever variation and then just fight to hold that. Or is there genuine competition or do get to the stage where they're all happy to ...

**Mr McKENZIE:** Look I think, we have said that what we have in here in Australia is virtually ..... Now what the evidence shows as per that BAW report based on ..... Research that Coles and Woolworths, the pricing of Coles or Woolworths is more influenced by the presence of a third competitor rather than the location in which they compete and there's also been some special research that's been done by Professor Baker from the University of New England which shows that Coles and Woolworths at least in certain locations particularly New South Wales tend not to compete head to head, they tend to not be in the same centres. There tends to be, if Coles misses out in that centre they'll go to another one so you generally don't - that's not to say it doesn't happen that it's assured they are some and even in Canberra here where Coles and Woolworths and Franklins are all in the same centre and even in Sydney but where they can they try not to compete head to head with each other. So it's called by those academics as tasset collusion They don't sit in smoky rooms deciding on prices and competitive strategies but what they do and this is the classic theory of ..... what they do they match each others behaviour. They know that to get in to a price war's going to be very unproductive for both of them, so they choose to set a level not through active collusion but by a tasset collusion where they match each others behaviour. So that what ultimately happens is where the decide to compete is through their marketing or in terms in the ways they set their stores up rather than being aggressive competitors because in a price war other than the consumer nobody wins. Because ultimately the price war gets to the point where things get to the point where ..... is crazy or just ...

**Dr LIM:** But isn't that what's all about it's consumer rights and consumer privileges that I mean we don't care whether there's price war or not what we want is cheaper food especially for the welfare cheque that can buy more food today than it did last week.

**Mr RICHARDSON:** Well for instance in Tasmania the Purity chain which is Woolworths in the south up until about 3 weeks ago was about 2% dearer than the Foss chain up north because we are far stronger across the northern and part of the ..... then we are in the south. I would suggest perhaps the fact that this inquiry was coming forward and they knew that I was doing price checks had something to do with that because we have a price structure that is the same right across the state, they don't. They have particular areas so in the south they were 2% dearer. Coles were 2% dearer but they matched in the north.

**Dr LIM:** So you're suggesting that this sort of inquiry should be continuous or continual or go on forever so that we then become the effective price watch?

**Mr RICHARDSON:** The fact is in Tasmania they bought my largest member in Tasmania in the south which will then mean that they will not have real effective competition in the south. They will now have the opportunity to increase those prices.

**Mr KOVIS:** Increase pricing, like they've done and we had evidence. They've done that in Kumar and I brought that up in the outset of our hearing in April, I said here we are, here we are we had a situation were Woolworths bought the Kennons group now they trade as Woolworths store number 1 and number 2. What has happened the prices have gone up because they've got no competition and the consumer doesn't have an option to shop in a different style of store and different generics and different whatever

so it really takes away the consumer option ...

**Mr RICHARDSON:** They could wipe us out.

**Mr KOVIS:** ... that happened in Bateman's Bay.

**Mr RICHARDSON:** In fact .... progressive in Tasmania because they were truly competitive in Tasmania, we could not maintain that comparative - no way in the world.

**Dr LIM:** So what you're saying is that they're giving you a space to operate?

**Mr RICHARDSON:** At the moment because of their pricing strategy okay where they are not totally aggressive it is allowing more independents to remain in Tasmania. The other thing is the trading hours, we have a far different set of trading hours than yourselves. The major chains and we have a limit of 250 employees total ..... if you have more than 250 employees you cannot open certain hours. Now they are able to open from 8 o'clock to 6 o'clock from Monday to Wednesday, 8 o'clock to 9 o'clock on Thursday and Friday, and from 8 o'clock to 6 o'clock on Saturday but no Sunday trading. So over the years since and I might say in 1979 when Purity and Ralph Foss were independents they were my strongest supporters on shop trading hours but when Woolworths bought them I lost those people and they were always pushing for trading hours and we had about 26% - 27% of the market and that has every time there has been an extension of shop trading hours we've lost percentage because they act like giant vacuum cleaners that suck the life blood out of the rural and regional of towns.

Now Tasmania is so reliant on tourism, that we see is a bright shining light for us. Now we have a very friendly and wonderful lifestyle and we've got some beautiful tourism destinations but what they don't realise is that if they are unable to remain viable in those places like Straun and Richmond which are some of our premium tourist destinations, but you've got to have a viable infrastructure for 12 months of the year. Tourism is going to come in for 4 months and fluctuate and actually thrive if that infrastructure isn't there for 12 months of the year tourism will wither on the vine in Tasmania, our bright light will go out.

**Dr LIM:** Let me put this to you then if by extending the trading hours the independents are losing trade, what it says to me is that consumers, the buyers, shopper has a preference for those other stores with longer hours. Okay, I'm coming from the consumers perspective alright, I'm the shopper my wife and I go shopping regularly and here we are this is convenient, this is great.

**Mr RICHARDSON:** Haven't got a problem.

**Dr LIM:** So why should the consumer be put at a disadvantage by looking after the independents?

**Mr RICHARDSON:** The problem that I have with that type of argument is the public benefit, the overall public benefit and it's not just big versus small. I'm looking at the total structure infrastructure of Tasmania, not just at Woolworths, not just at the independent supermarket. You've got to look at the whole public interest of what is being proposed and for instance we are very strong on the fact that we believe that before any major development of any consequence happens that local government should be doing a proper economic impact study to ensure that it's not just a ping ponging of trade, this it is in the overall public benefit. I have never argued shop trading hours big and small supermarkets, that's not the argument, it's public benefit total public benefit - jobs- because we generate okay my cooperative is the largest private enterprise employer in Tasmania and that is simply because we have been able to maintain

a structure out there in rural and regional Tasmania. 71% of our trade comes out of rural and regional Tasmania, outside the 4 main cities.

**Mr McKENZIE:** Can I just excuse myself I've got ...

**Mr KOVIS:** It's interesting Mr Chairman just quickly with this whole aspect of trading hours what's happening in Western Australia with Neville Gowers business because he's a large independent and an aggressive and one that can take the chains on the consumers everyone's benefiting. There's nobody in Western Australia saying oh we can't shop, I think they shop, do they shop Sunday's is that right in Western Australia? But there restricted but there's nobody complaining, everybody's quite happy. You can only stretch the purse the budget so much, I mean we all have families and we have budget to work on ...

**Mr KOVIS:** And we all have a budget to work on. Basically it is an interesting case because there's restricting trading hours in Western Australia and the price is not expensive because there's no 7 day a week trading, there quite low.

**Mr RICHARDSON:** I take your point but there has to be a balance as far as the consumers yes they love to go and have their, do their shopping in a major complex but there are, they are mainly the dinks and the dowks aren't they? Double income with kids and all the rest of it okay. They've got what 34% of the expendable, disposable income but the others, the less mobile, the infirm and all those my argument there sir is that by maintaining that infrastructure you're allowing those elderly people to stay in their own homes without going in to care. There are so many issues of public benefit more so than just being able to go to Coles or Woolworths and buy their price. Hope I've made my point?

**Mr KOVIS:** Well we had - you know the lady from the lady from there well she's doing a study tour in China to try and boost up the situation of private enterprise because they've realised with such a vast population that the only way they're going to survive in jobs is to boost up the small industry small business. That's where the blood keeps circulating.

**Mr MITCHELL:** Just out of interest that Rick pointed out to me just a minute ago, the coca cola 1.25ltr in Tasmania is \$2.13 and in Darwin Woolworths it's \$2.05.

**Mr RICHARDSON:** \$2.05.

**Mr MITCHELL:** Something wrong here we better go and check them out. One thing I wanted to ask you and that's I'm going right back to the beginning when you were saying that the total market share that your stores have for bread for instance 60% so therefore your supplier you're buying 60% off one supplier and whatever Woolies or Coles or whatever would get the other 40% you're paying \$1.40.

**Mr RICHARDSON:** We're paying \$1.45.

**Mr MITCHELL:** Yeah, and they're paying \$1.25.

**Mr RICHARDSON:** No sorry we're paying \$1.47 I think it is I haven't got ...

**Mr MITCHELL:** ... whatever.

**Dr LIM:** 31¢ more.

**Mr RICHARDSON:** \$1.26, we're \$1.47 and they sell it for \$1.95 I'm in the routine now.

**Mr MITCHELL:** Okay and everyone sells it at \$1.95. If you were able to use your muscle which I think you must have a fair bit of if you've got 60% of their .....and you're paying \$1.45 then you're probably more than 60% of their income.

**Mr RICHARDSON:** That's right.

**Mr MITCHELL:** But if you're able to negotiate a better price would that reflect back in the ...

**Mr RICHARDSON:** I might say with bread we have had some discussions with the some fairly, not, didn't get to violence but we got to talking about it but if the situation is they were up for sale, if they met that price for 60% they would go broke. I don't want to send that company broke, it employs Tasmanians. I'm prepared to wait until they sell it and then renegotiate with the new people. Now that should happen around about September.

**Mr MITCHELL:** So therefore if you decide well okay we can't go selling bread anymore, we can't compete with Woolies because they've dropped their price down to \$1.85 ...

**Mr RICHARDSON:** It's not happening .It's not an alternative, you've got to have ...

**Mr MITCHELL:** I realise that, I realise that I'm just ...

**Mr RICHARDSON:** Hypothetical.

**Mr MITCHELL:** Purely hypothetical here, if Woolies decided to drop their prices of bread and undercut you completely then this other mob are going to have to buy 100% of the bread hypothetically, then that company would go broke?

**Mr RICHARDSON:** Yeah, they ...

**Mr MITCHELL:** So it just doesn't ...

**Mr RICHARDSON:** With what's happening ...

**Mr MITCHELL:** It doesn't make sense if that company is going to sell Woolies at \$1.27 when they've only got 40% of their market.

**Mr RICHARDSON:** We suggested they go back and renegotiate with Woolworths and they say you've got to be joking.

**Mr KOVIS:** Obviously Woolworths have told them to get on their bike.

**Mr MITCHELL:** But you blokes are actually keeping them going and Woolies are profiteering on ...

**Mr RICHARDSON:** They're profiteering on that particular in a sense.

**Mr MITCHELL:** How do they negotiate that deal?

**Mr KOVIS:** Well you people from the Northern Territory probably have seen it with primary producers. I mean we see it quite often. I speak to people at Flemington Markets very regularly I'm there every morning, ready to buy for my store. Regularly I have people say to me look I'm not going through, I'm not going through the agent because the agent has struck a deal with the chains and I can't afford to give my mangoes for X amount or my cherries for X amount and quite often the poor miserable things they've

got to come and come with their own truck and sit there Saturday and Sunday and try and get a little a couple of extra dollars a box for them save them from selling them in Paddy's with the consumer with the consumer shops.

**Dr LIM:** I must thank you very much for coming and talking to us, it's been very enjoyable. It's a very enjoyable interchange that's very good, we are the devil's advocate that's all. Just representing scenarios to you for your comment.

**Mr RICHARDSON:** We appreciate the opportunity Mr Chairman as we said earlier we're not lobbyist, we're just ordinary grocers and we speak it as it is.

**Mr MITCHELL:** But it turned out to be effective lobbyist.

**Dr LIM:** Thank you very much.

**Mr RICHARDSON:** We've got a lot of helpers and supporters out there.

---

## Chapter 4

# HANSARD TRANSCRIPTS OF PUBLIC HEARINGS

## *DARWIN REGION*

---

**Woolworths Supermarkets**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

WOOLWORTHS SUPERMARKETS – Thursday, 24 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Mr Tim Orgias; State Manager

Mr Steve Chapman; HR/Administration Manager

Mr Danny Baldwin; Area Manager

## **Woolworths Supermarkets**

### **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Food prices in Darwin prepare to open now and welcome the first delegation to the public hearing members of the Woolworths company.

Before I ask for you to commence let me say a few introductory comments, we have Channel 8 here it's to just to film some footage without sound so for the news item tonight and they'll be here for a few minutes just taking some film and then they'll leave the room.

This is a public hearing so whatever you say is going to be public and you'll be recorded for Hansard, it will be transcribed, sent back to you for your correction if they are any information you need to correct and then sent back to us your correction submission together with your written submission will then be copied for our report to be tabled in Parliament on the 19 August this year.

I'm sure there will be questions we'll be asking of you that maybe commissioned in confidence if that's the case and you wish to have an in camera session we will be more than happy to accommodate that also and times have been left blank today and tomorrow to accommodate in camera evidence and so don't hesitate to say so if you wish to have an in camera session.

Normally we don't expect witnesses to take an oath or an affirmation with the commission of committee however, we expect that you be truthful with your information that you provide to the committee.

My name is Richard Lim the Chairman of the committee on my right is Mr Philip Mitchell member for Millner and Syd Stirling member for Nhulunbuy, Mr Steve Balch member for Jingili and Mr John Ah Kit member for Arnhem. We've been travelling around the Top End these last few days listening to Aboriginal centres as well as urban and local communities.

We've received your written submission from Woolworths and it comes under Steve Chapman's signature and I just open up today for you to start taking comments.

**Mr ORGIAS:** I'd just like to introduce our members, my name is Tim Orgias I'm the General Manager of Woolworths South Australia and the Northern Territory, Steve Chapman who's our state Administration Manager and Danny Baldwin in our executive that we have in place up here as an Area Manager. So the way we'd like to approach it is to I'll let Steve maybe present things for us and he's you're known to him and to - from that point on to let this course continue as we see fit and as ...

**Dr LIM:** and I neglect to say that please at least formally record your full name and position that you've come from for the record.

**Mr CHAPMAN:** Mr Chairman, what we'd like to do this morning is, sorry - Steve Chapman

Administration Manager for Woolworths supermarkets in South Australia.

I'd just like to highlight some points we have made in the submission ...

**Dr LIM:** Sorry, we've just been reminded by my colleague which I have neglected also, evidence given to the committee goes under parliamentary privilege so you have that privilege of protection by parliament so you can say just about anything you like freely ...

**Mr MITCHELL:** Not while they're here anyway.

**Mr CHAPMAN:** The way we'd like to handle this the morning is really to highlight certain aspects of the submission that we've tendered and from there to make ourselves available for any questions that the committee might have and I assume each of the committee members has a copy of that submission so if I could just start really by way of background and explanation so that it's understood where Woolworths supermarkets in South Australia stand in relation to the Northern Territory.

In the first couple of pages where the introduction covers the structure within Woolworths and I'd just like to make the point that Woolworths in South Australia do administer and manage all of the stores in the Northern Territory and we have 8 supermarkets in the NT. In those 8 supermarkets we employ approximately 1200 people and that number fluctuates obviously with a payroll an annual payroll of approximately \$20m and payroll tax bill of approximately \$1.5m so in terms of a contribution to the NT economy and as far as a corporate citizen in concerned obviously Woolworths are one of the bigger and provide a significant amount of employment to the Northern Territory.

I think it's important just to understand perhaps the different environment in which we operate in the Northern Territory as compared to South Australia. Obviously having responsibility for both states and there are clearly some very significant differences in the Northern Territory and we've highlighted some of those in the second paragraph, page 2 of our submission. Most noticeable distance of our warehouses which are located in Adelaide to the stores in the Northern Territory needing very high levels of staff turnover significantly higher overhead costs and we go to some detail further in the submission on those but particularly costs that relate to freight is clearly one, others being power and occupancy costs. The fact that we need to transfer significant numbers of managerial staff from Adelaide to the Territory and from an operational point of view the obvious extremes of weather and the impact of that are transportation and storage of perishable items.

I'd like to now go to page 6 and in the very general sense just make reference to at least 2 surveys that have been conducted and at the bottom of page 6, the last paragraph, in July of 1998 the Australian Consumer's Commission conducted an independent survey of supermarket prices. The survey was conducted nationally included supermarkets in capital cities, rural communities and regional towns. The survey found the larger chain food retailers such as Woolworths consistently provided consumers with the cheapest prices for the sample basket of goods and of the 24 cities and towns in the sample 4 of the 6 cheapest localities for groceries were regional areas.

Further demonstrates - on to page 7 - to further demonstrate the competition benefits being received by consumers, Woolworths themselves recently commissioned Price Waterhouse Cooper to undertake a comprehensive independent survey of supermarket food prices, product range and quality. The survey was conducted nationally and was based on 186 supermarkets and a basket of 66 products and we've included as an attachment to our submission the findings from that survey. Most noticeable to try and summarise that the findings were that retail grocery market in Australia is price competitive. The major



chain stores are cheaper overall in packaged consumer goods. The independent stores offer a significantly reduced product range particularly in regional areas. It was not appropriate to make price and quality comparisons for fresh food due to significant problems in determining quality and its impact on price and there were only very slight differences between prices in metropolitan areas and regional areas for chain stores while the price variance for the independents was much greater.

Admittedly both of those surveys don't specifically highlight Darwin or the Northern Territory but I think by way of background and to perhaps get in perspective the sort of environment which the chains operate and the type of service they provide and the prices they charge, I think it does give an insight. In particular the third paragraph on that page it, clearly there has been a lot of discussion about the price of fresh food. It's interesting that on the findings in that survey was that the difficulties associated with assessing the quality of fresh food emphasise why conclusions were reached from the results from fresh food price surveys are suspect in terms of compatibility, so clearly it's not just a case of comparing prices but particular with fresh food there are significant quality issues that are in fact very difficult to judge and to make assessments on comparative purposes.

If we go to page 8 under the heading of pricing, from time to time there have been suggestions that the size of supermarkets both in range and number of stores might lead to predatory pricing in particular areas, these suggestion we say are unfounded. Woolworths pricing policy focuses on providing consumers with competitive prices but within the constraints of the *Trade Practices Act*. In particular, Woolworths pricing policy in supermarkets is to sell competitively, that is Woolworths competitive prices ensure that customers see value for the grocery dollar in addition to the other non-priced benefits that Woolworths offer. Such benefits include a wide range of convenient locations, extended shopping hours and research does show that choice, convenience and safe food are also important attributes in choosing where to shop in addition to price.

On page 10 under the heading of company position, our position is best summarised by saying that we certainly agree that the prices in the Northern Territory are generally higher than other mainland states but it is clearly as a result of significantly higher costs. Profitability in the Northern Territory is low compared to South Australia and by that I'm talking about the 8 stores taken as a group in the Northern Territory when you look at the bottom line contribution to profit. Those stores are significantly lower contributors than South Australian stores that we manage and administer.

Turning to those costs, under the heading of comparative costs 5.1, page 11. Freight is the first issue given the very significant distances involved in transporting both dry groceries and perishables from Adelaide to the various locations in the Northern Territory. It is understandable that freight would be a very significant cost component. South Australia has a total and I'm talking South Australia and the Northern Territory incurs freight costs far in excess of any other Woolworths operation and in fact freight cost is 75% higher than the national average for the company.

Comparison of freight costs for the NT group of stores and the SA stores further highlights the significant differential. The NT stores incur freight costs that are approximately 5 times those in comparable South Australian stores. I might just point out that we talk costs we are basically talking about cost as a percentage of sales, so that in terms of every dollar earned as a sales dollar we're saying that in South Australian representative stores freight costs represents in round figures about 1%, for the NT representative stores it's 5%.

Under the heading of light and power, in that regard that to is a significant cost and higher in South

Australia than in other states, almost twice the national average. Again if I could just emphasise that when we make comparisons with the national average we are talking about South Australia being the total of SA and NT.

As with the case with freight, a breakdown between the NT and SA stores within that South Australian group further emphasises the significance of this particular cost element. With light and power costs in the Northern Territory stores nearly 3 times that of light and power costs in South Australian stores. Perhaps the best way to illustrate the cost differential between the NT and SA stores is to compare the cost of running an average store for a day using the best available tariffs in both locations and assuming the same amount of power was consumed in each location, it would cost \$700 per day to run a South Australian store compared with \$1200 to run an NT store and that's light for light comparison.

Under the heading of occupancy, there is an error in this particular paragraph, we need to on the second line where it talks about South Australian stores being approximately 40% higher than the Northern Territory stores it is in fact the other way around.

Under the heading of occupancy, which is a combination of rent, rates and taxes again South Australia is approximately 18% higher than the national average but with the NT stores being approximately 40% higher than the South Australian stores. In part this is explained by the number of new, modern and large weather proof facilities which the company has established in the Northern Territory and is reflected by new stores at Nightcliff and Katherine and significant refurbishment in recent times at Casuarina and Leanyer.

Under the heading of personnel costs, due to a large number of management, supervisory of personnel who are transferred to the Northern Territory, South Australian division occurs a cost which are extraordinary in comparison to other states. The cost of relocating management in particular the very high cost of associated with providing accommodation for management personnel adds to the NT cost structure. The company has approximately 40 people residing in various NT locations, who are provided with subsidised accommodation, power subsidies as well as return flights to Adelaide annually. This combined with the high levels of turnover amongst employees in the NT generally and the subsequent costs of recruiting and training replacement staff places the NT in a somewhat unique position in terms of personnel costs.

Without exception every NT store has a higher staff turnover rate than any other South Australian store, in fact 3 of those stores have turnover rates in excess of 100%.

At the top of page 13, 5.2 group and store profitability. The NT stores are as a group significantly lower than the SA provisionally overall in profitability which in terms lower than the national average and just by way of an example, Casuarina for example and this is a year to date figure. Casuarina for example is running at a loss to the 9 months to the end of March and again just to give you some idea of the magnitude of costs, in the 9 months to the end of March the store has spent in excess of \$1m on freight, over \$.5m on light and power and \$1.5m on occupancy costs. Other stores to are running at a very low profit margin for example Palmerston and Nightcliff. Clearly others within the group are running on slightly better margins but the fact is that the total NT group is less profitable than any other state.

By way of conclusion in summary, Woolworths South Australian supermarket division currently provides a service to 8 stores in the Northern Territory. These 8 stores unfortunately attract a number of very significant costs which do not necessarily apply to the same extent in other locations. In particular,

freight, light and power, occupancy costs and personnel costs add significantly to the cost of doing business. In fact in competition in all NT locations is also very keen which in terms maintains prices at very competitive levels which obviously in individual store profitability an overall Northern Territory food profitability is less than all other states. Any suggestion that high prices in the Northern Territory lead to the company making excess profits and ripping off customers is totally unfounded.

Our position put quite simply is that prices generally in the Northern Territory are higher than in other locations however, this is justified with the basis that there is a need to ensure cost recovery which in a number of key areas are significantly more than in other locations.

**Dr LIM:** Thank you Steve. Given that the submission, you really didn't elaborate well on how the NT stores fit in your organisational structure. Such as reporting lines, that is on autonomy, the authority of local management and how store performance is assessed in location by location. I know you don't have a store in Tennant Creek but otherwise in the other 4 major or regional centres in the Northern Territory you do have a local store and I wonder if you could elaborate on that.

**Mr ORGIAS:** Yes we could, in general terms our Alice Springs store is more profitable than the Darwin stores due to the fact that we haven't refurbished that store and but it is about to undergo though, also our Nhulunbuy store is more profitable than the stores in Darwin and there's a number of reasons for that. Again, a lack of refurbishment but also the store doesn't carry some refrigerated departments such as meat and delicatessen which adds to the power costs significantly. At the same time we have in Nhulunbuy a cost factor that we don't have in the Northern Territory which is sorry in Darwin which is we've got a small warehouse there, because of the length of town for ordering. Katherine as a new store in fact is no more profitable or less profitable than the Darwin stores but in broad terms that's how it washes up.

**Dr LIM:** I was interested to talk, in Katherine that we record that Woolworths has the state of the art technology to run the store I assume that is better efficiencies and that will less costs to Woolworths which means prices in Katherine I see are reasonably higher than say Darwin.

**Mr ORGIAS:** The price gripping in Katherine in fact is the same price group as Darwin, the only difference that would happen is the competitor in Katherine is Katherine Stores, the competitor in Darwin is Coles and other and seeing that as a more competitive area obviously then there would be a great pressure on prices downwards in Darwin than there would be in Katherine but the price recently set the 2 stores up on the national.

**Mr BALCH:** Just looking at autonomy in those stores the Chairman mentioned legal autonomy that any submission has said that management has local authority to set some prices, range of goods and promotional activities what extent has that authority delegated, because in the submission you made comment managers may seek authorisation to match prices in the local area on certain items?

**Mr ORGIAS:** Each department has a different level of authority but in broad terms what we do is structure what we call major selling items in all departments, for instance in the fruit and vegetables there are 10 major selling items that we determine and each local manager has the authority to match prices with its competitor on any particular items. In grocery there are probably 200 items, meat there are 10 items, they vary from department to department, so within that if you like lay down authority level he can move prices.

**Mr BALCH:** So they'd be primary lines?

**Mr ORGIAS:** Generally speaking yes very sensitive lines they can do it.

**Mr STIRLING:** Mr Chairman could I just go back to Nhulunbuy, the question is I've had a very good look at the submission, I take it one of the power costs \$700 a day for a South Australian store to \$1200 a day equivalent store in the Northern Territory must be tallied on the operation given that the high use of light and power in these stores and even with the 3% reduction on that is still 22% higher, that is must be significant across the whole store operations.

Can I pick up the point of staff turnover at the 3 stores you mentioned in excess of 100%, it's not the case in Nhulunbuy as a stand alone store that you have anything like that staff turnover in fact staff are very stable so that must work to the advantage of running the costs of that store in Nhulunbuy and I would assume that that would in terms be reflected across the board in prices because your management costs are down in that level that must work to the advantage to that store?

**Mr ORGIAS:** Yes as a cost the warehouse. I've got to give a breakdown section, I thought you might have asked a question like this and I've actually got a breakdown of Gove costs can either of those 2, in relation to South Australia so freight in South Australia has a total about 1% in Nhulunbuy it's 11.33%, so that is 10 times the freight cost of the balance of the state.

Employment costs in and this is the point that you make, employment costs in Nhulunbuy in fact are 1% less than the rest of the state. Contractors are about the same, light and power interestingly is about the same but the reason that is, is the comment I've already made which is lack of departments in that particular store so we don't run meat and we don't run a service deli which are considerable consumers of power, telephone is about the same slightly dearer, base removal is about the same, repairs and maintenance are about the same, occupancy costs are about 1% higher than the balance of state so in terms if you work all those out in terms of the total which is around about what the freight cost is, is 11% higher and that's really the nuts of it in Nhulunbuy. It's always been a very expensive operation to run as you know we air freight produce in there. At merely the request of the community because of the problems that we have in trying to maintain produce at a freshest level that's acceptable, adding something like \$1.28 per kilo on the cost of those goods. It's just the real reason for Nhulunbuy is pure freight, other costs are really pretty much in line with ...

**Mr STIRLING:** Just I'm concerned some are high.

**Mr ORGIAS:** Yes but the significant one, there's 2 significant ones in there, there's freight at 11.33% and employment costs which is the same as the balance of state anyway but they're the 2 big costs.

**Mr STIRLING:** Can I go to another point, we may as well knock Nhulunbuy over if you like. The submission makes the claim an accurate note I think across the Territory with exception of Nhulunbuy the competition in all NT locations where it can not the case of Nhulunbuy I don't think you could claim that Foodland store is genuine competition to Woolworths but there is intense competition in alcohol with the Arnhem Club and one of the submissions noted that the alcohol price in Woolworths store in Nhulunbuy was in fact quite a lot closer to the Darwin price of alcohol than was the average price of the ABS basket of goods to the effect that alcohol for example was noted as maybe 14% or 15% than Darwin prices, that the ABS basket of goods across the board was some 26% to 30% higher. Now the perception drawn from that and the allegation actually made was that because there is intense competition in alcohol lines that the freight costs and whatever of alcohol are subsidised across other items, that is they add on you add on to other items to keep the cost of alcohol under, competitive in the market. It's an allegation

that's been around ...

**Mr ORGIAS:** Can I respond to that?

**Dr LIM:** Sure

**Mr ORGIAS:** I don't accept the allegation, we're not we don't run the business that way. I think probably the response to that should be one that there's an extremely different method of transshipping freight to Nhulunbuy one by boat and by plane. The meat, the component of meat and fruit and veg that we ship by plane would in fact offset or sorry advertise the cost of freight in those departments significantly upwards. We don't fly grog in, we ship grog in which is significantly cheaper than flying fruit and veg and meat but I'm sure that's the only reason because the balance of the Darwin the total of Nhulunbuy's price structure is based to Darwin price structure, there is no making profit on freight, there's no discounting freight to achieve a certain end as far as prices go. We strictly have a very, very solid policy of saying our Darwin prices plus freight. Now whatever that freight is, if it's flown obviously it's going to be higher retail price, if it's shipped in by barge it's going to have a much lower cost, relative.

**Mr STIRLING:** One other point and this is a sort of general point, you made the point that, you mentioned payroll tax well Steve mentioned payroll tax in the submission you didn't draw a differentiation between Northern Territory and South Australia, I just wondered what the comparison would be whether it would be in fact is it a bigger .....

**Mr CHAPMAN:** I couldn't tell you the dollar and cent involved Syd, and it was no suggestion that it's any different or any higher in the Northern Territory, I guess we were simply pointing to make the point in terms of providing employment and injecting money into the economy that those statistics were important from that point of view. There is no suggestion ...

**Mr STIRLING:** I think it is an important point from the committee's point of view because there's only really 2 areas the government can operate in, in terms of impacting on their operations one's the cost of power of course, and the other one's payroll tax so if there was any significant difference the committee would ...

**Mr CHAPMAN:** Quite happy to have it reduced after you lot...

**Dr LIM:** Let, actually do you want to ask this question before I pursue ...

**Mr MITCHELL:** No, just one of the submissions had made a note that even though a lot of lines of alcohol were marginally higher than Darwin I think what you said about 14% but on one particular item which is very popular at Gove, that is Victoria Bitter cans, that they were quite high and roughly the same price as every other outlet in Nhulunbuy. I just wondered why there would be such a high difference between VB and a lot of the other lines that you have?

**Mr ORGIAS:** I really can't answer that question in as much that we did with the town council there and I think Syd you may have been involved in these discussions, agree not to promote certain commodities, one was rum, one was bourbon and one was VB and we did say that we would actually reduce the level of exposure that those products have to the market place at a request of the town council and I can't remember but I think might have been Tony, it might have been Salvka from Nabalco because they indicated to us that they wanted in fact us to reduce our range of product significantly in particularly

glass product to reduce the issues and the problems with drinking in Nhulunbuy and we eventually came to a fairly loose arrangement of saying we won't promote such products and VB was one, I know Bundaberg Rum was another one and I know Jim Beam was another. So those products we've always tried to not promote. Now, in Darwin we promote it quite freely because indeed it is the major selling beer item.

**Dr LIM:** I just come back to this warehouse that you've mentioned for Nhulunbuy, in the Darwin, the rest of the Northern Territory context Darwin warehouse or is Alice Springs warehouse I mean I understand that Katherine products for instance really are warehoused in Darwin and shipped back down to Katherine. People ask the question, they are saying a trailer is going through to Katherine to go to Darwin why can't they off load one trailer in Katherine?

**Mr ORGIAS:** In fact that does happen with the exception of some products that we have to, because we pack them for economic reasons in a way that gets them to one location on time and then they dismantled those particular containers and then re-shipped back to Katherine, but a lot of instances the truck does stop that's why the price was registered between Darwin and Katherine as a structured price selling group is no different. Local competition makes it the difference in price.

In terms of warehousing, we established a warehouse in Nhulunbuy because we have an 11 day lead time between orders so by the time we place an order on our warehouse in Adelaide it takes 11 days for the majority of stuff to arrive and that's as a process of shipping to Darwin and breaking down and shipping again to Nhulunbuy. So we could - and the store is very small as you are possibly aware and we couldn't possible hold that amount of merchandise, 11 days stock in that store and satisfy the people of Nhulunbuy with an in stock position without a facility such as we have. Our Darwin stores and Katherine store are quite different in as much that they are very quite large units, there is only a 3 day lead time between orders and as a result we have no need for warehousing. For instance in Queensland, as a comparison in Darwin, sorry in Townsville, they have a food warehouse and a fruit warehouse which ships product in the Northern present area which makes their price to stores really cheap because most suppliers ship to warehouses free into store, what they call free into store, but they service something like 20 stores so the cost to them of advertsing they have 20 stores is significantly less than us doing the same for 8. The business is not big enough yet to put a warehouse in the Darwin area.

**Dr LIM:** What about the Alice Springs context, in the Alice Springs context do you warehouse anything there then?

**Mr ORGIAS:** No, everything is essentially warehoused in Adelaide and then basically we all work from there.

**Dr LIM:** And so it's not free into store in Alice Springs for instance?

**Mr ORGIAS:** No.

**Dr LIM:** Are you prepared to tell us the profitability margins in your stores in the Territory each store by store?

**Mr ORGIAS:** In camera.

**Dr LIM:** In camera, yes we can do that and we'll reserve half way this afternoon that you can come back and do that for us.

**Mr BALCH:** I might just ask you a couple of questions in the competition area if you could provide us a breakdown whether in dollar or percentage terms of the turnover of the Northern Territory stores being the key products area or categories.

**Mr ORGIAS:** I don't have that information with me, I can get that information for you.

**Mr BALCH:** That flows on to a couple of other things then using those categories as a guide how many competitors do you consider that you have in each of those categories?

We are looking here at what the competition pressure is.

**Mr ORGIAS:** If we're talking about competition and who we regard as our competitor we regard a shopping area like as the same so we then say well who are our competitors within the shopping precinct? For example, if we took Casuarina our fruit and veg competitor would be Bi Lo and Coles because there is no other fruit and veg operator close to that precinct. In Palmerston, our competitor would be Coles only, because there is no other retailer selling the products that we sell under the same circumstances. In terms of and I think I might be picking up on what you maybe leaning towards, some of the independent operators that maybe situated on highways or main roads in Darwin, we do look at their products but we believe the quality of our product to be different. We believe that our handling and food safety requirements, things such as insecticide testing and chemical testing of products is quite different to the product that those people sell. As a result we don't disregard them as competitors by the same token we say it's a line item per line item that we regard in any competitor and the retailers that in fact be provided like item with us like Coles and Bi Lo.

**Dr LIM:** With competition quality we hear about the problems as you said with the days lead time from the order to Nhulunbuy is 11½ days how do you maintain your quality assurance on cold and cool chains? Sometimes after 11 days even your cold and cool chains are not that adequate they could go right off.

**Mr ORGIAS:** I would tend to think that product probably goes through 3 or 4 different temperature zones by time it reaches the store and you're right this the problem our shrinkage rates are very very high and in fact when we were barging only stock over when Syd and I had our discussions it was a real problem because people would buy product from our store and within hours it may go rotten on their kitchen shelves. We then reacted to say well one way we can improve that is by reducing the days so we can get stock up from Adelaide within 3 days, we can fly it within an hour or two so that's what we did and that in fact did have a significant increase if you like in the longevity of the product by the same token a significantly added to the cost because of the \$1.20 odd in air freight and handling of the plane as opposed to some 30¢ by boat.

**Dr LIM:** In competition you've got some of the independent stores that produce some higher quality produce as well I don't know how they do it compared with some of the stores that you have.

**Mr ORGIAS:** We buy as much local as we can all of them in fact if you like 10% of the local fruit and veg business is bananas and interesting enough and 10% of our total business is fruit and veg so 1% of our total business is bananas, it's a very important line and we buy that locally. Where we can we buy cucumbers locally we buy quite a number of things our of the Katherine areas locally. The actually percentage varies depending on to a degree on the availability of product, but is significant because of the impact that local product has a 2 day start on product from Adelaide, so it makes sense to us we do buy tomatoes from Queensland. It makes sense to us to try and reduce that lead time because it is a loss to us

to.

**Mr MITCHELL:** On bananas do you buy them all locally or some interstate, some locally?

**Mr ORGIAS:** All locally.

**Mr MITCHELL:** All locally for all stores.

**Mr ORGIAS:** All Northern Territory stores yes and in fact as a matter of interest bananas this week in Darwin are \$2.99 and in Adelaide they're \$3.49 so we're cheaper this week up here, and that happens and ...

**Mr BALCH:** Just on the cool chain submission that we had in Katherine there was a feeling that because the product came to Darwin and back to Katherine that they were missing on that quality level down there, what's your comment on that?

**Mr ORGIAS:** Well we're pretty ...

**Mr BALCH:** Does that in fact happen?

**Mr ORGIAS:** No, some of it does but the majority of produce in fact comes through to Katherine and it off loaded in Katherine and then continues to Gove, to Darwin. Some product, particularly more so the refrigerated dairy product in fact comes forth and then goes back is that right Danny?

**Mr BALDWIN:** That I believe is actually most of that is changed for the majority of our stock is Katherine that's dropped off in Katherine.

**Mr ORGIAS:** So it's off loaded in Katherine.

**Mr BALDWIN:** There is very true that comes to Darwin and then goes back.

**Dr LIM:** The comment that Syd said earlier about the cost of power and I want to just with the statements reflect a little bit on that our issue is the cost of power per say or is it because of the temperature differential, the climate in Darwin versus Adelaide. The annual temperature here is something like 30° from your cold and cool chain through the temperature where as in Adelaide the cooler climate the differential would be to cool down, looking at just the domestic prices in fact Adelaide as higher domestic costs per kilowatt hour versus Darwin. That's figures that we've got from ...

**Mr ORGIAS:** I might have something on that.

**Dr LIM:** table that and in fact the commercial price comes down as well I need to view your calculations.

**Mr ORGIAS:** There's a little bit of play and if I can just say this to you here that with the Northern Territory's standard commercial tariff is 15.52 cents per kilowatt hour, the current South Australian standard commercial tariff is 13.752 kilowatt per hour. The new reduced tariff charge in the Northern Territory is still 22% more than the current average South Australian tariff charge. Does that answer it?

**Dr LIM:** Well yes and no, it's a combination of both, you use more electricity because of the climate.

**Mr ORGIAS:** Well we accept that but there's still a charge.



**Mr BALCH:** Just returning to the competition question, what are your products that you would say are the most competitive?

**Mr ORGIAS:** Well people, it's difficult to answer that question because if I could have my category managers up here each one would say that theirs is the most important. However, I guess it's fair to say that people shop for groceries come to supermarkets to shop for groceries in the first instance so by far the largest part of our business, however, we do recognise to that there is an almost a pecking order of fresh food departments within the store so after groceries would come fruit and veg in terms of degree of level of contribution of sales if you like, then meat and deli then bakery, so I suppose in that degree it may be that people who look upon that as a fairly important, we try to treat every department as a separate business entity and try to enforceable the importance of those departments to the store in total so each merchandise manager in charge make sure that his prices are competitive with the major competitor.

**Mr STIRLING:** In terms of inner city competitors we went through that question earlier that if local butchers, bakers are they seen as competitors?

**Mr ORGIAS:** Yes, if they were in the same trading precinct we would and for instance in Darwin there's very few meat retailers other than supermarkets so the consequence our target in meat then would be other supermarkets to target as competitors but yes to answer your question if the quality of the product is the same as that we sell and they're sitting outside our doors we would regard them as competitors.

**Dr LIM:** But most shopping contractors would have land leased and butcher.

**Mr ORGIAS:** Well it's interesting because Leanyer did have one and he's not. Palmerston does not have one at Palmerston Shopping Centre. I think there's a much much greater degree involvement in the small retail fresh food operators in let's say somewhere like Adelaide for instance and I think this is a cost as a result of a difficulty being in business in that sort of market in Darwin and the Northern Territory. It's a difficult place to do business if you're running a refrigerated product.

**Dr LIM:** The policy of pricing for Woolworths is identical across the board all of the stores you have up here or again you've got certain towns have a policy.

**Mr ORGIAS:** I can broadly say that from Adelaide we have a base price structure and that is aimed at all the competitors that are down in Adelaide. From there we've then incur freight rates and basically we either geographically locate areas so for instance Whyalla, Port Augusta, Port Pirie area would be a geographic area that would go on price rate for example. Renmark and Mildura and Broken Hill would be another geographic price group area. Here we have price group area for Alice, a price group area for Katherine and Darwin and a separate price group area for Nhulunbuy.

There is simply an add on of the freight costs of that product.

**Dr LIM:** As competition starts decrease as we hear about it through the federal inquiry as well and all that, how is that going to influence how you price things?

**Mr ORGIAS:** I don't think it will ever decrease that much, as fast as perhaps one operator goes away another one pops up and you may well be aware that there's a European retail business looking to start in Australia so that's another competitor that we will have to address.

**Dr LIM:** Not in the Territory?

**Mr ORGIAS:** No probably not and there's no difference that Franklins aren't here in the Territory. Jill if you like was in Adelaide and Jill went out of Adelaide after about 8 years and that's not one of the small businesses the Jill chain was a very very large business but they said they didn't want to be in business in Adelaide. So we, if Jill were in Adelaide, we may well have a different pricing structure. If Jill were here we would have a different pricing structure because we would have to match our competitor.

**Mr BALCH (?):** So as a result of that reduced competition do you think you're a price settler or a price .....

**Mr ORGIAS:** I think we've balanced what we have to give with the value that we're offering customers and that's a pretty bland sort of answer I understand that but what we try to do depends on in some ways if we want to drive the business hard we may well become the price set-up we do that in 2 locations in Adelaide right now. In other areas where we are satisfied in business we become price comparative.

**Dr LIM:** Suppose we would recommend that we have price watch, a monthly survey and publish those prices, Coles, Woolworths, Bi Lo, corner store - milk, bread, butter whatever and list it on the Internet plus monthly bulletins spread around the town how would that influence or affect your prices?

**Mr ORGIAS:** I think it would make us be very conscious of our pricing as we are now but we would simply say well there are a lot of people doing that privately now as they do their weekly shop and we're aware of that so to us you organising something that exists in an informal way now with a lot of people recognising the fact that the results of that could influence people's shopping habits we would make sure that we were competitive with our competitors.

**Dr LIM:** So you'd support that sort of a ...

**Mr ORGIAS:** Perhaps with reservations about it because with the ability of the people that are doing the check have particular in terms of fresh fruit. I mean a can of baked beans is a can of baked beans wherever you buy it but a banana can be quite different. So we have some reservations about the ability of the people who are selected to do the check to in fact do the check and the timing is important. Because if you check one store on a Monday and check his competitor on a Thursday prices could change rapidly. So it does have some inherent dangers as far as accuracy goes but in the same token we're well aware now that consumers do that frequently that's why we advertise.

**Dr LIM:** Do you for instance our Department of Consumer Affairs with the request of yourself they look every month one month on a Monday one month on a Tuesday and so on to send us a list of food prices of certain items would you be prepared to share that information given to us accurately obviously pertaining to the day and the Consumer Affairs can then publish that price as received you and that way then at least the information is coming from yourselves and it is not biased in anyway but from ...

**Mr ORGIAS:** We have nothing to hide from an operation like that, we'd be quite happy to contribute.

**Mr MITCHELL:** Just on the quality of your product law is there much cross subsidisation between your lines?

**Mr ORGIAS:** An interesting question with groceries for instance if you applied a true freight rate on to Nhulunbuy on sugar for instance the price of that would be out of the reach the average household as was opposed to let's say a 300g pack of Kellogg's Cornflakes there is some advertsiation we try to recoup freight cost by the amount of gross profit earned from a department in total varying in mind that some

items are cheap and very heavy other items may be more expensive and light so there has to be some form of advertisation we can't do it line by line on freight rates it's just not possible.

**Mr MITCHELL:** So volume and freight in other words the onus is on weight rather than volume?

**Mr ORGIAS:** Well it's all, well the freight is all palletised so it's done on pallet basis. We then weigh that product before it goes so that's how we determine the price and that in course the overriding factor of that is once you land your products in your store you then must price it competitively so there's a you've got your price structure then there's an overlay of and they're the main pressure because of meeting with a of product range for instance and your competitor.

**Dr LIM:** Now I'm not sure whether this is to be seen as commission of confidence done with your fresh fruit and vegetables, what's your spoilage rate?

**Mr ORGIAS:** It's 35% higher than Adelaide I can tell you that.

**Dr LIM:** I would be more specific in an in camera session?

**Mr ORGIAS:** I would think in Darwin it's probably around about the 15%.

**Dr LIM:** Obviously that's included to your price structure to cover that?

**Mr ORGIAS:** Well it depends, mushrooms for instance have a very very high water loss so it again it is do a degree but again you can't price a cheap item such as let's say potatoes by it's true weight you have to advertise that somewhere else but the overall thing again is the departmentally we say this is what we need to recoup so this is how we recoup it and the over line factor again becomes your competitive situation, but mushrooms. We could not sell mushrooms in Darwin if we truly recouped the cost of having mushrooms. Mushrooms will loose something like 14% weight loss in 2 or 3 hours so that's happening in 3 days.

**Dr LIM:** Speaking to some wholesalers and retailers who tell us that for instance with lettuce they build in the 20% spoilage rate into their price structure.

**Mr ORGIAS:** Individual items are pretty hard for me to tell you but yeah there is a - yeah that's part of the cost of our business.

**Dr LIM:** So overall it's about 15% across the board?

**Mr ORGIAS:** In terms of a department yeah, but individual items have much higher and much lower obviously let's say times table lines don't have the same problem.

**Dr LIM:** So carrots do pretty good then?

**Mr ORGIAS:** Yeah, carrots can be okay. Potatoes have a big weight loss, mushrooms have a big weight loss.

**Mr BALCH:** Can I just turn now to costs and cost structures you may want to provide this in a written form at a later time, because it's a fairly extensive question. Obviously the people think that we as a committee are trying to understand is why the price variation to other states and areas because that's often a comparison that is drawn and you've argued transportation and freight costs and occupancy costs etc are higher in the Northern Territory, what we'd like from you is some detail of how these costs

compare to your average costs in other states and to what extent each impacts on the price of food in the Northern Territory.

**Mr ORGIAS:** Yeah, we really couldn't answer that at this session but we are able to provide it.

**Dr LIM:** You don't suppose it relates to the other question I asked earlier about the profitability in sort of more ties into that?

**Mr ORGIAS:** Do you want me to provide that to in a written form to you?

**Dr LIM:** If you could do that that would be good and once we go through it and we have some questions to put to you we'll bring you in to answer the questions.

**Mr CHAPMAN:** At this point could we just clarify because I think there are 3 issues there which you've raised that you'd like further information on, can we just be clear as to exactly what it is you'd like.

**Dr LIM:** Sure, the transportation, the wages, your accommodation costs ...

**Mr CHAPMAN:** For other states the Woolworths operations in other states?

**Dr LIM:** Comparing with what we have here versus South Australia or - we have locations that we have identified that are of similar demographics or whatever, to Darwin to Alice Springs, to Katherine we've identified through our own assessment certain towns and cities around Australia that could be comparative so decided to proceed from you information upon our regional centres versus those comparative towns and cities and we'll identify which ones they are to provide information.

**Mr CHAPMAN:** So you're asking for the cost structure for individual stores or are you talking about to the state of Queensland or the state of Western Australia.

**Dr LIM:** No, individual stores, off the top of my head the in great detail I suppose I want to compare Woolworths Alice Springs. I keep talking about Alice Springs because I come from Alice Springs. Woolworths Alice Springs versus Woolworths Mount Isa and we'd like you to give us comparative data on those 2 stores and comparing apples with apples not apples with oranges. So we can compare what the Woolworths store in Mount Isa costs versus what the Woolworths store in Alice Springs costs so we can have a clear ...

**Mr CHAPMAN:** Exactly the same stores that are on that list of requirements for prices at various points in time?

**Dr LIM:** I don't recall that we ...

**Mr CHAPMAN:** I think it was Wyndham, Derby and a number of others.

**Mr ORGIAS:** We can do that, there is a we need to work with comparative costs though for instance if I'm not sure what the situation in Alice is but if it's 20 year old store that has never been touched in terms of equipment it's depreciation cost would be significantly less, but I think on that if you compare Cairns with Darwin ...

**Dr LIM:** Did we compare ...

**A Member:** Yes, Cairns was one, Townsville was one ...

**Dr LIM:** I can't recall I haven't got the list here with me.

**Mr ORGIAS:** There is a warehousing structure in most of Queensland which means that the freight bill for if it was Cairns is going to start because they are only paying freight from out to Cairns they're not paying from Brisbane.

**A Member:** Yes we understand that.

**Mr BALCH:** In a way that's all we want to understand.

**Mr CHAPMAN:** The comparisons are often draw - why is Darwin when you look at Townsville or Cairns why? We need to find that out.

**A member:** I understand what you're getting at.

**Dr LIM:** We need to analysis ...

**Mr ORGIAS:** Do you want us to give then on the, if there is differences for us to put notes to differences?

**Dr LIM:** Yes you can comment on that. The thing is the committee went through and compared the various cities and towns in Australia against our 5 regional centres. We have made a calculated decision that these aren't the comparative towns, right or wrong. This is what we think are the relevant factors and we've said this town is comparative with Darwin, this town is comparative to Alice Springs etc and if you think our comparisons are out of kilter we are happy to receive a comment about that but these are still our 'The Committees' objective assessment that these towns are comparative.

**Mr CHAPMAN:** Based on what sort of criteria, just a geographical thing?

**Dr LIM:** Lots of factors, lots of factors. We took in for instance, climatic conditions because climate and food is what you eat...

**Mr CHAPMAN:** But from a Woolworths operational point of view logistically and in many other ways they may not be in any way comparable.

**Dr LIM:** Well then we'd like you to comment, we'd like you to comment on that, but we need comparisons based on our objective assessment and right or wrong and you are welcome to comment on that.

**MR ORGIAS:** Well with the profitability of the stores that we are going to do in camera, can I put that into that information.

**Mr CHAPMAN:** And I think the other thing you requested was in terms of study line you requested turnovers is that by store by category by department.

**Mr BALCH:** Basically yes.

**Mr CHAPMAN:** So for each of the NT stores, turnover by department?

**Mr BALCH:** Yes.

**Mr CHAPMAN:** Can I ask why or what you expect to get out of that?

**Mr BALCH:** Well I guess we're looking at following on from my questions about which departments are more competitive, where your turnover is, just to understand in broader terms ...

**Mr CHAPMAN:** Where the business is?

**Mr BALCH:** ... where the business is, yes.

Again our ultimate objective is to try and understand the business, it's not to be going out and talking about your turnover in departments it's just for us to understand your business and at the end of the day understand why there's a differential in the Northern Territory where people look at, people in the community in general look at another place and say well how come we're paying 20¢ more for this. Now there's probably a very good explanation for it but we've got to find that out. We've got to understand that.

**Dr LIM:** Understand also that the reason why all this started was probably because many people moved in from the major cities into Darwin over a short space of time and they feel the impact. We have lots of defence personnel here who have come from Sydney, Melbourne, Brisbane and also they can feel the impact, we're not comparing Darwin with Brisbane, Sydney or Melbourne we are not comparing that but it's this differential that's caused the impact on the wallet and that's caused the public outcry. We need to give some logical comparisons. Certainly we are not Sydney, we're not Melbourne and these other towns might be relevant to us and this is what the costs are like and if you live in the middle of this place this is what it's going to cost you in the end so try and make some logical conclusions there.

**Mr BALCH:** Just ask you may want to provide it again in your written submission but I'd like to understand the policy for our in national and regional costs in your stores. As in like warehousing costs and all sorts of ...

**Mr ORGIAS:** We have around about a 3% and this is just off the top of my head about a 3% if you like general cost, general overhead that's attributed as a percentage of sales to an extent, but in fact we don't measure the stores at the level we actually measure the stores at level higher than that to work out their comparative profitability because some stores may not be part of a if you like the same amount of advertising as others so to even that out we actually go a line above that and measure the profitability from there. The general overhead is about 3% and that in terms of in terms of each store there's just a flat 3% of sales.

**Mr BALCH:** Is that the same as in say South Australian stores?

**Mr ORGIAS:** Yes, exactly. There's no impulse put on them.

**Dr LIM:** Earlier you mentioned that you sourced bananas totally from the Northern Territory. I've spoken to the mango growers in Darwin and they say they sell most of their stock straight in to the Melbourne markets and then they come back to Darwin.

**Mr ORGIAS:** That's interesting I mean we do buy some mangoes from over there but often the case is the growers say they can get a better price by selling it to the Melbourne markets and Sydney markets ...

**Dr LIM:** So why should they? If they're prepared to transport all of it to Melbourne and back again.

**Mr ORGIAS:** We pay the ...

**Dr LIM:** You pay the transport back and charge the consumer. Why couldn't they get better prices in Darwin? I mean unless there is a proposal or some sort of tactics that's being used that forces the local growers to really sell under the market price into the stores into Darwin ...

**Mr ORGIAS:** We buy from markets and from private growers, both depending on the amount of supply that is available and depending on the price and depending on quality and if local growers have a better quality and a better price than the markets then we will buy from them.

**Dr LIM:** I still don't follow, if a grower in Darwin can send his produce into the Melbourne markets the quality is there. If the transport is down to Melbourne whatever price he gets for it is ex the transport cost now if he gets the same price from you as he would get from Melbourne then he says 'hey this the way to go because I'm getting the same price I don't have to pay freight and my profit margin is higher', if you buy it still at the same price whether you buy from here or from the Melbourne markets.

**Mr ORGIAS:** We may not, we may buy a cheaper product from Bowen.

**Dr LIM:** But if you were to say to him look don't send the produce, don't sell your quality produce down to Melbourne markets, sell it to us direct and we'll go halves on the transport costs for instance because if you say that and we'll pay just a little bit less but it's still comparative to the prices you get from the Melbourne markets then you drop it into the stores in town it's going to be cheaper for the consumers.

**Mr ORGIAS:** Really we do negotiate numbers of deals like that but we still have some growers up here who say they would rather deal with the Melbourne markets because they get a better price.

**Dr LIM:** Yeah well to get that price to me doesn't add up but what I hear from the growers they get screwed by the big stores in town because they are offered a lot lower price than what they can get in Melbourne for the same produce so they say forget it we'll send it down to Melbourne instead.

**Mr ORGIAS:** I don't think that necessary the case. We base our purchasing price from market prices, not from what we think is a fair price or a good price. In fact with the banana person we often pay more than he can get by shipping it with freight to Sydney or to Melbourne. So we don't have problem in dealing with local growers and establishing a regular supply of quality products, we don't have that problem at all. Some of the growers think ...

**Mr MITCHELL:** Just on that local say bananas for instance, where they're purchased locally are they priced in the store to reflect the fact that they are purchased locally or are they based on the Adelaide plus freight type cost.

**Mr ORGIAS:** No, no as I mentioned bananas in Adelaide are \$3.29 this week we're \$2.99.

**Mr MITCHELL:** You're very happy about that but it sounded like it wasn't the norm.

**Mr ORGIAS:** No, in fact for the last few weeks we have been because of the shortage of quality bananas. There's a shortage of quality bananas right throughout the Eastern Seaboard and we are getting fantastic quality bananas up here as they are priced. That happens I mean at times work the other way around, there's no question about that.

We pay a fixed price here, each week of the year we pay the same price so our price of bananas does not vary.

**Mr BALCH:** I guess the line we're following here is that one of the things that we've had from submissions is the general public are just incredulous that we grow product here, it gets shipped to Melbourne and then gets brought back and sold across the counter and all they can see is that somewhere along the line costs more to the consumer. That its got to be costing more to the consumer.

**Mr ORGIAS:** Actually we flew into Kununurra a year and a half ago to try to talk to growers to establish relationships and they were not interested in supplying local they were only interested in supplying markets. They had established their own relationship with market people and we spent some 2 days there trying to do this.

**Dr LIM:** Maybe I don't answer to growers but I would suggest to you that if somebody came to me and said look I will offer you the same price that you would get from the Melbourne markets and you pay half your cost of transport because you're Going to Darwin.

**Mr ORGIAS:** It makes sense.

**Mr BALCH:** I think it's the numbers that are ...

**Mr ORGIAS:** It probably is because we don't have big volume in terms of retail amounts that we sell because we have 8 stores. We do things with growers up here, we sell a lot of reef fish south through a supplier up here Lay, that we're more than happy with the price he's doing and he's establishing himself in to that business at the moment and we help along the way but as I said they're probably is opportunities in terms of your question to do more, we're doing a fair bit but there are always opportunities to do more as circumstances change.

**Mr STIRLING:** I've just got one interesting idea suggestion put to us was to track the lettuce from the point of purchase in the market place and all the way through to Gove, I just wondered in terms of practicality is would it be possible - can you see where it goes in and out of cold storage and the cost add ons all the way through to the shop price of Woolworths.

**Mr ORGIAS:** We actually did that Syd with pallets of merchandise as opposed to a single item of merchandise to establish what unit it would be in priced but we really tracked it to this point here and then from that point because we then had to modes of transport we had to disband the operation at this point and just add the freight on from that point on. As I mentioned to I think it was Phil, when I mentioned this inquiry has also has to look at a lot of things. The way we do business, is there a better way of doing it? Some ways it looks to your question, your comment about the buying practices we've had to have a look at a number of things that we do to see if there are in fact better ways. Now that process is still on going, we have more to do yet to see if there's ways of if we can get economy of scale to see if there's ways we can operate the business anyway. But to answer your question if it's done up as far as Darwin to establish the freight, the mathematical add on from the point on ...

**Mr AH KIT:** Yeah your subsidiary Australian Independent Wholesalers, there's a recent entrant in the wholesale food market does AIW supply retail outlets in the Northern Territory and does this allow you to influence the price your competitors must pay for their produce?

**Mr ORGIAS:** John I can only answer that they only supply groceries. They do supply some retail outlets I'm not that close to it because it is run as an entirely separate operation and it's run out of Sydney. We have no influence on their pricing or their operation or the way they do business at all. Their competitor is David's and they focus entirely on the wholesale operation and let retailer look after himself. So in



terms of do we have any influential, do they have any influence on our operations no they don't, we have no contact with them and the way we do business anywhere in Australia.

**Dr LIM:** I would like to rap up now but before I do so I'd like to just say that with the written submission they we will get from you or the in camera evidence I'm going to give you 10 days limit okay because we've only got about 6 weeks left between now and reporting and do the report so we need to have it if possible 10 days is maximum and can't give an extension. If you don't provide us get tough and say look we cause for information and we're not very cooperative at all.

**AH KIT:** I've just got one more I've been thinking about the policy in respect of your employees and in respect of your junior employees I'm just wondering maybe you might want to come back and answer in the in camera session later on what just state to us what your policy is in that regard, what I've heard out there is concerns amongst the youth that there is some policy with any place and this obviously affects your profitability whether it's more or less but there is this concern that people are employed at a certain age, people are put off at a certain age. I just wonder whether that has any real heat to it and whether you could maybe as I said in camera come back and let us know what your policy is in regards to that because it is of concern to.

**Mr ORGIAS:** Well John we don't need to go in camera we can be quite open about it. We have no policy in terms of how old a person should be when the work for us and that is the operational person up here and he is got absolutely know direction to reduce people's working days because of their age. It is absolutely not on, we don't accept it, we employ people and keep the people as long as those people contribute.

**Dr LIM:** Okay last question Syd.

**Mr STIRLING:** Yeah well it just follows on from staff, one of the points you made to the submission was the relocation and transfer of particular management from South Australia to here. Long term, if you're training and developing your own staff here to avoid that costs ...

**Mr ORGIAS:** Yes and that's part of the establishment of the area group which Danny has here now is strengthen up to 4 people is part of that is to start developing our own deal because we're looking at the Northern Territory saying if this was the only business we owned how would you do it differently as opposed to seeing an attack on South Australians so there's been some differences if you like in culture in the way we've approached in the past we can't afford to keep sending 40 people, that's how many people we have from Adelaide here at this stage and keep paying their houses and all the rest of it. We have got to grow our own people up here and also recognise that here in Darwin there is an itinerate a high level of itinerate people who come through this place and we have to recognise that to. What we want to see is to employ people who if you like born or move to the Territory and intend to stay.

**Dr LIM:** One last burning question.

**Mr MITCHELL:** You may have already answered it it's just with the high turnover of staff that you have here more than any other place, what do you think the reasons are for that is it because of the itinerate population ...

**Mr ORGIAS:** I think so.

**Mr MITCHELL:** ... or young people coming in for a little while and then leaving or ...

**Mr ORGIAS:** Well the average age up here is obviously significantly lower than any other area in Australia probably other than I was going to say the Gold Coast but that's full of retirees now isn't it? But a similar position exists there because of the high level of youth that move through the area and as a consequence we find it very difficult to get staff that we can train and I'm not talking about young people, I'm talking about people like department managers who are generally in their late teens earlier 30s, those people move on to.

It's something that we haven't resolved yet and come to grips yet and I think it's probably an inherent part of the Northern Territory, people do move in here for 6 or 7 months and move out as they do at the Gold Coast.

**Mr MITCHELL:** So there's really no conscious policy of just employing young people as ...

**Mr ORGIAS:** No.

**Mr MITCHELL:** I can tell you outside there's a huge perception from a lot of young people that that is the case.

**Mr ORGIAS:** In fact to answer your question and I've been talking to Danny only yesterday saying we are we at with employing a certain category of older people for instance and it's actually quite the opposite because we see that probably the older person who's married and got a family is more likely to stay with us than the younger person.

**Mr MITCHEL:** Just one you mentioned in camera and we've probably ...

**Dr LIM:** we don't need to bring you back this afternoon as long as you don't forget that 10 day deadline.

Thank you very much for you time and your extended contribution we appreciate that.

---

**Alan Morris**

## **SELECT COMMITTEE ON TERRITORY FOOD PRICES**

### **PUBLIC HEARING**

ALAN MORRIS; 5 Star NT Group – Thursday, 24 June 1999

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Mr Alan Morris;

5 Star NT Group

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** You weren't here at the beginning when I gave true remarks I will say them again, with regards to parliamentary hearings we don't expect the witnesses to take an oath or an affirmation and with regards to information they provide but we expect that witnesses be truthful to the committee. We note your written submission and we very much appreciate you all coming here to talk to us also.

Your information is covered under parliamentary privilege so essentially you can say what you like and you'll be protected. We don't expect you to expect you to get stuck into your competitors too badly but yes you can, you can say what you like and you are covered by parliamentary privilege. If there's any part of the submission you wish to have in camera we can also request that and we'll be more that happy to accommodate that also.

We have with us our secretarial backup. Rick Gray is secretary of committee and also have 2 consultants from Ernst Young the NT office and who have been helping us for the last 3½ months already and will continue to help us until we table the report.

You can see them distributing some papers, passing to us are questions that we need to propose to you.

On that basis I'll open the committee to open the meeting to you.

**Mr MORRIS:** Well I basically said what I wanted to say in the written submission that I gave you. I don't have a great deal more to say except that I'd like to know what's going to come out of this committee. In fact not only me I guess a lot of people in the NT are wanting to know what's going to come out of this committee.

Is the parliament going to final say to the superchains, Coles, Woolworths and Bi Lo enough's enough no more, or are we going to get more supermarkets? Now Bi Lo are in the process of looking at the 17 Mile to put another supermarket up, I'm not really certain yet but I'm almost certain they've got the dirt and the plans are going ahead. Now that will give you one more supermarket in Darwin and if you look through my submission here you'll see that in Darwin we've got one major supermarket for every 8637 people. Now if Woolworths and Coles reckon that that's fair why don't they do that in every country town in Australia where there's more than 8000 people?

I believe that Coles and Woolworths are trying for 100% domination of the market up here and they're going their way the best way to do it and Coles could probably sit back there and snigger like they are now but that's what they're trying for.

**Dr LIM:** Do you want me to response to your questions or do you want to continue?

**Mr MORRIS:** No, no I'm right but if you've got any questions of what I've put in there you're quite

welcome to.

All the figures that I've worked on I've worked on the National Association of Retail Grocer's Association. Their report which I think you'd have a copy of anyhow and there's nowhere else in the world absolutely nowhere that the 3 major food suppliers have 80% of the market. Now we've had Mr Calder from Woolworths come up and say hang on I've got a different set of figures, but Coles will have a different set of figures but the NARGA figures is the one that everybody was happy to work on for the last few years. Suddenly when it starting to get hot for them, we'll have a different set of figures and we'll have a different set of rules.

I don't know whether you've got the full submission from NARGA but it's got some figures here that in Japan top 5 grocery retailers of 17.5% of the market. United States the top 3 grocery retailers 3% of the market, United Kingdom 3 sets of grocers the main ones 45%, Australia 80%.

**Dr LIM:** I think the United States is 30% not 3%.

**Mr MORRIS:** United States - 21%. There's 3 main grocery chains they've got 21% of the market.

Now in 1992 before Coles started with their 24 hours trading the small independent retailers up here pleaded with the government not to allow it to happen because they told the government exactly what was going to happen, prices were going to start rising because it doesn't matter whether it's Coles or who it is you can't employ people 24 hours a day without paying extra to them.

Now the parliament then said crap it's not going to happen.

Last year an academic from down in Armidale put his hand up and he said I've finally worked out why prices are going up, because the stores are trading 24 hours. The bloody parliament up here got up and said ooh hang on it's one of the reasons that the prices are going up. They were told that 9 year ago by a few independent little grocers up here. Now we've got independents throughout this town who are just trading and waiting for their lease to run out so they can walk away, because they can't beat these blokes and they're bloody predatory pricing that they have and they also buy a different product at a lot of different prices to what we buy at.

A major supermarket that sells Schwepps for 80¢, the best a small retailer can sell it for is \$1.29. We can't buy it at any other price than that. Okay, Coles has got a lot of shops, Woolworths have got a lot of shops they've got a lot of buying power but that's only happened because the government of this country and states have allowed them to get as big as what they've got. They control and dominate the market they way they have and I don't know whether you watch the current affair and those other programs but every now and then on air they put a little bit of a gem on about how the major chains treat the small people and there was a case in Western Australia where a vegetable retailer, small independent used to sell his vegetables at a certain price and that Franklins up the road use to sell below him until lunch time when this bloke closed, then bloody Franklins prices went up, because he wasn't opened. Now that's not predatory pricing I don't know what is.

But it's allowed to go ahead. Nobody says we'll have to bring a law into stop this.

Most of the businesses in Darwin, the small businesses are family operated and it's making us longer hours and longer hours and harder work for the small independent

**Mr MORRIS:** ... shops. Woolworth have got a lot of shops, so they've got a lot of buying power. But

that's only happened because the government in this country, and the states, have allowed them to get as big as what they've got, and control and dominate the market the way they have.

And I don't know whether you watched the Current Affair and those other programs, but every now and then on there, they put a little bit of a gem on about how the major chains treat the small people. And there was a case in Western Australia, where a vegetable retailer, small independent, used to sell his vegetables at a certain price. And the Franklins up the road used to sell below him until lunch time when this bloke closed, then bloody Franklins' prices went up, because he wasn't open. Now, if that's not predatory pricing, I don't know what is. But it's allowed to go ahead. Nobody says, we'll have to bring a law in to stop this.

Most of the businesses in Darwin - the small businesses - are family operated. And it's longer hours and longer hours and harder work for the small independents to keep going to battle the chains. It really is. And there's a - they put one down there in the 17 Mile and around that area. And that's going to affect Howard Springs, it's going to affect the new one - the new supermarkets that independents have put down there in Humpty Doo. They've gone ahead and done all that themselves, right? And it's just the way they go. It's just so frustrating trying to compete with these people, it's so frustrating.

And I know what happens at Woolworths when they have a budget problem and with their sales. And I don't care what these 3 blokes tell you that were here. If they've got a budget problem, they don't put people on for that day or that week, or whatever. They cut their staff back. And you'll stand in the checkout with 30 people, while you're waiting for them, and they don't care. And I don't doubt that Coles would probably try and do the same thing.

They'll get people into their stores with predatory pricing, with one or 2 items down below their buying price. They'll have specials in there - probably 100 of them - and then they've got probably 30 000 other lines at the full tote odds, plus a little bit, most times.

**Dr LIM:** When retailers find that their wholesale price is higher than what they can buy off the shelves in the major chains, like Coles and Woolworths, how does the wholesaler manage to make a living? Why would the ..

**Mr MORRIS:** We pay. We pay because of the major chains get the cheap prices because they've got so many stores.

**Dr LIM:** Right.

**Mr MORRIS:** There's 2 lots of prices from wholesalers, and don't let the wholesalers tell you there ain't. When they trade with the big 3, they trade at one price. When they trade with the independents, they trade at another price. And really, it's the independents that are subsidising the major chains.

**Dr LIM:** So why wouldn't the independents then purchase the stuff off the shelf ...

**Mr MORRIS:** I've done that.

**Dr LIM:** ... and put it ... Yes, all right. So would that be a way to do it, and that would then force the wholesalers to do the right thing by you guys?

**Mr MORRIS:** No, no.

**Dr LIM:** Why not?

**Mr MORRIS:** Most of the wholesalers - see, most of the chains, they don't buy local. They don't buy off us up here, they buy through the central warehouse, and they screw the manufacturers right to the ground with the price. Then they send it through a central warehouse all around the world.

**Dr LIM:** Right. So, try and help me. Now, somebody's indicated you want to speak, but you cannot do that, okay? I still haven't got it clear in my head. If I was - and I'm not in the retail business so I don't understand. So you'll have to explain it to me clearly. If I were an independent retailer with a corner store in Belyuen or wherever, and I know that Coca-Cola or Fanta or whatever, costs me \$1 a can to buy, let's say, from my wholesaler, and I know I can buy the same can for 80¢ at Woolies or Coles, now, I'd be crazy to go and buy from my wholesaler, so I would buy it off the shelf from Woolies or Coles ...

**Mr MORRIS:** So I go and of down and support your opposition.

**Dr LIM:** No, no ...

**Mr MORRIS:** You'd go and ...

**Dr LIM:** I'm talking about my survival. I'm looking for my survival, the survival of my shop. The survival of my shop depends on the profit margin that I have. If I can buy a can at 20¢ less than what I would buy from my wholesaler, why am I supporting my wholesaler. My wholesaler's not doing the right thing by me.

**Mr MORRIS:** That's a case of your wholesaler doesn't have the wherewithal to do it. Now, we buy our Coca-Cola through Darwin, right. Coles, Woolworths and Franklins buy theirs through a national price. And it's nothing like we can buy it at. And it doesn't matter whether I buy 10 pallets or 20 pallets of Coke a week, I still can't get to their price. And that's what happens.

Now, if you're an independent supplier and you want to go and sell something to Coles or Woolworths or Franklins and put it on one of their shelves, you just don't go along and see a purchasing officer at the local store and say, 'Look, I've got this great product'. Doesn't work, 'Sorry, we central warehouse'. Off you go to the central warehouse. Off you go to the central buyers. You talk to them. 'How much are you going to pay us for us to put it on your shelf, on our shelves'.

One of the best income earners for Woolworths is their head office, where all their central buyers are with their rebates and that that they get. And I don't doubt that the other 3 are exactly the same, or the other 2. The rebates that they get from the manufacturers, is nothing like the small independents get, nothing. And, okay, that's business. You can sort of understand that because they've got so many stores, they've got such a power to go. Whether it's fair or not, I don't know.

It just becomes very frustrating that we can't say to our wholesaler up here of Coke, 'Our group wants to buy 30 pallets this week, what's your best price?' There's your best price there. And you know bloody well that the chains are getting it cheaper than you because they've got a national buying price.

The chains don't buy very much up here at all. Except when there's a cyclone and things go on and you get the purchasing officers from the chains go running out amongst the wholesalers here, to buy all the batteries. Which happened the last time there was a cyclone come past. They sort of fell in a bit of a heap. The local wholesalers said: 'Bugger you. You don't buy off us normally. We don't sell to you this time. We're fed up'.

**Mr STIRLING:** Can I just raise 2 points out of your submission. I think earlier on you talked about extended trading hours of the majors leading to increased prices, but one of your recommendations is to restrict the trading hours of the major corporate grocery retailers say about 8 am to 6 pm, 7 days a week, and one late night shopping to 9 pm, either their choice.

If in fact your first premise is correct, that extended trading hours have increased prices, and then you want to on the other hand, restrict the trading hours, isn't that going to be easy for them again to lower the prices, and again ...

**Mr MORRIS:** Well, isn't that the whole idea of this thing, to lower prices?

**Mr STIRLING:** Sure it is.

**Mr MORRIS:** Okay, so that's the whole idea. Well, we could compete against them, when they were shutting their doors at 6 o'clock, believe it or not.

**Mr STIRLING:** But you've said increased trading hours increased prices ...

**Mr MORRIS:** Yes.

**Mr STIRLING:** ... yet you want to restrict their hours. Then their prices will drop, won't they? You just ...

**Mr MORRIS:** No, it's ...

**Mr STIRLING:** ... defeating your purpose.

**Mr MORRIS:** No, it's not. I thought the whole idea of this thing was to drop prices. Isn't that what we're here for? To try and drop the purchase price?

**Dr LIM:** Our terms of reference - Mr Gray, do you have the terms of reference there, that I can ..

**Mr MITCHELL:** What we - there's no one in this room Alan, that doesn't accept straight up that prices in the Territory are much higher than anywhere else in Australia, or most other places in Australia. Not anywhere else. What we are trying to find out, is why.

**Mr MORRIS:** Is why, yes. Well, that's what I'm just saying.

**Mr MITCHELL:** If that leads to some prices being lowered, then that's great. That's an outcome of what our findings will be. But we're not here to come out and tell everyone at the end of the day, say, 'Prices are too high and you will lower them'. So, I ...

**Mr MORRIS:** I totally agree. That's not what I'm trying to say. What I was saying, that Syd was, we've got 24-hour trading now, right, and we've got trading until midnight now. Okay? You cut those back and if they're cut back to normal trading hours and the one late-night night like it used to be up here - don't get me wrong, I don't want to go back to the past. But if they're cut back, it will reduce the prices because a lot of the bloody costs that the chain stores have got now will disappear, with the labour that they have. You can't run a checkout ...

**Mr STIRLING:** But it won't reduce your prices.

**Mr MORRIS:** But it assists me, because I stay open a bit longer, because I'm not paying wages for me.

I don't pay wages for my wife, I don't pay wages for my son and daughter. And we operate the shop, right? And it assists us.

**Dr LIM:** Well, can you comment for me then - and I'm just posing questions to you so that I can get some information. Some of the information we've received so far says that staying open 24 hours or until midnight doesn't really add that much of a cost to the store, because the fridges have to run, the lights have to go on anyway because of night-fill, and also for security reasons. They've got only a very skeleton staff there after hours, just to make sure that night-fill is being done properly and just for general security ...

**Mr MORRIS:** So who operates the checkouts?

**Dr LIM:** The floor people who are there, they're the skeleton staff of 2 or 3 people would operate the checkout if there are people buying stuff ...

**Mr MORRIS:** I don't believe that. I don't believe that. And it would be very interesting, and you people have got the ability to look at their costs and that. Figure's a figure, but by statistics. If you can give me statistics, I can give you statistics, and they're all the bloody - they don't mean a thing to anybody.

But if they come back so that we can - it gives the small store the chance to compete against the larger store. It gives us a bit of a chance to buy better, because we're buying more, and it gives us a chance to drop our prices. And that's how it works.

**Mr AH KIT:** Can I come back to that question, Alan, and probably try to answer, where you said what's going to come out of this ...

**Mr MORRIS:** Well, I'm not the only person ...

**Mr AH KIT:** Oh, yes, sure.

**Mr MORRIS:** ... trying to do, with an interest in ...

**Mr AH KIT:** For sure.

**Mr MORRIS:** There's probably a whole state full of people, or Territory full - a whole Territory full of people out there that want to know.

**Dr LIM:** Now, with the, sorry, go on.

**Mr AH KIT:** The terms of reference - the chairman has and you can read them out if he wishes, but the terms of reference are there. It's, I believe, not as wide as we would have liked. But that's parliament setting those terms of references. And we will put our report together. We've got to report on 19 August. In that report will be recommendations. The strength of those recommendations will be debated in parliament, and we would then see where we go from there.

Now, hopefully, most of those recommendations, if not all, are going to be picked up by parliament. If not, then that's a decision of parliament and the numbers in parliament, either supporting it or against those recommendations that we put into the report. Who knows where it goes from there? We don't know.

**Mr MORRIS:** As long as something positive comes out of it, John.



**Dr LIM:** I am certain something positive will come of this report. Let me put this to you. I count here, from your submission, 1, 2, 3, 4, 5, 6, 7, 8, 8 five stars...

**Mr MORRIS:** Top ones off.

**Dr LIM:** Alright, 7 Five Star's pending much of the market, and I suppose there are other independent ...

**Mr MORRIS:** Oh, yes. There's the other group up here, which is the Foodstore group ...

**Dr LIM:** Could you all combine together like a coop and produce your own bulk buying power, to try and compete more effectively, rather than just being just the 7 of you, take up all the other independents together, go to one wholesaler, and say, 'Look, we've got to really start looking at your prices. Your prices are not helping us one little bit, and ...

**Mr MORRIS:** Most of the independents buy most of their dry goods and that down south. Right? And we buy locally up here our soft drinks. We buy locally up here our smallgoods lines. We support as many local businesses we can because their prices are reasonable for us, and away we go. But we buy - I actually buy from Woolworths, would you believe that?

**Dr LIM:** I mean, I think it would be a very logical way to increase your profitability.

**Mr MORRIS:** No, my wholesaler is Woolworths.

**Dr LIM:** Right. Okay.

**Mr MORRIS:** Does that worry you?

**Dr LIM:** It's your business, not mine. I can't argue with that.

**Mr MORRIS:** No, but that's the thing, is that I buy - the 5-Star Group buy from a company called AIW, which is wholly owned by Woolworths, totally owned by Woolworths. And they give us a very good deal, a very good deal. And that's one of the reasons that we as a group banded together to buy from them, because we got a better deal from them than from the independent wholesalers. And we all trot off to Coles and we all trot off to Woolies, and there's - you know, it's pretty awkward when you're standing in a store with a handful of money saying, 'I'll buy 2 pallets of Coke at that price, boys'. And then, I'm easy. I don't mind whether I put it through the checkout, or whether I wheel it out the back door. It's a big embarrassing, but I don't care. But we pay the price, and then we go and resell it. We're stupid if we don't.

**Dr LIM:** Yes, that's right. I agree.

**Mr MORRIS:** But you can't go up there and run your whole shop out of bloody Coles or Woolworths. You just can't do that.

**Dr LIM:** But if some of your independents are ...

**Mr MORRIS:** In most cases, a lot of our prices are cheaper than Coles or Woolworths.

**Dr LIM:** Yes. But if some of your independents are buying some of the stuff from south and some of the stuff locally, if you combine all the ...

**Mr MORRIS:** Doesn't work that way, they're independent businessmen.

**Dr LIM:** Yes, I understand that.

**Mr MORRIS:** No, we were 1, 2, 3, 4, 5, 6, 7 independent businessmen who said, 'This is the way we want to go'. Right. So we banded together, formed a group, made some very strict rules for the group to stand by, very strict rules. And that's one of the reasons that so many other people don't want to be part of it, because we do have a set of fairly firm and fast rules which we will not change.

**Mr AH KIT:** The major chains have changed all, Alan, the 3 major ones here, how much percentage do you say they have in the Territory?

**Mr MORRIS:** In the Territory, about 88%.

**Mr AH KIT:** About 88%?

**Mr MORRIS:** Yes, that's right.

**Mr AH KIT:** Can you ...

**Mr MORRIS:** If you have a look ...

**Mr AH KIT:** I wanted to take you to your submission and to the recommendations and maybe get you to elaborate on those if you could ...

**Mr MORRIS:** Okay.

**Mr AH KIT:** ... and we go through those.

**Mr MORRIS:** Yes. There you go.

**Dr LIM:** Page 7, yes.

**Mr MORRIS:** got any more chain stores in Darwin, Palmerston, Katherine and Alice Springs, of course. We've got more major chain stores here than any other town of this size anywhere else on this planet. You can't go anywhere on the planet and find one major chain store for 8000 people. It's a little bit frightening. I'd like to see - with the recommendation - I'd like to see legislation to cap it, to stop their spread, to get a bit more sense back into the market.

**Mr AH KIT:** And you say 75% would be ...

**Mr MORRIS:** Well, 75%, 50%, 60%, 75% ...

**Mr AH KIT:** Less if you could get it?

**Mr MORRIS:** Yes. 75% would be a reasonable figure.

**Mr AH KIT:** Right.

**Mr MORRIS:** And restrict the trading hours, as I explained to Syd. Allow the independents to operate their liquor licences on Sundays, or between their normal trading hours.

**Mr AH KIT:** At the moment, you don't have trading on Sunday?

**Mr MORRIS:** No, no.

**Mr AH KIT:** That's only through the bottle shops?

**Mr MORRIS:** Yes. So you have people driving from home round to the bottle shops when they're 3 parts cut, to pick up their stock. Northern Territory government, lobby the federal government to legislate against the monopolistic ways that the major chain stores actually can carry on from the NARGA recommendations, they're looking for, which is the small independents around Australia.

If some of that happens, and business improves for the small independents, it means that there's more people put on in the small independents. The small independents employ more people than any of the chain stores, with their ...

**Mr AH KIT:** You believe that argument holds up much better than say, response from one of the major chain stores and that, if they were to be cut back on the 24 hours, that they would have to lay off staff?

**Mr MORRIS:** I don't think that they'd lay off any staff at all. I don't think they would at all, in any way, shape or form.

**Mr AH KIT:** Your recommendation 3 ...

**Mr STIRLING:** He jumped that ...

**Mr AH KIT:** You jumped that one.

**Mr MORRIS:** I'm sorry.

**Mr AH KIT:** I want to take you back to it.

**Mr MORRIS:** Oh, economic and social impact assessment statement to be prepared prior to any consideration for further applications from major retail chain stores.

When the Woolworths store opened at Nightcliff, it's created more problems than Speed Gordon for a lot of the other stores around and a lot of the other businesses around. And got to be able to justify putting a chain store or a supermarket - instead of sticking them up willy-nilly. Does the area really need it? Does it need it? What's going to be improved by having a chain store in every bloody suburb in this town? Nothing's going to be improved. You can drive from one side of Darwin to the other in 10 minutes, and that's in peak hour.

So if you've got your Casuarina Square up there, which is about to expand again, I see, and that's frightening enough as it is. It's destroying the Darwin area. You had Coles and Woolies up there and people used to drive there when they wanted their stuff. So they bang another one 2 km or 1 km away at Leanyer. They don't have to drive so far. And then they bang one over at Karama, don't have to drive so far. Nightcliff - they're everywhere.

**Mr AH KIT:** So your argument there is that the ...

**Mr MORRIS:** They just have to prove ...

**Mr AH KIT:** ... have to go through the planning process, building board, everything like that ...

**Mr MORRIS:** And prove that it's justified and they put it there, and economically it's viable ...

**Mr AH KIT:** ... and that it's economic and those - no economic and social impact ...

**Mr MORRIS:** That's dead right.

**Dr LIM:** So you feel the government should go into somebody's business and say ...

**Mr MORRIS:** No, I'm for ...

**Dr LIM:** ... 'This is not viable because you can't make a profit here. The company should make a financial assessment on ...

**Mr MORRIS:** No, no, nothing of the sort. What I am suggesting that the government might do, is they might look at what's going to be damaged when the thing gets plonked there. That's what I'm suggesting they do, just have a look and see what the economic damage that's going to be put around that particular area.

You know, there was small businesses around there, they were operating just nicely, thank you. They weren't making a lot of money, but they were keeping themselves open and keeping going. And you've got the Shell and BP there in Nightcliff, they've suffered a terrible downturn ever since that bloody thing was stuck next to those flats. Sorry. Right? Ever since that was stuck right next door to someone's back door, and they're flogging fuel out of it, they've had a terrible downturn. I dread to think what their sales figures are.

**Dr LIM:** Could government be seen to anti-competitive if we brought in legislation to say, 'No, you cannot open up a shop because we want to ...

**Mr MORRIS:** No, I think government would be seen as anti-monopolistic, to try and cut back the chain stores and their monopolies.

**Dr LIM:** Would people in say, Darwin, or anywhere else, think, 'Hey, these chains can give us the range and variety that we can't get anywhere else, that we like to have that facility as well'.

**Mr MORRIS:** All right. So what are they going to do? Are they going to have one in every street, one in every suburb, one on every street corner? You've almost got it now.

**Dr LIM:** And Woolworths or Coles can't say, 'It's our money, we'll spend it the way we want. Plus it's our business'. How would you respond to that?

**Mr MORRIS:** Well, I make the suggestions. How they get put into place, we'll see how we go. But I'll be really honest with you, and in my heart of hearts, I know what's going to come out of this. The same as what's going to come out of the federal one - nothing, absolutely nothing!

We've had a talkfest here for 3 months, and everybody's put their point of view for 3 months and everybody's listened for 3 months, and nothing's going to come out of it, because nobody wants to upset the 3 major players in this industry, nobody.

**Dr LIM:** And are you suggesting that unless we control or we cap the market share, then it's nothing

**Mr MORRIS:** Well, I can't see that you're going to be able to do any of it, unless you pass legislation and say, 'Righto' - as they've done elsewhere and they said, 'That's it, you're allowed so much of the market, no more'. But they keep pushing that until they get 100% of it. And contrary to what little Mr Corbett says ...

**Dr LIM:** If I went to tell Territorians that your 5-Star store sells the cheapest goods in the Territory ...

**Mr MORRIS:** You don't have to tell them that. We're not asking you to tell them that.

**Dr LIM:** Well, if I were to tell people that, would that make a difference?

**Mr MORRIS:** No.

**Dr LIM:** It wouldn't?

**Mr MORRIS:** No. It's up to me to tell them that I'm selling it cheaper. It's not up to you. I'm not asking you to do that. What I'm asking you to do is to support a few small local businesses in this town, that employ quite a lot of local people, where the money stays in this town, it doesn't bugger off down to corporate headquarters, contrary to what they say.

Every dollar that the small independent retailer's making gets spent here. You get Coles and Woolworths to prove that every bloody dollar they make here gets spent here. And I'll bet you it ain't.

**Mr STIRLING:** I guess - I can see how a company can work the same basic cut of 80% on the retail growth of the 3 major chain stores - that's 80% of the Territory wide because just cap it and say no more. How do you reduce, unless you just do it over time?

**Mr MORRIS:** Well, just over time, so that Woolworths can't play their games. Right? They shut a store in Nightcliff because it wasn't viable, and because the population grew in that area, , 'Oh, we'll open another store in Nightcliff'. But it wasn't good enough for them to stay there for the hard times. They bugged off and got out of it. In the good times, they whack up another store. They shouldn't be allowed to do that. If they shut that store in town at the corner of Mitchell Street and Knuckey Street, so be it. And don't open another one. And if Coles, heaven forbid, should shut down Karama, they don't open another one either.

**Mr STIRLING:** So the international comparisons are inclined to ballad, but they're totally different population bases, and the densities and sizes, and I think that ...

**Mr MORRIS:** So does that give the chain stores in the Northern Territory ...

**Mr STIRLING:** No, no, I'm suggesting that ...

**Mr MORRIS:** ... the justification to put 8000 - one store for 8000 people?

**Mr STIRLING:** What I'm suggesting is the geographical spread of population in Australia and the smallness of the size of the population in comparison to European countries mentioned and the States, has I guess, made it easier for the big ones to dominate. Because you've got you know, the big population centres in Australia compared to ...

**Mr MORRIS:** Yes. We've got a lot of small population centres in Australia, with probably 10 000, 20 000 people. Does that give the chains the right to go and drop 2 stores in every bloody town.

**Mr STIRLING:** No, I'm not saying that they have a right or they don't have a right. I'm suggesting there are you know, a whole range of practices that have allowed this to occur in Australia where it hasn't, for example, in the United States and those other countries that you mentioned ...

**Mr MORRIS:** Yes, I understand what you're saying.

**Mr STIRLING:** They haven't had to restrict and bring in legislative - yes, bring in laws to ensure they, it's just the way that that country works, the way its population has spread that the economies of scale that operate, that don't exist in Australia. It's quite different.

**Mr MORRIS:** I read in the retail magazine, probably about 2 or 3 months ago, there was a chain from England looking to come out here, and decided totally against it, because they'd have absolutely no way of competing with the 3. They knew exactly what was going to happen. I'm sorry I didn't bring that article with me. But it was about 3 months ago.

**Mr AH KIT:** If you've got a hold of it Alan, and want to send it into us ...

**Mr MORRIS:** Yes, I'll do that.

**Mr AH KIT:** ... we'll appreciate that.

**Mr MORRIS:** Yes, I've got all these bits and pieces. No worries.

**Dr LIM:** Any further questions from the committee of Alan?

**Mr AH KIT:** No, just a comment that I find your submission very beneficial to the work we're doing. I think it's well thought out, and certainly, we'll be taking it in very carefully. no doubt, when we look at the report and the recommendations.

**Mr MORRIS:** Thank you.

**Mr MITCHELL:** I'd was just going to back up what John's saying and probably a little bit more. In this conversation there's been a few suggestions of different things that I can assure you in this forum that if we find anything that's not quite kosher - I suppose, for want of a better word - as far as the way that goods are sold in the Territory, particularly through the major chains - if we find anything a bit untoward there, we'll certainly be reporting that. And in our recommendations, we'll certainly have some baring on that.

**Mr MORRIS:** Only hope you do. Gentlemen, thank you for listening to me.

**Dr LIM:** Thank you very much, Alan.

**Mr AH KIT:** Thank you.

---

**David Bath**

## **SELECT COMMITTEE ON TERRITORY FOOD PRICES**

### **PUBLIC HEARING**

DAVID BATH – Thursday, 24 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** David BATH

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Our next appointment is over to Mr Peter Dallas. Is he in the room? You are. Now, this young man over there had his hand up while Alan was speaking earlier. You've got a burning desire to make some comment? If you do, I invite you to come up. We've got 5 minutes before Mr Dallas comes on, if you wish to comment. Take a seat and state please state your full name and the position you're coming from, whether you're an individual or representing a group, and be truthful to us with what you have to say. You probably heard my introductory remarks earlier on.

**Mr BATH:** Okay. My name's ...

**Mr AH KIT:** Sorry. Also, I suppose it's - just letting you know that when we have a witness before us, it's not an open forum where we can take questions from others. That's why we have to ...

**Dr LIM:** Stop you just now, right?

**Mr BATH:** Yes, that's fine. My name's David Bath. I'm the proprietor of a small business here, an organic business, and I've come just out of curiosity. I got an invitation as well, so obviously I'm interested in what Alan was saying about pricing schemes. In a way, it helps me with what I'm selling, because my product can be very competitive towards the large supermarket chains.

The only thin - I won't, I guess, I'm a bit unprepared at this stage. I guess my issue has always been in what are you selling and how you sell it. So, there's a lot of people out there that want to consume a particular product. They will do what they can to get it. That's where my business has grown from, and therefore I have a product that I believe is of high quality. Therefore it has a better price attached to it because it supports the environment, supports a whole spectrum of the food industry. So there's a true value for money.

I just find that some of the large supermarket chains, or just a lot of food in general, is not really worth the money people spend on it. I guess up here it's dearer because there are extra costs involved in getting food here. People, I guess, according to statistics, earn more money here, so there is a temptation for anyone to charge more for their produce.

Ys, so I'm just curious to see what's happening as far as who's got the control of the food in the shelves.

I was really horrified to find out that if 80% is correct, then I've got a long way to go before I ...

**Mr AH KIT:** I think he said 88% though.

**Dr LIM:** According to surveys done by the National Association of Retail Growers of Australia, and in their publication there's a little chart here that I just quote from: Back in 1975, major chains have put 40% ...

**Mr AH KIT:** 88% Alan mentioned about the Territory ...

**Dr LIM:** In the Territory, yes.

**Mr AH KIT:** ... and this one that you're reading now is a ...

**Dr LIM:** A national, yes.

**Mr AH KIT:** But it still ...

**Dr LIM:** The National Association of Retail research nationally. Major chains have 40% in 1975 compared to independents of 60%. 1985, 10 years later, the major chains had 60% versus independents with the 40%. In 1998, major chains have 80% with independent stores down to 20%, and anticipate that in the year 2000, they say that major chains will have 85%.

Now, that's the NARGA figures. I'm not saying that's right or wrong, because it's what they've researched for themselves and what they've projected. So, that's an indication.

**Mr BATH:** Yes. I'm very cautious as far as how I retail, as far as my overheads go, because I'm in a very fragile marketplace. Yes, so it's very difficult to go an extra stage in your business, due to the disadvantages stacked up against you in the beginning. So I can understand where Alan was having trouble in trying to maintain a profit in a world where you have to have X amount of profit margin to continue, and you have this overburdening power.

And also, I do agree with the support that small businesses is the foundation of growth anywhere. I think our current Prime Minister mentioned that during the GST, and so I'm curious as to why the government has such strong support for the supermarket chain. What is their advantage?

**Dr LIM:** I don't believe that the government has given strong support to the bigger chains. I think governments of all persuasions have come out with a policy of not restricting competition. Or the anti-competition policy that this country has adopted, essentially means that it opens the market completely, and let competition be the main policy behind all the players. And if some people can compete better than others, they obviously do better. It's suggested that competition leads to a lower prices, and that's what Professor Fells is doing through his ACCC. It's probably up to historians in the future to look back and say whether it's right or wrong.

**Mr MITCHELL:** Can I just ask what produce you are selling?

**Mr BATH:** I'm selling organic fruit and vegetables, which has - there's fruit and vegetables are grown organically, has no chemicals in the production of growing fruit and vegetables. I've also got groceries which are produced in the same method, using no chemical fertilizers, insecticides. Due to the stresses the environment is under, organics have been revitalised in the last 10 years.



**Mr MITCHELL:** So you grow some, but you also do some ...

**Mr BATH:** I don't grow them, I'm a retailer, and I buy it from interstate, and I buy it from Katherine and local where I can. So my anger towards supermarket chains is that I'm selling a high quality product. It's at a premium price, I would agree, but it is also something they're not providing. So then, I'm selling something that they're not and ...

**Dr LIM:** You've found a niche market that you ...

**Mr BATH:** ... I might have a chance to stand my ground. However, they are in fact, researching organics and getting on the bandwagon as well. So, again, I believe in the mentality of my customers, if I can suggest so much, is that I believe they will also support independents because they are a bit, perhaps, wise towards what is going on as far as the free world goes in trading. And I believe I will be able to support myself through the changing times as best as I can. So I just wanted to ...

**Dr LIM:** Well, thank you very much, David, for having your say.

**Mr BATH:** Yes, thanks.

**Dr LIM:** That's terrific, thank you.

**Mr AH KIT:** Thank you, David.

---

**Peter Delis**

## **SELECT COMMITTEE ON TERRITORY FOOD PRICES**

### **PUBLIC HEARING**

PETER DELIS – Thursday 24 June 1999

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Peter Delis;

**Cockatoo Tropical Orchards**

# **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Now, I invite Mr Peter Delis from Cockatoo Tropical Orchards. Peter, were you here when I made all those preliminary remarks about privilege and truthful evidence and all that? No, okay. Now, normally in our parliamentary hearings, any evidence that's provided has parliamentary privilege. It's covered by parliamentary privilege, so essentially you can say what you like, okay, and nobody can sue you. Okay.

If there's any evidence you want to give to us without the competition hearing about it, you can have an *In Camera* session, so you can talk about what you want with the committee members, and your evidence will then be treated in confidence. Whatever you say will be transcribed, and a copy of that will be sent back to you for your perusal and correction, if need be. When you send that back, eventually that transcript of your oral submission will be incorporated in our report which will be tabled in parliament on 19 August.

We don't normally expect witnesses to take an oath or make an affirmation for the evidence that you are to provide, but we expect witnesses to be truthful when they're talking to committee. On that basis, please state your full name and the position you come from and what you represent, and we'll go from there.

**Mr AH KIT:** Can I just interrupt by saying, Mr Chairman, that the camera's there to get some shots, but without sound. So whatever you're talking about, you might see yourself on the screen tonight, but there will be no sound attached to it.

**Mr DELIS:** My name is Peter DELIS. I'm the director of a company. I'm here by your invitation. The company is Cockatoo Tropical Orchards. We're a grower, in essence.

**Dr LIM:** What do you grow?

**Mr DELIS:** We grow mangoes, rambutans, mangosteens, we used to have some bananas until they were destroyed as part of a quarantine. That happened 2 years ago. So we've got a fair bit of extensive experience with dealing with the local market as well, in the fruit and veg industry.

But before I get into what we're here for, I'm just a bit - I have some reservations when you talked about confidence. But at the same time, you went on to say that what I say will go into *Hansard* and be tabled at parliament. So does that mean that that becomes public record?

**Dr LIM:** No, if you wish to have an *In Camera* session to give evidence, then that evidence is not tabled.

**Mr DELIS:** Yes.

**Dr LIM:** All right? It will still be part of parliamentary record, but will not be tabled. It's only available to parliamentarians and nobody else. Okay?

**Mr AH KIT:** Do you have a desire to do an *In Camera*?

**Dr LIM:** That's what you're asking, that's right. The thing is, this practice has been going for centuries and people have been protected. Please be assured that you will be protected.

**Mr DELIS:** Yes, but, I'm more concerned about the fact that I supply the chains.

**Dr LIM:** Yes, I understand that.

**Mr DELIS:** And are you going to protect me from that?

**Dr LIM:** Yes, we'll do it *In Camera*. We'll go to *In Camera*. That's fine. And I can do that right now, actually.

**Mr DELIS:** Well, there's issues like - I don't mind addressing that ...

**Dr LIM:** No, all right.

**Mr DELIS:** Can I respond to some of the things that Alan ...

**Dr LIM:** Well, let me say this. After your evidence, we can go to the lunch adjournment anyway, so why don't I now call an *In Camera* session for you, and then everyone else can go and have their lunch, and come back here at 1 o'clock. All right, people. We'll go into *In Camera* session now, and then we'll reconvene the public session ...

**Mr DELIS:** I'm quite happy - there's a couple of things that I think I'd like to respond to the questions that were put to Alan. I think that would set the record straight.

**Dr LIM:** Okay.

**Mr DELIS:** And I'd ...

**Dr LIM:** You can wait until we go *In Camera*.

**Mr DELIS:** I don't mind putting my point of view across on that one, thank you very much.

**Dr LIM:** Yes, go ahead, that's fine.

**Mr DELIS:** The question I think, Syd, was asking - and this is again only my opinion and the way I see it, and I'm only a grower, I don't have any professional background at all. But he raised the question about 24-hour trading. I think, Alan, I only came in half way through the conversation, but Alan was making the point that 24-hour trading has actually increasing prices. And Syd was saying, 'Well, how is changing to 24-hour trading going to decrease prices?'

And I can actually back up the chain's mentality with my personal experiences, so when we go into that, I'll tell you how I get to that point. But the point that we're making is that there's a mentality there from the chains that if they can work half as hard to earn the same money, then why work twice as hard to make the same money. And that's the way they run their business. And, like I said, I'll give you examples later.

So this 24-hour trading, the tendency has been, like, when we used to sell produce to small retailers, when 24-hour trading came in, we heard it first-hand from all of them, and they all said their business dropped. So the question was, well, how does 24-hour trading changing going to affect it? Well, in my view is that their business has dropped, the small retailers, their overheads haven't changed in any way

whatsoever. How can they still meet their overheads when their business has already been halved by virtue of the fact that 24-hour trading.

There's only one way they can do it, that's to put their prices up. They put their prices up, major chains often do the rounds to see what other people are doing, and they see where the prices are at. They go back to their own shop and think, great, that's what the small blokes are selling it for. They jack their prices up.

So 24-hour trading, that's the impact that we saw that it had directly in our involvement. So you ask the question how is it going to change. That's how it's going to change.

I was quite intrigued. I don't know - again, I don't know whether his facts and figures are correct, but he made the comment about the fact that there are more chains in Darwin than anywhere else on the planet per head of per capita.

**Mr AH KIT:** About 8000 people.

**Mr DELIS:** Yes. Now, if that's true, I mean, the question was, the committee almost seems to be taking the view that, 'Well, it's not our place' - and quite rightfully so - 'it's not our place to determine whether or not it's economically viable for them to be here, to do what they have to do. It's a business decision and it's not our involvement'.

But I would have thought the question would be, well, how is it that they can afford to have so many more, more so than anywhere else in the world? Is it that profitable and I mean, that's really the question.

**Dr LIM:** We have posed the questions to them and they are providing us with information *In Camera*.

**Mr DELIS:** Okay.

**Mr STIRLING:** Can I just - I don't think we should assume whether the committee might be assuming, or presuming. I mean, we are accepting evidence, and all our conclusions and recommendations, once we have ...

**Dr LIM:** We tend to be devil's advocate in the sense that we ask lots of questions. And it may appear that we are favouring one side over the other, but we are actually just deliberately provoking responses.

**Mr DELIS:** Oh, okay. All right, I'll take that on board. Through different committee procedures, actually that I've held and been involved with dealing with Woolies and Coles, and there's some issues that I might raise in confidence.

There was one other point he made, he talked about Nightcliff supermarket and how Woolies found it unprofitable and moved out, and then some time later they moved in. And he made the comment that they moved out because it was unprofitable. Yes, the reality of that whole situation, I don't know, anybody that's - I don't whether he's been here long enough, but anybody who's been in the Territory long enough would have known that Woolworths there didn't make a buck, moved out, and Right Price Supermarket moved in and suddenly turned it into a gold mine. It had nothing to do with the necessarily just the massive population explosion. It was because an independent came in and did what they couldn't do. And in the end, Woolies came back and bought it back.

So that in itself to me, suggests that something you guys in the committee should be taking notice of.

That there is a need for independent, because they do have that impact. Right?

They're the points that I'm quite happy to put on the record.

**Dr LIM:** All right. At this point, I will now go into *In Camera*, and ask the members of the audience to move out. Thank you very much, gentlemen. There's no lady here. And we'll see you all back here at 1 o'clock.

---

Office of Aboriginal Development

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

OFFICE OF ABORIGINAL DEVELOPMENT – Thursday, 24 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Mr Bob Beadman

Mr Neville Jones

Office of Aboriginal Development

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Select Committee on Territory Food Prices and welcome to Bob Beadman and Neville Jones representing members of the parliament. I am sure you two officers have fronted these committees many times before so I won't go into any great detail about the procedures, expect to say that we don't expect witnesses to take an oath or take an affirmation on the truth be provided except to be truthful to the committee that you come under parliamentary privilege and if you wish to provide us with any information in camera would you please advise us of that aspect. Otherwise we have in front of us Submission No 40, which is a submission signed under Mr Beadman's signature and I open the floor to

you to commence.

**Mr BEADMAN:** Thanks Chairman, members. We haven't got a great lot to add to the submission that we put in, but in putting the submission we wanted to make sure that the problems of the bush weren't lost sight of in the inquiry that your mounting and it was reassuring to hear you outline to the communities that you've been to before you opened your proceedings. I don't know to what extent you require a yet as a traversed the affordability question, but no examination I believe of costs in relation to groceries can ignore the other side of the ledger. It goes back into code the public debate was always about prices and incomes. So prices is one thing and we could usefully occupy some of the time talking about the practices that go towards the prices that are struck in remote community stores but we think it would be useful at the same time to flip the page so to speak, and talk about the incomes around there how they compare with the wider community, how the affordability question then gets absolutely exacerbated by not only the higher prices but to lower incomes in those communities that we wanted you to focus on. So we are in your hands as to whether you want to deal with the prices side of the equation first or the income side.

**Dr LIM:** Perhaps for the record I can say again that we visited 3 Central Australian communities and 4 Top End communities. In Central Australia we went to Yuendumu, Ali Curung and Finke and in the Top End we visited Port Keats, Maningrida, Ngukurr and Borroloola. That's the remote communities. We chose those communities specifically because they were quite a distance from any regional centres. We didn't want to pick places such as Yirrkala which is actually round the corner from a regional centre. The people there would have an option to be shopping in town or at the store, whereas the communities that we picked, people were compelled to shop locally. We are aware of the low and fixed income that most of the people living out there suffer from and we also appreciate the fact that the same person living in Sydney would have a lot wider range and cheaper products to buy in their local store compared to somebody living in Ngukurr or Port Keats where they could buy locally with the same amount of money. So we are conscious of that we have been appraised of that and we have seen it for ourselves, we have visited every store in those communities as well.

Obviously lots of question arise as to expenses that the Territory Health Services and their Healthy Food and Lifestyle and whether you can make any comment about that and what OID has been doing with the regards to that as well.

**Mr BEADMAN:** Well obviously the affordability question impacts through every aspect of Aboriginal life in issues like the health status of the people to issues like the learning capacity of children, to issues like the employability of people over time and to all of the spin-offs through welfareism and offending rates and domestic violence rates and so on.

So I am not drawing the long bow when we've put right before you this question of affordability has a very direct role in the entirety of the social environment of the Northern Territory. But just to deal with that situation in those remote places and indeed I think you've got a fairly representative spread of communities in the logic that the Committee's applied to pick out which ones you'd go to can't be faulted.

What you have no doubt found here in the inquiry to date is the asperity in the arrangements that exist in remote places as to how they manage it. Some places use a central purchasing agency so that the benefits of bulk buying flow through. In some cases there's a central recruitment agency which can go some way to ensuring quality of staff employed. In some cases the stories stand alone under the wing of the

Council. In other cases the stores stand alone under the wing of another enterprise which has got nothing to do with Council. In other cases you will have found stores that are leased out to non local people to manage with a flow of royalties back to traditional owners on the land to which the store stands. I think that range of experiences is indignant at the depth the problems really. It is also indignant I guess of the ability of governments to get in there in a directive way. When you're talking about inalienable freehold Aboriginal land, the difficulty of course is that not every person so employed acts in an entirely honourable way but nor do the Aboriginal people always act in an entirely honourable way.

There are certain alliances build up between employees and accompanying body that manages such stores. You're seeing a multiplicity of pricing mechanisms put in place. In some places you'll find there's a fine intent of pricing up the rubbish foods in order to subsidise the essential fresh foods. In other places you'll find that there is an impost put on prices to create a pool of money that might run a food service for aged people. Probably a good aim too. In other places there'll be an inflation to prices in order to generate the funds to provide for sporting groups, so there's this multiplicity of imposts on what already is inflated prices in those localities that are done for Aboriginal reasons. Some of them are great, some of them aren't so great but I think your hands and ours are limited in what might be done.

The merchants of various kinds deliver stuff out there of course are victims of the terrain, the climate and location, quality of roads on the land and the antidotal stuff that we pick up is that roads have deteriorated sadly over time, freight rates have gone up accordingly, carriers are reluctant to take their equipment across some of those roads and are only prepared to do so at a premium, other places of course there is no road access but rather access by sea, and all of the similar sorts of complications that arise there.

Neville Jones mentioned to you in the course of this discussion we would raise the roads question and whether or not you had a submission from the Department of Transport and Works and if not whether really it is a relevant aspect of your inquiry. But I think yes, that it would be appropriate to hear from Transport and Works.

I said that there's been deterioration on roads. I think that's a truth, over the last 5 years. I think the funding arrangements between the Commonwealth and the Territory exacerbates the problem and by that I mean at the time of Self-Government Commonwealth retained the responsibility of funding out stations. The Territory took over the responsibility for funding councils, with the result that you've got councils and out station resource centres in the one locality, each with great saving. Each with about a months work per year for each grader but in petty jealousy circumstances where if one grader is broken down the other crowd won't lend or hire their grader. So money is tied up in public equipment which in a better set of cooperative arrangements might be available for increased road maintenance. Then you've got the problem of how funds were broken up from the pool of funds that large contracts back on the grates could be let to a situation where each councils now got its component share of that pool of funds, often too small to acquire the capital equipment and its only through cooperation over large expansions of country which you'd be able to strike arrangements to the need that the communities and that has an applicant in every case. With the result road maintenance money, because it is untied, tends to get dispensed in other ways. There has always been a difficulty in the Territory in say a per capita share of the national pool of local governments and obviously given the language barriers, the cultural barriers, the distance barriers and the fact that the Territory started about 100 years behind the states than the development of local government, that a per capita share is grossly inadequate in terms of addressing the backlog of need. It is not surprising that roads funding tends, if there isn't a viable sized pool there, tends

to get consumed in the normal delivery of local government type services. The problem gets exacerbated further by recognising that remote councils take on a much much wider function than the Darwin City Council. A function that might have responsibilities under the *Land Rights Act*, the *ATSIC Act*, the *Local Government Act*, *Health Act*, *Social Security Act*, they might be agents for the Power and Water Authority, Territory Health Service, Department of Education, all under a group of people who aren't adequately resourced from any source to take on that multiplicity of functions, let alone a recognition that indeed they're indeed a regional problem. So in those circumstances it is not surprising that roads funding tends to get consumed by other things. Roads aren't prior but the long term affect of increasing freight charges reflecting in store prices, reflecting in the quality of diet, reflecting in health and education attainment level is not effectively pieced together in a cause effect type role. So all of those things impact.

**Dr LIM:** I can share a bit of information with you that gleaned from a bush community and it is regards to CDEP program and the fund that they receive. There was a complaint that in fact if a person goes on the CDEP program their net income for the family is greatly reduced. A person on an unemployment or sort of funded welfare support gets a larger sum of money. I also suspect that some of the people on CDEP are not addressing the family allowance supplement. Now whether that's a failure with the welfare or the Social Security on settling to accurately inform the CDEP person or there is somewhere something has fallen over and the person who was on the CDEP program is not accessing all the welfare entitlements that he or she is entitled to receive.

**Mr BEADMAN:** You're quite right Chairman, and that sort of takes us over the income side of the equation as I see it, but I think there is a starting point even sooner in the sort of issue that you've mentioned and that starting point I think is the equity in an Australian wide rate. One size fits all. Ignoring the fundamental principle that I would have thought would have been underneath the welfare net of ensuring at least a minimum standard of living. Presumably that's the principle on which the welfare net is predicated. Now, you can't sustain that principle when, as you yourself pointed out, people in inner cities not only have the benefit of competition and lower prices and they've got the same amount of money in hand as people in the remotest parts.

In terms of the CDEP people, yes its remarkable isn't it. Somehow because working for the equivalent of UB categorised as UB and being deployed then you loose this other range of entitlements. That probably goes hand in hand with an argument that I've developed in other places that the best of intention policy and development that occurred from about 1968-78 has had an enormously debilitating affect on Aboriginal people. I mean decisions that you would probably repeat again in the same providing circumstances. Decisions like award wages for the pastoral industry. Decisions like the abandonment of the old train allowance scheme in remote communities and its replacement with UB. Decisions like we will only provide support funding into those communities if its on a community wide or communal type basis. I contend that if you put together all of the policy and development that occurred was about 1968-78, what you killed was personal endeavour. I think that argument's the same if you look at what little small scale enterprises used to exist in remote places, where have they gone? I think the replacement of the training allowance scheme with unemployment benefits directly led to Aboriginals turning unemployment benefits to sit down money. If you look at the fundamental structure of unemployment benefits or by whatever name you call it these days, and all of the fringe benefits that are attached to it, then look at what you would have to earn in employment to be materially better off, the structure of that relativity is an absolute disincentive to get off the unemployment queues. I think that reflects right through into CDEP. It is interesting that Aborigines alone till this most recent scheme are



the only ones in the country who wanted to get out there and be involved in CDEP schemes.

I suppose though, to balance all of this, I've got to say, I've got to point out that where the hard noses in Commonwealth Department finance it, we say that CDEP is not a direct offset from UB. CDEP has got plus 25% for this and plus 40% for that, so the some total impost of a CDEP scheme is probably plus 60% on the UB equivalent, so they probably feel gratified that they're able to rate a bit back by not extending the family allowance and these other sort of payments. But isn't it ludicrous if we worry about the numbers of unemployed that we structurally create disincentives to become employed and that we structurally create disincentives for people to aspire to want to earn the dignity of providing for their families from doing so by making it more attractive to receive sit down money.

**Dr LIM:** So may I propose this question to you as the delegate. Has the Department advised government at all levels that something needs to be done to rectify this?

**Mr BEADMAN:** Yes we have Mr Chairman. I am sorry I'll give Neville a go. Look just one final thing and then Neville can add to what I've said and then come up with some more points. I just thought it remarkable that I heard in the week in the context of the GST trade-offs the Democrats claimed great credit to themselves in getting a 3% increase in rental assistance. Do you know rental assistance is not payable in remote Aboriginal communities?

**Mr STIRLING:** Sorry Neville, just for before you go. I'd like to see, I certainly would like to have something in the report in relation to road funding I agree. It has been a gradualist deterioration in the quality such that you can't get trucks over the track. It is always part of the yearly that you can. But the deterioration each wet season over the past 5-6 years is really marked now, so we've got to try and use it and we do have to and I think there has to be something in the report reflecting that funding arrangement that direct Commonwealth contribution to communities simply doesn't work and the work that used to be able to be done by Transport and Works on a greater scale than they can achieve and having the pool and the resources available does have to be looked at again, because it is just going to continue to get worse such as you will never get to the point where you can offer communities and otherwise goods and service high road that opportunity. So I think you raised that point in that you weren't sure how relevant it was. I see it as extremely relevant in terms of how you get the commodities and the produce out there and I will be aiming for inclusion in the body of the report something along those lines.

**Mr JONES:** I hastily suggest say from Transport and Works. I mean in terms of these things, when that issue occurred when it took place the adjustments to the program, the Office of Aboriginal Development involved with them that we facilitated the needs between your local government organisation and the land councils turned up, we struck out some sort of agreement to try and make virtually the original first hour type approach that we've not been involved in those issues since that time. So that is why I would urge the committee to seek someone from Transport and Works.

**Mr AH KIT:** I just want to make a comment on Bob's statement he said, but maybe we might wait till Neville, then we can come back.

**Mr JONES:** I was just going to respond directly to the Chairman's question about what they've done about these sort of factors in CDEP and incomes ...

**Mr AH KIT:** Sorry Neville. I don't know whether we made it clear, but that family allowance supplement, where, I mean the department is not going to pay that if the white or the CDEP person men, is not claiming it. It is not something that is going to turn up automatic. So I suppose what I am saying is

that agents in the department essentially needs to ensure that the agents out there, if they have agents, are in touch with the CDEP schedule of participants and is running the CDEP to ensure that if they have any dependants then those dependants the female need to be put in that form, so that they're not just trying to survive off the husbands under the \$90 gross per week, and that she does pick up that supplement, which I think would bring them to that level and they would be entitled to normally if he was on Job Start or unemployment benefits.

**Mr BEADMAN:** I think that's probably really the issue, but there's a question of whether or not claims are filled in on a timely basis. It has been my experience over 20+ years that the level of subsidy that comes from Social Security or Centrelink or whatever it is now to promote councils to employ a person to do that work is grossly inadequate. And probably the truth of the matter is that person is absolutely run off their feet with the documentation that's required in relation to the totality of schemes. How on earth can you be an expert in the totality of schemes when you are bush based and probably not highly educated to start with. I think it's a measure of neglect that in town you read about Letters to the Editor whingeing about that I was transferred from so and so to so and so when I rang up Centrelink. Well God, from the bush you can't even ring up Centrelink so rather than whingeing for waiting for more than 20 minutes whatever the yardstick is, you know you've got to deal with the locals.

**Mr AH KIT:** There is not much in the Centrelink Bob I think for Aboriginal people in the bush or for anyone in remote Australia to ring up the Department and get somebody in Tasmania or Geraldton or somewhere, and get transferred through to the regional office at Palmerston.

**Mr BEADMAN:** The replacement scheme if part funding of a partly trained person who does their best to try and cope with the nonplicity of the demands of the bureaucracy and they never work 100%.

**Mr AH KIT:** I mentioned in one of the debates that 33 agencies that a council clerk or a liaison officer has to deal with when these representatives come either from the Commonwealth Government, Territory government, statutory authorities both federal and Territory and others, this 33 I named as I say this particular person has to try and get across and be the host and look after and try and get meetings together. It is just too much for them.

**Mr BEADMAN:** Nobody pays for that service. That person can't get on with the council position that they've got and the duty statement there so somewhere we need to find the solution to that other bit.

**Mr JONES:** I might just say that the issues that was raised on the income equity side of that CDEP that they are still they're quite a lot of detail. The review of the CDEP program is done by Ian Spicer the former Chairman, Business Council Australia was published early last year, February March. Now I don't know what faction the Commonwealth Government is going to be taking those recommendations, but all the issues are quite clearly spelt out, and some of those family allowance things are just related to purely lack of knowledge, lack of awareness or capacity to do things. Other things such as parenting allowances and what Bob says rent assistance is not paid in the Territory. Those things, they are not entitled to them because on CDEP they are classified as employed.

**Mr BEADMAN:** I wonder how many carer allowances are paid?

**Mr JONES:** I just thought that I would bring a couple of things to your attention which were sort of behind the pre-submission that we made to you.

There's not been a lot really of studies in this particular area. A few years ago, and we haven't referred to

them, there were a couple of academic studies about the way in which community stores operate, but generally that's all the politics of about community stores and I think we are all familiar with various anecdotes.

The next one studies were done primarily through Territory Health Services. Their target was always nutrition issue, transports and costs were sort of a side thing. The most recent sort of data that's been available for this from James Cook University Consultants the Allen Group, who were commissioned by ATSI to look the impact of the original goods and services tax package. So to that extent some of their findings, depending on where you stand on the taxation issue, they might seem distorted or something because they were done for a different reason, but there are a couple of indicators.

Your terms of reference refer to whether or not, food prices of food groceries and household items are substantially different to comparable locations. Well first of all the only studies that have been done in Territory in relation to food, I am not aware of any studies relating beyond the indices that are used in the construction industry with the escalating costs as you move away from Darwin. I am not aware of any studies about what the price of general other household and grocery items are.

I am not aware of any direct studies, Maningrida Andy Clifford to somewhere in the Kimberley's. But the ATSI Commission study on GST did look at case studies comparing Brisbane, Mt Isa and Thursday Island, and there was a couple of interesting things came out of that.

Firstly the Territory Health studies were done on using the classic the fine basket of food, although health services definition of a basket of food is probably different to what statisticians use, because they have to look at a proper healthy food basket. The ATSI Commission studies just took by a point of view of weekly household expenditure on food and non alcoholic beverages. So in Brisbane such a basket on southern expenditure was \$107.10, in Mt Isa it was \$118.80, Thursday Island was \$160.65. So you can just sort of think from that to therefore there must be some sort of differential in Queensland or approximately equivalent to the differentials that exists here.

In looking at the compensation measures that were built into the GST package and of course nobody has done their work on these things since the most recent modifications. It was proposed that there be a general 4% increase in social security payments as one of the compensatory measures, and that there would also be a 4% increase in remote area allowance. Now remote area allowance of course is a tax rebate that you apply for. So one thing if you haven't got an income your not paying tax you don't get the benefit of that. So we've been having a look at that 4% 4% to a mathematical type calculation and worked out that a typical household in Mt Isa would in actual fact need another \$2.05 above those compensations to compensate the tax on food, because we know it is not going to be, well we know its going to be taxed, and that it would be \$1.69 on Thursday Island with the difference obviously that Thursday Island is Zone A, Mt Isa would be Zone B. So just pulling those figures out, those just reinforce the arguments that when governments set standards for levels of payment or incomes and that sort of thing, that there is these region distortions still creep into it.

**Dr LIM:** What would you say to the comment when in effect that you have welfare payments subject to need, rather than across the board payment, would you see essential items be increased in price because you got more disposable income, so the person is no better off out in the middle of nowhere.

**Mr JONES:** There are different, there are some hard edge factors here which nobody is ever going to solve. I mean in economics terms we say all things being equal, if you had the income would you live in

such a locality because of the high cost of living. You might be tempted to move somewhere else. That's a classic, not a classic, that's part of an overall decline in population and in services in rural Australia generally. But one of the things that's operating here in the Northern Territory of course is Aboriginal people's attachment to land, which is the reason why there is not the population drifts that occur elsewhere in the world or in Australia for economic reasons. That traditional action is overriding the ...

**Dr LIM:** No different than the Australians not living in Malaysia because you find you can buy more there, but we are attached to this land.

**Mr JONES:** Yes, I mean I think in China they are seeing 80 000 people a day leave the rural areas to head for the cities.

**Mr BEADMAN:** Mr Chairman, another answer to your question is that the cynics will add that in urban areas rents are structured in such a way as to maximise the payment of rent allowance and the landlords know full well what people's capacity to pay is and what income levels will attract what level of rent assistance and rent accordingly. But still of course in theory the extra money in the land will be if turned a better standard of accommodation and its that better standard of accommodation that is lost in the bush here rather than purchasing power per say in the storm. So its something that people will have to monitor. I don't think though that at the moment the pricing structures in the remote communities have got anything whatsoever to do with people's capacity to pay. They are to do with what the bulk purchase price is. They are to do with what the carriers are charging to get it across the ground to the locality.

**Mr JONES:** The reason I am sort of decided to this approx of the mat, not in all Aboriginal communities but those particularly on the coast, there is a what is defined as an economic comfort zone. I mean rents are subsidised if people have houses there. I mean it is hard in our real economic market in these communities anyway, so rents are subsidised it is substantially cheaper, pay power, there was not payment on health an so on, health cost, sewerage, water and a whole host of other things. So on one hand we are talking about national levels and it doesn't work for people in regional Australia. On the same token some of the nature of the lifestyle means that Aboriginal people don't carry a lot of expenditures, that a classic Australian family and if that can be aided and abetted through hunting and gathering and then with the receipt of other, for example people will talk to you about these things. They were saying in Groote Eylandt say your on unemployment benefits, you can catch a fish whenever you like it, you know you are going to get a cheque of a reasonable amount of money every few months that's sufficient at least so as to not attract taxation enough so that you get social security payments. So people are actually able to live in an economic comfort zone as the Comms do call it, despite the high food costs.

**Mr AH KIT:** David said in his evidence to us yesterday publicly said that we don't have any problems with it at all. The shop is good. The prices are about what we expect but we don't buy more food because we just don't have the money to purchase more and we need more. The question as asked how do you survive, and he said we are black fellas. In other words, the hunting and gathering which supplements additional food and also we share. That is part of the culture, nobody will see each other go hungry. But what he also made the point on about health was that but we are still entitled to our rightful entitlements, which we don't think we're getting at this stage because we don't understand t he connection with FAS and how it should be geared up quickly to move when somebody comes onto CDEP because the last thing they want at Ngukurr and elsewhere is people working out that they're better off going back onto unemployment benefits or Job Start or whatever you want to call it and not participating in the CDEP

scheme which is not good overall for the better development of their community. I think if we saw that happen across the Territory we'd be going backwards and people would come along in mass to the CDEP schemes to sit down on the day because it offered them more.

**Mr JONES:** It is interesting arrangement in Ngukurr, I mean Ngukurr is probably one of those communities that has probably made a much more constructive use of CDEP than many others in that its integrated through the council and its broken up into various functions and getting down to operations. They have actually used it to encourage a bit of economic activity, but you see some in economic terms the irrational behaviour in Ngukurr in terms of a store. First of all, 2 years ago David Daniels and his crew had the Northern Land Council in the Court over the arrangements for that store, which in fact has been leased to an organisation and the royalties being paid directly to a very small group of traditional owners, which is royalty based on profits or through put through the store. Not related as if you were in a town in terms of reclaiming of the lands to determine the rent. So there is an impost injected into the system straight away that the successful store manager has got to get over before he can make a profit. So his chances of ever reducing prices through efficient operation accordingly are limited. There is also 2 other food outlets in the community as I understand that is associated with the picture theatre and the swimming pool, and yet they adjust their opening hours with each other so that none of them are actually competing. I know it is a bit hard to talk about open market economics in a community of a bit over a thousand people, but there are 3 separate enterprises involved in food sales there and they adjust themselves so there is no competition. So you just wonder that some of these places just might, a place like Borroloola with multiple food outlets there, maybe some of these bigger communities like Maningrida could probably withstand some competition and who knows what might happen. Food prices might come down.

**Dr LIM:** Although the committee hasn't deliberated on the GST at length, I note that initially there was some kind ... ..

**Mr JONES:** Well we don't regard ourselves as tax experts. It relates to the comment I made earlier on. If I am want to look for information about this, the most recent examinations about food pricing in Aboriginal communities in Northern Australia has been done in the context of the GST.

**Mr BEADMAN:** That was the early version of the GST.

**Mr JONES:** That was the only forecast you could get sort of any figures from. But there is an interesting element there, because, and its been an argument that has only just survived, that the original GST package was going to maintain rebates on diesel fuel, and that's very important in terms of transport costs. Now if the Democrats had had their way totally, that would have been removed but now there is a compromise there. I have no idea, I have heard that the scheme that they are going to run with is not the original scheme, it has got a bit complicated Democratic thing, where's it trucked from, where's it going to, how's it going?

**Dr LIM:** Its one of the reasons why the community has not been able to deal with it in detail either because we don't know what the detail is going to be.

**Mr JONES:** The other issue there is that there might have been a rebate available on avgas and a number of these communities rely on air transport particularly for fresh foods and this is only anecdote but we can't sort of prove it, but there is lots of experience and observations particularly the really small places in Central Australia. They go belly up frequently and no truckie can deal with it, and the next

minute its almost on a chuck in cash thing. They're using airplanes to fly the stuff in so if it was going to be an increase on taxation on avgas well obviously we'll have a bit a proportional of impact into remote areas.

**Mr BEADMAN:** The point 2.3.1 of our submission we have quoted from the Territory Health Services where they found 40% of food expenditure for remote communities goes to fast foods and obviously the current emergence of the GST as we heard about in the last 24 hours comes to be a reality then that's just going to have a stabling affect on prices out there.

**Mr STIRLING:** Whatever the final outcome of the GST is the complexity of managing it at the store level with your committee as you point out in your submission. In many cases the skills just aren't there now, and if the store doesn't comply with all of the reporting mechanisms of how you get your rebate back and the GST actually got absorbed in the business, as it might if the store management is not doing the right thing by themselves, it can be becomes, either you are going to go broke or the costs will go up again won't they because they are getting caught they are not getting their proper rebate back.

**Mr BEADMAN:** The saving grace is that I don't think they see many tax inspectors out there either.

**Mr STIRLING:** There has got to be some sort of return money.

**Mr JONES:** Well I think there has been tended in those issues has probably been very soft treatment of Aboriginal organisations over the years to their longer term detriment. But they did compel the public to face up to read a few things.

On that point, if I was you I would be contacting the Arnhem Land Progress Association and also the Arnhem all stores out of Alice Springs, these are 2 organisations that are operating in a basis.

**Dr LIM:** now, Red Centre Wholesalers came to speak to us about what they do in Central Australia which we found very encouraging. Des Rodgers, and the Elders come tomorrow.

This is just comment, I don't expect any response. But I am surprised that there is so much fast food consumed in bush communities. Leading to nowhere, I mean why this country ... hours they always find deep fried fast foods. It is quite tragic.

**Mr BEADMAN:** Yes it is, particularly when I just had to be, debate about this committee in the Assembly in the reporting out that there are places out there where a cooked chook cost twenty four bucks.

**Mr AH KIT:** I have run across a community in my electorate that's had through an adviser providing advise to the Town Clerk where there is a contract for the shop for 5 years with an option on the shop site to be renewed for a further 5 years with an option for a further 5 years, and this community has 400-500 people. It's the only sort of income raising economic going concern within the community itself, but they're not getting much back and don't look like it for the next 15 years. I think that those sorts of problems somehow need to be addressed hopefully by the appropriate authorities and by the department because...

**Mr JONES:** Presumably that lease though has been sanctioned by the Northern Land Council, under the *Land Rights Act*.

**Mr AH KIT:** I don't think it is. But that is the lease. You got as much experience I suppose with the

*Land Rights Act* as I have, but I don't know whether the lease that has been entered into can be argued that it is not un-voided if the Northern Land Council has not sanctioned it.

**Mr BEADMAN:** Are you talking about the ...

**Mr AH KIT:** No, Minerrie.

My advise to the Town Clerk was to go back and look at the AGM and try and include something in and get some legal advise and then include something in the constitution, amend the constitution to give you some protection. This bloke was specially there providing advise as Len Dobson said and now the community is stuck with a 15-14 year lease which was tax debt opportunity away.

**Mr BEADMAN:** I agree with you.

**Dr LIM:** Now I am not trying to tell not to be, because I am not even away what the department is doing fully, so I am speaking on ignorance, but this is where education or some proactive way that the department could look at training communities to prevent such...

**Mr BEADMAN:** Mr Chairman, that's why I raised with Mr Ah Kit the role that the NLC might have in a lot of this. There is just no way known that we will ever have the capacity to operate out there as policeman on the sorts of entrepreneurial arrangements that are worked out between Aboriginal people and people from elsewhere. But just to give you a dimension to another one, I can remember Mr Ah Kit and I talking a couple of years ago about a case in Central Australia where a particular store manager reckoned we were persecuting them, and in fact we were concerned about the arrangement where the store manager got a bonus based on profitability which had led to circumstances where the store manager purchased out of date goods in Alice Springs at dumped prices and that's what was being sold to the locals. Sure profits had been maximised enormously, but at what cost?

**Mr MITCHELL:** I was just going to comment that a lot of the stuff that you started off with 5 minutes exactly, as you surmised, that the community has found out both in Central Australia and the Top End, and its really it's a bit of a dogs breakfast I suppose for want of a better word, in as much as there are so many different communities that all run completely differently to one that might be 100 kms up the road, and how that's addressed is just something that is going to be a huge problem. I know this community doesn't really have the capacity except to highlight those types of things which we will certainly be doing when we finally come up with our report, but in the meantime it will be interesting to see if there was something that could be done to bring everything together and work in a common sort of managerial area.

**Mr BEADMAN:** I don't know how fancy this is...

**Mr MITCHELL:** Because at the bottom at the end of the day the people on the ground will suffer.

**Mr BEADMAN:** I don't know how fancy the report is, but I think the local government reform measures in the longer term maybe the key to third management locally. I mean at the moment you've got a multiplicity of small fragmented isolated islands of local government management, whereas the reform agenda is about bigger, more viable, more representative bodies. While you've got this multiplicity of small bodies you've got everybody competing against one another for available resources. Anecdotaly I just a few weeks back now, there is 28 separately incorporated groups in Yuendumu for goodness sake, madness. There would probably be in that order down the west coast. I can envisage, and

this is probably fanciful, a big representative body that is at once a local governing body for a large area, a regional authority under the ABSGA, a land council under the *Land Rights Act*, with statutory responsibility under the *Health Act* and the *Education Act*. A regional government in every sense of the word. A regional authority if you like. Its got Commonwealth responsibilities, its got Northern Territory Government responsibilities, but which is properly elected having regard to Aboriginal tradition and weighted with population so that you've got the mix of residents and traditional owners, and which takes on this wider role, and you can division off I suppose your land responsibilities from your store responsibilities to your local government responsibilities, but its all under one management structure. It could overcome this problem of 2 graders each in its own little lock up yard 50 yards apart. So that's the sort of a the broad canvass of the possibilities of local government.

**Dr LIM:** In a narrow context if one community had the store that was under the governess of the council, whether it be the direct council therefore he suffer immediately, the store committee has to report to the council men and hence all the financials has got to go through council and through a proper audit system rather than just a proud audit to whom with responsibilities that are thought rather. Now that might be a structure that could bring some accountability of the store to the cold committee our community, whereas the other one where you have a committee responsible for the store, that's generally just make the private community, but really hasn't got any other structure apart from the cooperation really it's a no mans land. In fact that's one role of a council control where it comes to a community store appeared to me to have the best option and best benefits to the community. One thing with the strict policy was the minimum mark-up possible to service the store in, and all the profits are made out of that store. No profits at all. By doing that it allows the low welfare income to purchase the maximum amount of food possible.

**Mr BEADMAN:** That's the best model and especially if tucked into some consortium to increase buying power and achieve economies of bulk. And to the extent that there were profits in such an operation then they would be in the accounts at the council provided for community benefit.

**Mr AH KIT:** There would have to be some I suppose percentage of profits, I don't know whether there should be a great deal, but I suppose you have got staff...

**Dr LIM:** The profits cover the whole operation of the store, that's what I am saying. There were profits made to cover that.

**Mr AH KIT:** As said the other day, that shopkeeper was saying we put a couple of hundred thousand or a hundred thousand a year for the next 10 years we could build a new one, but in trying to obtain it from government to build the next store. Look what happened at Numbulwar there. They've got the money now, but at the moment they are operating out of a tin shed, and while they're waiting for the new store building to be erected.

**Mr JONES:** Where \$27 000 a year is paid to a single person as a royalty on that store.

**Mr AH KIT:** Well that opens that up. I mean you got Numbulwar, Ngukurr and where else is there?

**Dr LIM:** I am also aware that in other communities that they've ripped off nearly \$100 000 in royalties a year, and that's a lot of profit.

**Mr AH KIT:** Well Mr Chairman, I just made that point that opens it up for a bit of discussion now. Okay where other than Ngukurr and Numbulwar are these. If we want to look at your recommendations



at the introduction of the GST, hang on, back here to where is it 3? We are looking at the cost of food into the community stores and we are looking at the system that the stores have at the overheads and stuff like that, if they need some money there. What I am trying to get at is that I know that Ngukurr and Numbulwar has this problem, and I am looking at what other places in the Northern Territory do land owners have through the Northern or Central Land Council, arrangements in place for lease monies to be paid for them for the ...

**Mr JONES:** I don't know. But I mean the Arnhem Land Progress Association is organised on different grounds, but it actually pays basically I suppose its community stores are shareholders of this, so it pays a dividend back to these stores in the case of profitability.

**Mr AH KIT:** How do they do it? They don't pay no land owners they pay...

**Mr JONES:** It does flow back to landowners I think. But actually they return a dividend to each constituent community.

**Dr LIM:** So when you talking about Ngukurr the way I heard it, it goes to the NLC and the NLC disperses the money accordingly, but I also have heard, and I do not want to name communities, but down there the money goes direct from the store to the traditional owner of where that particular ...

**Mr JONES:** Well that would be highly illegal unless it written it up Mr Chairman in the contract. The lease agreement, that is like money...

**Dr LIM:** At least that is what is implied and at the end of the day the gross profits of the operation is zero. That's the thing you look at. What's your land purchases, what are your gross takings, and say where is it. Well its not there. That's the problem. As soon as some one has created that something is going on somewhere it has to be the research you look at. Now, who is going to be responsible that's another question.

**Mr MITCHELL:** All in all I think what we're all saying here is that there is a hell of a mess out there particularly in the Aboriginal communities as far as the stores because there are a lot of influences coming in from outside the communities that directly affect what goes on and its just something that what you've said here today will give us a bit of thought that we can possibly make a few recommendations along a few lines. We have a situation, just one for example, yesterday a particularly community that turned over \$1.7m that was their income, their outlay was \$1.2m and yet they said they still had a loss at the year and their mark-ups were based on anything from 50-80%, now based on that the minimum amount even if it was all 50% would be \$1.8m income. When we asked them about that discrepancy they said well, they looked around for a while and then they walked out the door. People steal things. So that is just one example of it, and even though we are to toss a lot of things around here this afternoon its what you said here, there is a lot of merit in that. It is something we really need to focus on.

**Dr LIM:** The committee is sort of aware of those things, but to try and find a process where we can investigate this is well now impossible. That's the problem. Whether there is a government body that can be brought to the office of ... .

**Mr JONES:** Well you have a fairly limited capacity. Its only in recent years very recent years that that organisation has actually ventured out into the field. Now at the risk of introducing other issues, Mr Beadman refers to a division of the regional governments, the same things with recommendations in the

Reeves Report cause he also talks about regional governments. One of the problems he talked about there was the undesirable multiplicity of incorporated associations and the lack of accountability and the lack of enforceability by either the Territory or the Commonwealth Incorporation and its legislators. Its all part and parcel of the same thing.

**Mr MITCHELL:** So what you are really saying to I suppose is that there really needs to be a well coordinated approach to all these sorts of problems in all the Aboriginal groups, particularly the land councils as well as governments to try and address this.

**Mr BEADMAN:** I think rather than see this as reserving sinecures whether those sinecures be by a single person getting royalties for a small or some other person gets use of the vehicle then what we're hoping for is that people in the end will get sick of this and will start to see the wider benefit for the better level of corporation and the ability to police is extremely limited, given the nature of land tenure, and that's the way it was intended, to empower traditional owners. Now what you find is that the person with the most self-interest and intent, the expatriate employee with his own interest at heart is also one of the cleverer types in terms of manipulation of local people in authority. So that there is a bit of palm greasing involved in it, and the consequent reluctance to expose these sorts of things. For somebody to come from town out there and inquire into this your told you can pull your nose back out of this, this is nothing to do with you.

**Dr LIM:** Well in fact at one community the community itself felt that. We were a small party of people that came to speak to the community and we were not told in any specific words, but the matter of fact was where we came from.

**Mr JONES:** At the end of the day we are dealing with Aboriginal communities in remote areas, they have all the disadvantages that any community would have in a remote area in business. They have an added layer of uniqueness to them because they are Aboriginal communities. So if you've got a community store operating there, that exhibits all the worst features of a monopolistic structure that you're only to get rid of if you get peoples competition. But maybe these places are too small for competition, so therefore it has to be some new mechanism developed to control these things. At the same token community stores aren't a new thing.

**Mr MITCHELL:** Everyone of the generation, because there are some that actually operate reasonably well, with a lot of benefit back to the community.

**Mr BEADMAN:** In a community with 1000 people and it's the sole outlet in that locality and you've got an honourable sort of person employed as the manager, you can minimise a lot of the affect of the concern of this committee that those ideals are very few and far between. But they're not all crook, you're quite right.

**Dr LIM:** Well if there's nothing else gentlemen.

**Mr AH KIT:** With your recommendation I think their submission certainly highlights the concerns of the reality out there in Aboriginal communities. I am more I suppose hopeful that an overall sort of maybe through the department will look at the recommendation for that introduction of the GST will have an inequitable affect on remote retailers and food prices, increasing the urgency with existing remote areas food pricing areas will need to be addressed. I am sort of saying well how do we then go about addressing this, knowing that a GST is coming and as from 1 July, and my understanding so far is that we haven't go things in place that GST is not going to be beneficial to people in the bush, and that

could be a wrong statement, but I just think from my understanding of it it is going to make life a lot harder. If we looking at today, looking at your submission and saying 200% more and 15% in a basket of food prices in Darwin and we are looking at acknowledging that the pensioners cheque that they receive in Sydney goes a lot further for many reasons than the pensioners cheque that they receive at Ngukurr and we acknowledge all of these concerns that are raised in what people have been telling us in many of the Aboriginal communities and also that's in your submission, then we really do have a cause for concern. I just wonder whether there can be a government approach maybe even if we pick up in one of our recommendations. Where it is my feeling that Aboriginal people in terms of road transport stuff that if they need to wait 5 years for a road for some funding to give them an all weather access road which is not necessarily bitumen and its on the drawing board that people would accept that in the wait of the 5 years. It is just no knowing when and what the forward planning is that's happening. That's what people in the bush are looking for so that they know in 5 years time there is a promise to put in some sort of road that will make life easier, then they don't have to barge things in like they do in the wet season at Ngukurr.

I just thank you all. Your point properly made. I understand that you can't with your department police these areas in terms of that situation I put forward in regards to the 5 years plus 5 years, plus 5 years, but I wonder if you can check back through your community government schemes whether there is a clause in there that provides some protection from the council rather than - I don't know whether this is a community government council area, I don't think it is. No, they're not, but where there is so that there is some sort of legal protection that look after them and not the person entering into an agreement.

**Mr BEADMAN:** It is quite clear in my mind that the protection lays in the *Land Rights Act*, section 19.

**Mr AH KIT:** That's become Aboriginal lands maybe since that, its become Aboriginal land after that.

**Mr BEADMAN:** It doesn't matter.

**Mr AH KIT:** It doesn't matter, okay. I thought I'd raise that with you.

Thanks anyway for your support.

**Mr BEADMAN:** Mr Chairman, if you're about to close, I just want to close if I may in pointing out to you again, that by one study that the prices in the bush 200% higher than capital city prices. That up to 40% of food expenditure in remote communities goes in fast foods, that already 50% of family incomes at present is estimated to be spent to on food. Now that's going to go up further if there is a GST effect on fast food.

In terms of little old OAD with its 24 telling you how you might, or yourself, the march of the GST I think you'd get bowled over.

**Dr LIM:** Well we'll take those comments on board Mr Beadman, and I'm sure people ...

Thank you very much for your submission. I thank the lot of you. I appreciate your time, and we'll talk to TW and see whether they can do with that ...

---

**Coles Supermarkets**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

## PUBLIC HEARING

COLES SUPERMARKETS – Thursday 24 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Alan Williams; Managing Director

Ted Moore; General Manager of regulatory affairs,

Zlote Angeloski; Area Manager of the NT

Coles/Myer

### **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Well I reconvene the hearing on the Territory Select Committee on Food Prices, and welcome Mr Alan Williams, Manager Director of Coles Myer Ltd, Ted Moore and Zlote Angeloski.

You have been here most of the day, you have heard my introductory remarks. I suppose its worth while repeating that witnesses of this committee are covered by parliamentary privilege so please feel free to speak frankly about any of the issues we have covered today. A transcript of the recording will be sent back to you for your perusal and correction if required. Your written submission and your oral submission will be incorporated into our report which will be tabled in parliament on 19 August. We don't expect witnesses to take an affirmation or an oath, however we expect the witnesses to be truthful to the committee and if there is any issue that you want to, or any information that you want to provide us in camera please let us know and will organise an in camera session to accommodate your requirements.

On that note I will hand over to you.

**Mr WILLIAMS:** Thanks Mr Chairman. Good afternoon everybody. Just an explanation on my side here Zlote Angeloski is the Area Manager of the NT and the North West of Western Australia which is a relatively new position we created about 6 months ago. Ted was the General Manager of regulatory affairs and Ted assisted business in preparation in representing the company in such matters as these etc,

and you know my job.

Thanks very much for the opportunity. I am also the Managing Director of Coles Supermarkets but I am also authorised to talk about Bi-Lo who is I guess a sister company to us, although Bi-Lo operates totally ... from Coles, has its own managing director who reports to the Chief Executive Officer the same as I do. But it is only a relative small business and as such we made a decision that if there is any issues or an queries that I could represent Bi-Lo and a lot of the figures that perhaps we will be talking about this afternoon will also cover Bi-Lo.

From the first moment the inquiry was announced we certainly welcomed it. There was several reasons for that. Number one was the opportunity to really set the record straight and answer the concerns that have been raised by both the public, politicians and also the media. We understand why the committee has been formed and we have taken and given an assurance to the government that we will treat this committee very very seriously and that we will try to cooperate with it as much as we possible could.

**Dr LIM:** We assure you Mr Williams that you did ... very professional and very forthcoming with information as we questioned. Thank you very much for that.

**Mr WILLIAMS:** Obviously from a lot of the commentary that was coming out we had some real concerns about the impact it was having on the customers, our staff. After my last visit here for example I wrote a personal letter to all our staff in the Northern Territory because we were very concerned about things that were being said to them in the stores and being said to them from outside of the company, so we were concerned about that. So we had the staff and we were also concerned about the ... to their company, and the perception that was being created of it, and for Coles or any of our businesses to be on the headline news for I think it was nearly 10 days is just something that is quite unique and quite unusual. So we were concerned about that.

We were very very concerned about some of the information and some of what we believe were misleading and very narrow price surveys and I will talk about that a little bit later if I can. We make commentary in our submission and believe in our products as far and reasonable. We provided a reasonable amount of confidential information in Ted's bag there is several big folders which we are quite prepared to go through with the committee. I think most of the financial information you may be seeking we may be able to provide you with this afternoon, but if not we will give it out to you very very quickly.

Our prices that we charge up here really are a reflection of the cost of doing business up here. I will make some further comments about that. We have had meetings with both the Chief Minister and the Leader of the Opposition and we have shared some of the confidential information with them, and we have provided you with ... in our submission prior to that. Price, Waterhouse Coopers have independently vetted all the figures that we've provided you.

In regards to cost and a lot has been said about the cost, but we make commentary in our submission that we believe our prices are fair and reasonable, we provide a reasonable amount of confidential information, Keith's bag there is several big folders which we're quite prepared to go through the committee. I think most of the financial information you may be seeking we may be able to find for you this afternoon, but if we will then have it to you very, very quickly. Our prices that we charge up here really are a reflection of the costs of doing business up here and I much prefer to comment just on that.

We've had meetings with both the Chief Minister and the Leader of the Opposition and we've shared

some of the confidential information with them and we've provided you with that in our submission a lot of that, and Price Waterhouse Coopers have vetted, independently vetted, all the figures that we've provided here.

In regards to costs, and a lot have been said about costs, but the facts are that it costs us 9% of the ratio percentage of sales, it's 9% more costly to run our operation in the Northern Territory compared to Adelaide. Now, we have compared ourselves to Adelaide. Adelaide is the capital city which supports the Northern Territory, it's where we draw our stock from because as far as land miles go it's the surest route.

Darwin is a small market, and I think that's one of the key points that needs to be really flushed out. Based on that there's a higher ratio of fixed costs. Because of the isolation there are a lot of things that do impact on the position of stock holdings, for example. How stock in Sydney, Brisbane, or Melbourne or Adelaide, wherever, we get deliveries within a 12 to 24 hour deadline. Our loads up here, depending on the product can take from 3 days to 5 days to get to the stores. We don't get as many deliveries into our stores as we do in the metropolitan stores. A store, perhaps say the size of Palmerston, in the Adelaide metropolitan area or Sydney metropolitan area, we would anticipate that that store would get 6 or 7 deliveries of fresh fruit and vegetables a week. The stores up here only get 3. That means we operate on larger store rooms and we need additional refrigeration space etc.

It has been discussed this morning that shrinkage, there is certainly a higher shrinkage there certainly is higher shrinkage in perishable areas and that's not just in fruit and vegetables, that includes dairy products as well.

There are such things as higher marketing costs and that's based on cost per head 1000 of people.

Transport, that's probably been done to death and trialed on numerous occasions in the press, but it is an expense we, our transport costs are nearly \$9m a year. Really, one of the major problems is probably the fact 50% of the truck time is actually spent returning back down to Adelaide with virtually no loads, and that's one of the issues. During the drama seasons up here some of the transport issues ...

**Dr LIM:** Could I interrupt you there? Just get a bit of interpretation of the transport. Some of the produce and manufactured products into your stores in Adelaide would be free to store, so that 10 times the transport, the freight costs is essentially is because Adelaide to Darwin and ...

**Mr WILLIAMS:** I will just use an example. Say, Kellogg's. They manufacture in Sydney, and that's the type of family that the cost of a carton of Kellogg's Cornflakes, say \$10. They will provide that space what's called free into warehouse and they will provide that free into warehouse for Brisbane, obviously Sydney, Melbourne, Adelaide and Perth and also they will provide it free into Launceston for us. That product they will not and none of the stores at the market here, they will not provide free into warehouse, so, if freights costs to move that product from Adelaide to Darwin is \$4, that means the landed cost is \$14, not the \$10 that we would expect.

**Dr LIM:** Perth is further away from Adelaide than Darwin.

**Mr WILLIAMS:** It is, but Perth's also a big population and Perth sees a population of nearly 3.5m people and there is a rail link all the way from Adelaide to Perth as well, and most of the manufacturers do use that rail link. Some goes by road, certainly, but a hell of a lot of it goes by rail.

**Dr LIM:** So we can do better than that coming down from Darwin to Alice.

**Mr WILLIAMS:** I don't want to compromise it, I would want to see the rates they charge first. But, it is a point that, you know, that Perth example has been used on several occasions and the fact is that there are economies of scale for Kellogg's, say, for example, they can send 2, 3 container loads per day across the Nullarbor and it's a viable option for them to do it, and it would be cheaper for them to put it into the Sydney warehouse versus a Perth warehouse it obviously would be, that's the way the industry has structured itself and provide free to store. I was asked yesterday what population base Darwin would need before we could start getting premium store rate? I suggested that it probably somewhere near the population of Tasmania for us to really make it viable. We have had discussions with major manufacturers about bringing product free into warehouse into Darwin and it's just not economically viable for them, so ...

**Dr LIM:** Tasmania is also a state your not talking about Hobart or Launceston, you're talking about Tasmania ...

**Mr MITCHELL:** Operational costs

**Mr WILLIAMS:** Well, Tasmania is around about 400,000, it's actually contracting, but they have distribution centres in Launceston, so that's one significant difference between Darwin and Perth and the other capital cities.

Rent. Our rents are substantially higher here and that's mainly due to additional construction costs. Depreciation is also in the area alot higher construction costs, costs us more to fit out our stores here, we require additional refrigeration space because we only get 3 deliveries of fresh fruit and vegetables a week and our suburban stores only require a fairly small refrigeration space because the stock is basically delivered to the back door and within 2 to 3 hours it is on the counter whereas here you need to store it, so they're additional costs that we incur. That also impacts quite significantly on electricity costs as well, and the unit rate here is certainly higher than the other capital cities, but also our usage of it, and it's not just because of the air conditioning, it's because of the additional refrigeration and capacity we need to have to store our products. They are quite expensive to run as well, and things like sundry expenses, there's a whole myriad of things that are in there that are all more expensive than what we find in the other capital cities and the majority of stores.

Pricing. I would just like to spend a few minutes on pricing. We set a standard price structure by state or by region which enables us to get a reasonable return on the money that we've invested, but also allows us to offer reasonable value to the consumers and remain competitive. Store managers have some discretionary power to drop prices that could be to meet localised competition, it could also mean if there's a product that's running short of code, running short of its used by date we'll mark that down because some of the fruit and veg are starting to lose it's bloom etc they can mark that down as well ...

**Dr LIM:** Just a cynical question: Do you up your prices so that the local manager can drop them down?

**Mr WILLIAMS:** No. Our store managers have no authority to raise the prices above our list price.

**Dr LIM:** Well, your list price, your list price are a little bit higher than sort of average so that the local manager can then drop them down?

**Mr WILLIAMS:** No. We believe the prices we set for a group of stores in whatever geographical area it

is, we believe that generates profit and that's the return we need, there's also going to put us in a situation with the prices we are operating and that does vary from state to state, it varies from region to region depending on the cost that we do incur. It's also very important there's a value offer there and that includes a myriad of things, pricing is very, very important like health and hygiene, recent supermarket research indicates that it things on top of the mind of customers is food handling, health and safety issues and that's with particularly some of the food poisoning that has occurred recently in Victoria and New South Wales, and it's not just specials ...

**Mr AH KIT:** Can I just correct a use by date? When the date arrives, the use by date or best before date, the use by date one is more so, what happens then, it comes off the shelves and ...

**Mr WILLIAMS:** If it's used by, we have provided you with an actual copy of the charts that we use in our stores on back of the submission. For example, if it's a use by, the could be a product there, and I'm just talking a hypothetical product, it could have a use by date of 30<sup>th</sup> of this month, depending on what product it is we would want to sell that by 28<sup>th</sup> or 25<sup>th</sup>, whatever it is, to give the customer a reasonable chance of using it. If we go past that 2 day deadline that we've put on that particular product and we haven't been successful in moving it through the system, we basically destroy it and throw it out.

**Mr AH KIT:** So it goes to the back of the shop? Would the stuff be, in those 2 days or whatever, people come in and purchase that stuff, do you get many people come in from out bush, store managers or whatever?

**Mr WILLIAMS:** Not that I'm aware of, no. We would not consciously want to sell any out of code stock to anybody. We have had arrangements where we've given it to organisations such as the Salvation Army. But if it was use by 30<sup>th</sup> and today was the 1<sup>st</sup> of the month, you would not give it to the Salvation Army because we couldn't guarantee the safety of that product.

**Mr AH KIT:** It's just that some Aboriginal people have mentioned that some of the stuff you're getting on the shelves out there is the shop managers coming in and making a saving somehow by purchasing some of the stuff out the back and getting it back so the use by date has expired and it's still on the shelves and for consumption.

**Mr WILLIAMS:** Well, it shouldn't be. It would be a breach of our guidelines and our policy ...

**Mr AH KIT:** That's your policy on ...

**Mr WILLIAMS:** It shouldn't be happening.

**Dr LIM:** You heard Mr Beadman mentioned that it is now about somebody in Southern part of the Territory, in fact buying out of date goods at rock bottom prices and taking them out bush and selling them and making huge profits.

**Mr WILLIAMS:** That can be very, very dangerous, I mean, use by dates are there for a specific reason to keep the quality aspect but also the health aspect of it as well. I mean, you can have a packet of spice or something and it's got 3 years on it and it could have gone over its use by date and that's probably not a health issue, but certainly it's a quality issue. But when you get things like cream and dairy products or particularly sliced and packaged meats, they can be very, very sensitive and it's just not worth the risk of allowing anybody to purchase that product.



But, just going back onto prices again. We're probably facing a bit of a dilemma. We were headline news up here a couple of months ago that we were ripping people off. I think we've also been accused of poaching the pricing structure, and that does cause us some concerns. I mean, the parliamentary inquiry was mentioned today. Obviously, we're participating vigorously in that, but that's really about us being dominant if you like, and perhaps being very, very aggressive in the pricing structure and really when we come up to the Northern Territory we get accused of probably the opposite of that, although I'm not quite certain what I was being accused of this morning, being too aggressive or perhaps not aggressive enough. That is a dilemma that is not just involved in the Northern Territory, that is a dilemma that we face across the board.

**Dr LIM:** Perhaps your competitors are saying that when it needs to be predatory big chains can be and once the perdition is over and conflict is not there, you can then become, you know ...

**Mr WILLIAMS:** Well, I mean, we strongly refute that because our competitor is not going to go away and our major competitor here is unashamedly it's Woolworths and we compete very vigorously and if we don't, the customers will tell us and if we don't offer the right value, they leave us, and I can talk about Coles Supermarket's history over the last 15 years in the late 1980s, for whatever reason and there are a lot of reasons, the business was not focused on customers, it was not focused on the value it should be offering, we weren't doing the right thing by a lot of suppliers and the eye was really off the ball and, for whatever reason, we made the decision to move away from the competitive scene and it took a little while but they started to leave us in droves, and it takes years to get them back. You know, the customer is the person who really is the judge and that's something that you either respond to that, you either make sure you've got the value of there or you suffer and you pay a big price. It's really, it's probably insulting to the intelligence of our own people and the customers to say that if competitor A or competitor B leaves the market we're going to stop competing with each other, because you just, you know, with your prices that's not going to happen.

Some of those comments you heard today were echoed in the Victorian Parliamentary inquiry, particularly by NARGA and their commentary is once the independents leave the marketplace the big boys will become less honest, less competitive and then they'll raise the prices. That just does not make sensible commentary to me because we are now, our price structure is cheaper than the independents: Woolworths, Coles, Franklins, we sit below the majority of the independents. They are not keeping us price honest. The customers are keeping us price honest. I think that's an important issue or point.

**Dr LIM:** If I can just elaborate on this point a bit more. Take for instance the deregulated hours. Comment has been made that because of deregulation and yourselves and your other major competitor can open for attentive hours the corner supermarket cannot do that because they've got a fixed amount of hours they can man the shop and all that so they have to close earlier or they close around the time their profit margin drops because people are shopping with you instead. What can they do but to push the prices up a little bit to maintain their profitability to survive? Then you come along and now accuse them of watermelon is now tolerable at 45¢ instead of, you know, 25¢, we will now up our prices to nearly the same because that's what the market can tolerate. So, automatically everybody now has a higher price for the same goods, whereas previously had that shop been able to maintain it's lower price because it's making enough profit to survive you're going to have that a .....53..... How would you comment on that?

**Mr WILLIAMS:** ... as a general rule we don't price check small corner stores and independents the only

reason we started to check the prices of the local supermarkets here in Darwin was because they were making some claims about how competitive they were against our prices, so we started to have a serious look at those amounts we have totally ignored them.

But, I'll just backtrack a little bit and just go back to our pricing. We're carrying in some of our supermarkets, we can carry up to 65,000 EKU's or different lines; on average we're probably around about 40,000. Probably our Palmerston store has got somewhere about 40,000 and Casuarina's got something like 40,000 lines. As a general rule we would price check approximately 30 grocery lines every week with our major competitors, and over a month period we would basically look through every line that we're selling to price check it. There is merchandise that we check every week, which is the volume selling lines and, if necessary, we would be checking the competition every hour if we thought that was needed to ensure that we were offering the correct prices for the consumer.

But, that pricing structure that we set is really based on a again the need to generate that margin to give us that return and it's our product mix that allows us to generate the sales and the profit from those sales. We check a major competitor or 2 major competitors. If we went out and checked the marketplace and met everything out there, basically there wouldn't be any profit.

Now, I'll give you an example of what I'm talking about. When I arrived here Tuesday afternoon, I spent most of the afternoon visiting some supermarkets – none of ours – I just went around and looked at some of the opposition, major opposition, and some of the smaller stores. Tomatoes sold in all of those stores. The price of tomatoes, the standard tomato, ranged from \$1.99 a kilo to \$5.99 a kilo, albeit quality did vary from store to store, as well. Now, it's pretty hard to say: 'Well, what are you going to be, \$1.99 or \$5.99?' or the price that we will say \$3.99 is the price we've structured and that's the price we would hold at, again we would get our return from it, but we would not necessarily swing upwards or downwards on a line, we would want take a decision on that and I'm talking regular and structure our regular price.

On our pricing, though, we could have anything up to 2500 to 3000 lines on special. Some of those are weekly specials; this week I think we've got a major event caused this week by the major month promotional event, I think we've got something like 500 different lines advertised in our catalogue. Last week it was probably half that number, but we'll have lines on a weekly special, we'll have lines that are on a monthly special and then we'll have some lines that could be on a 6 week or 2 month in-store promotion that the supplier wanted to promote his product or for whatever reason there is to move that product. So, there's a lot of lines moving on and off special as well, so that also adds interest for the consumer, but it can also cause some confusion in what is the regular pricing and what is the regular price.

I want to talk about our pricing surveys, too. I think there's a real danger in the way a lot of pricing surveys are conducted, and there's a real danger in small surveys and I think we've seen it in many places and we've certainly seen it here where somebody will go in and do 1 or 2 prices of 2 products and then that's a price survey, without looking at the overall basket. And that's really what we're on about when we're checking our competition and setting our prices, it's not necessarily that particular item or that particular item we are talking about, it's the overall basket that the consumer takes through the checkouts.

Again, when we were up here a few months ago it was either the Chief Minister or the Leader of the Opposition that had 2000 top selling lines. That basket of goods was what we were selling at in Adelaide,

I think it was over 6% dearer than what it was in Adelaide, but if you start, and the danger is that people are cherry-picking and just to use those tomatoes as an example, \$1.99 for tomatoes, that person, that store's entitled to do that as part of their marketing strategy or part of their overall strategy that they want to use to drive their business. That's fine, but if you're going to do that you need to check the toilet rolls as well, because the toilet roll price, I checked a line of toilet rolls and they ranged from between 50¢ and 60¢ difference from stores. That's the sort of thing that we really need to have a look at.

You know, I think in terms of Life. Be In It survey and we've done a lot of work with Access Economics and we've put that in here and we think we've really called that into question. I think if you want to look at a more creditable price survey certainly the Choice price survey is one to look at, and if the prices in Darwin were 9% dearer than Adelaide and about 3% dearer than Perth, so that brings up, starts the reckoning into some perspective.

Trading hours is another issue. We open our stores because firstly there is a customer demand for it and secondly it makes financial sense for us. I get a little concerned when people make comments that it can't be practical or it can't be possible for a supermarket to open a store without incurring additional costs and they haven't actually asked to see our model or our staff structures, that does worry me. But in saying that average costs have not gone up as a result of extended trading hours and the vast majority of our costs are fixed costs, and I think you touched on that earlier. There is only a very small percentage of additional wage costs that we actually incur, but we also save money because when you close a supermarket down there is a close-down procedure that you've got to go through and then there's an opening-up procedure that you've got to go through, so we cut all of that out. Those additional checkout operators that are there, yes, sure they're additional, but they're also in return we have been able to generate additional volume and if you go into our stores at say 3 o'clock in the morning and you're going to say 'what the hell are these guys doing open, there's no customers in here', but we were in our Casuarina store yesterday, we met the Chief Minister out there, and it was about 3 o'clock and I thought we'd scared all the customers off – sorry, the Palmerston store – there's was no customers hardly in the store and it was 3 o'clock in the afternoon, so. Just using that as an example of the high and lows, use you shouldn't be open in these small hours, maybe you shouldn't be open those funny hours of the day if there's no customers in the store, as well. There is absolutely no, we believe there is no proper evidence that shows that prices have gone up because of that, and when you look at the gain, we've got it in the submission, and if you have a look at that when you look at the correct ABS data prices have not gone up anywhere in Australia because of extended trading hours. If you look at what's happened in Victoria since extended trading hours, in actual fact the prices have eased backwards on it compared to the national basis.

Consumers in Australia have had really 2 opportunities to reject, if you like, the extended trading hours under the Victorian legislation. When they deregulated trading hours there was opportunities for local councils to have referendums if there was sufficient community concern to vote against extended trading hours, and that was done in Bendigo. We gave details in the submission that, I think, about 75% or 77% of the population voted and out of those that did vote, 75% voted in favour of keeping the extended trading hours.

**Dr LIM:** Why then did Dr Robert Taylor in the Queensland Research Unit was quoted early by ...

**Mr WILLIAMS:** That was Baker.

**Dr LIM:** Robert Baker. He made a definite statement there that it's deregulated hours is the cause of ...

**Mr WILLIAMS:** I disagree with Dr Baker. People that we commissioned to do the survey and do work on that were Access Economics, they also disagree with that.

I will talk about, you mentioned earlier about the current affairs or programs or whatever as snippets come on, well, Dr Baker was featured in, I think it was Marrickville Road in Sydney, talking about all the empty shops that had been caused because of people moving to the centres because of deregulated trading hours in Sydney. What he didn't bother to tell anybody was that Marrickville Road is one of the busiest roads in Sydney and there's no parking on the street. So that's one of the main reasons. I can take you down to Prospect Road in Kilburn in Adelaide where there's no deregulated trading hours and I can show you down there through Kilburn I can show you an absolute retail graveyard, it's not because the trading patterns have changed, customers demands have changed and my information is that a lot, for example, a lot of street shopping, where it's good, is absolutely booming. You can go through many areas even just down the end of the main street here in Darwin if you look at what's happened with the revitalisation of some of the retail and the café society and things like that, it has really to be changed.

Also in Canberra, deregulated hours was removed by the government and 18 months later there was public pressure to put it back in. That did not have the effect, the desired effect on the spirit behind the cancelling the deregulated trading hours was to move the communities back into the smaller suburban supermarkets, it did not have that result, and what resulted from that and community pressure the act was amended and we were able to resume our extended trading hours.

I would just like to make some comments on our staff. I think, we've been working for quite a period of time now on a project that we've basically called 'Project 38', and it's called '38' because 38 hours of work is a full time job. It's been a long term project, we started on it about 5 or 6 years ago. Our casual ratio then was around about 60% of our total workforce was casual. It's currently down to about 33, sorry, 32% to 33% with a target at the end of this year getting it down to 30 and another target the following year of getting it down to 20%. The benefits for us moving into more permanency are many. It makes good business sense and it also makes good sense as far as the opportunities for our staff, it provides us with opportunities for better training, reduces turnover. I can tell you our turnover in the Northern Territory at the moment is around about 31%-32%, which is only about 1% or 2% higher than what our standard turnover is, and the majority of our turnover is in casual staff. We do have a commitment to our staff, something we have taken very seriously for a long, long period of time.

John, you asked a question this morning about people once they reach a certain age, do they get dismissed? The answer to that is absolutely no. 95% of our current store managers and executives, like state office executives and whatever, including myself and all these gentlemen here, all started off as 15, 16 year old casual boys after school, joined full time and worked through. Now, if we were chopping people off at 18 that wouldn't have happened.

We have currently 4000 either retail trainees or management trainees in our Coles division at the moment, which is around about 10 per store. In the Territory I think our average is about 12 per store, and we'd be very, very happy to give you a similar presentation, if you want. We have done it with the Leader of the Opposition and also the Chief Minister. We would be very, very happy to walk you through that. But it is ver, very important to us how we develop our staff. We have careers path for people who want it. We have training programs. We have just announced Coles Institute which is a combination of the coming together of Deakin Australia, so we are utilising their skills and the training packages that we've developed as an umbrella for us to help move through and develop our people.

Yesterday I spent some time in our Casuarina store. I used to manage that store back in 1997 through to 1998 for 3 years, and I think I spent half my time next door talking to staff that I knew were there when I left in 1981, so we have got a lot of staff that have been there for 20 years or more. Store management were a bit miffed because I was talking to all their staff. We have a 25 year club and it has just gotten new, its got a lot of members, so we are conscious of contributions our staff has been able to make and we do treat it very very seriously. I hope we are not in your minds not falling into that category of those people that perhaps say that staff are their biggest asset but don't do anything to promote it. It is a big issue for us. Things like labour turnover, staff surveys, staff feedback, staff focus groups etc are all part of our management process. Financial management, it is certainly important to us, but those aspects are things like we will judge one of Zlote's key KPI's or key performance indicators had been, how good his sessional planning is. I think we have with Zlote I think about 13-14 people here on transfer from Adelaide.

**Mr ANGELOSKI:** Fourteen.

**Mr WILLIAMS:** Zlote has a long term objective to get that down to about 8 or 9. We have quite a few ex-Territory people working for us in different states. A couple work in the national office. So a lot of the work that has been done in the past is paying off.

We need to be able to make a profit and quite frankly if we believed that we couldn't make a profit after looking at all aspects of the operation and looking to forward projections you would obviously have to make a decision to close it. But we I think to my knowledge we have only closed one store that we haven't been able to pull into.

**Dr LIM:** Well I'm glad your not saying that your store makes a loss anyway.

**Mr WILLIAMS:** Well I haven't come to that yet. We believe we are operating in a highly competitive market in both Australia and in just about every area we operate. Australia has got the third cheapest basket of groceries in the OECD and that's something that shouldn't be overlooked. We do definitely make a lesser return here than we get out of other areas, there is no question about that. There is absolutely no cross subsidisation and we have been accused I think of using high prices in the Northern Territory to subsidise the activities that are done in New South Wales or wherever. As I said before, it is a small market and I think Darwin represents about 1.3% of our total distance and really mathematically it's impossible for us to cross subsidise any major area from here.

It is more expensive to do business here. We believe we are an ethical company. We believe we provide quality jobs and we believe we do actually value the community. We spend around about \$50m a year running our business up here which stays in the Territory. Approximately half of that is in expenses we incur which includes rent, wages, services including costs such as electricity, rubbish removal. We buy approximately \$25m of product locally. Now that might be just like it was coming through wages. We send back south to our national group nearly \$7m worth of fresh produce that we purchase up here to go back. In fact my fruit and veg manager when I was up here was the first person to actually export mangoes out of Darwin into Adelaide. We purchase \$2m worth of fresh produce that we sell here locally. I have listened to the comments about the product going back down to Melbourne and coming back up again. We cannot find any examples of us doing that. We spoke to our fruit and veg manager, Tony at Casuarina has been with the company for 25 years and he has got no recollection, I am not saying it hasn't happened. But we consciously don't move stock from Katherine all the way down to Melbourne

and then bring it all the way back up. I think it could be happening but if it was we would want know about it and get onto it.

We are actively encouraging whatever supplies we can to produce products. Although it is very hard on a small scale to compete with what's happening in some of the other growing areas, and some of the other producing areas. But we think there is some valued added products that we can assist with. We are committed to the Territory. We have been here for a long period of time. It is no secret we are looking to put another store into the CBD of Darwin. Its absolute news to me about 17 mile, but I don't know about that. That's not a slight on anybody. In our industry there is a hell of a lot of rumours that start, the store manager from the Bi-Lo store to have stocked his car there. That happens.

We believe in all our cases. Again we are accused of pushing small business to the wall. If people look at the figures that exist here in Darwin and I think small businesses over a period of time is significantly increased. We can provide you with those figures and as I said I have lived here 17-18 years ago when I left, but all those local supermarkets that are operating they were all operating then and I don't think any of them have closed. I think one closed a little while ago because of fire. But they are all still there. As I said, I visited most of those stores when I was up here in January we spent a day and a half looking at all those stores, and I don't think anybody in our industry is doing it easy. It is not an easy industry, but just base on stock rates that are in those stores some of them are doing I would suggest are doing okay.

In conclusion, yes the prices are high here in Darwin. Again I can remember 20 years ago people talking to me about the high prices and I needed to go through the issues with them, but we did believe that the prices we're charging honestly reflect the increased cost of the initial cost of doing business here. I understand that the limit of facts that you face and I am not really quite certain how we help them. I mean to give the population of Darwin was a significant larger then what it was I could sit here and say yes the prices are going to come down if there is definitely going to be a railway I could say yes they could come down. But we talk about electricity we talk about a lot of things but it is still that, I guess the smallest of the market that I believe is one of the key issues.

**Dr LIM:** ... you would be surprised Indonesian, Malaysian context but it is probably free to warehouse.

**Mr WILLIAMS:** I think there is a lot of opportunities and the more, we have to seriously be looking at what we want to do in Asia and we have got growers here who grow product for us, they could increase their production but we can't take them back. So for some of the stores there's the opportunity to assist in the export. That's for the future.

**Dr LIM:** You mentioned some of the local authority for the local managers to sew crop pastures and all that. Overall can you outline in a bit more detail about your organisation structure in the Northern Territory, reporting lines, where do you report to, what is the absolute local economy that the local management might have and how do you assess each store's performance. Is it a single profit unit that you look at in isolation of the other Territory stores?

**Mr WILLIAMS:** The main infrastructure is probably a fairly simple one and its where the store manager then had this management structures where we can take the offer of Zlote's taking you through that. Store managers here report directly to Zlote. Zlote reports directly back through the State Manager in South Australia and the State Manager in South Australia reports into the international office. As far as the economy the store managers have he has an opportunity to impact on many things in the store. There are some very strict guidelines we have in some areas. For example food handling and safety they are not

negotiable. The way we handle our cash is absolutely not negotiable. Health and safety policies they're not negotiable. I mentioned pricing structures, there is a list of items that the store manager has the authority to drop. We were talking about bananas this morning and bananas are a pretty emotional line. They are a very popular line. They sit right in front of the store as you walk in, so if you are uncompetitive on bananas you are way beyond the 8 ball before you start, so that would be one of the lines that the store manager has the authority to ..., so if our price is \$2.99 and Woolworths for whatever reason are \$2.89 he has the authority to come in at \$2.89. What he doesn't have though is the authority to go down to \$2.85. He has the authority to go down to meet. Therefore this price that we've set is \$2.99 and everybody is \$2.99 or somebody else is \$3.29 he does not have the authority to lift that up. We would expect him to report. What is going on everybody else is dearer on bananas, but that would be a decision that we would want to make. Particularly when we are sending out weekly specials and our weekly advertising packages. We want the overall backing and the overall draw power, so that marketing issue has.

The store manager would have a lot of autonomy in regards to how he structured his staff rosters, he also has as far as the range of products we have some products which are absolute again not negotiable, he has to carry them. He or she has to carry them, but they are a lot of lines that they can add in. We actively as part of the managers responsibility to make sure that they are catering to the local community. So for example if there is a large population of people from Greece, could be first, second or third generation, we would want to make sure that we've got a big range of feta cheeses, we want to make sure we got liemans and those sorts of things. There could be another store just up the road where the demographics changed significant and would want to have a reasonable range of feta cheeses but we wouldn't be carrying the big buckets that we perhaps would have because the customer doesn't eat it.

Basically as a general rule the range is probably set from our central buying is generally around about 95% right, because you have Kellogg's' Cornflakes they are needed in every store, coke is needed in every store but feta cheese in big tubs that may only be needed in 20 stores. So we have what we call a flexible range or I think we call it the S range now, so that the store manager or staff will have the opportunity.

We also actively encourage our store managers to involve themselves in the community and for example say Griffith, for some reason there is a large Indian population and we don't know a lot about Indian cuisine, other than what you see in the restaurants. Tell you what if you put Keens Curry in there and they will throw it at you. So the store manager went and met with the representatives of the local community and said what lines do you want. They were able to get those lines in and create a particular section in the store, so that is the sort of things the manager has. We also actively encourage our store managers and its something that we can do a far better job of, but getting involved with the local communities. It could be with members of service clubs, it could be just getting involved with charity drives, it could be running bar-b-q or sausage sizzles etc but those things, so there's a fair bit of flexibility.

**Mr STIRLING:** Can I just got quickly to 2 points.

**Dr LIM:** How do you assess that store performance?

**Mr WILLIAMS:** Obviously one of the key performances it is always the bottom line the financial performance, but also it's the potential of the store too. Stores can trade poorly on the bottom line for a while because of various reasons. If we have got a major refurb etc refurbishment of the store, there is a

lot of additional wage cost that go in the store. There is a lot of right offs that we probably have to take with equipment that's perhaps not fully depreciated to be moved out, and of course the additional depreciation costs that you would pay. That is the financial aspects but then there is also the customer satisfaction lines that we get out of the store, there is an annual staff survey that we do that monitors morale in the store, there is health and safety and there is, there is rain checks, there is audit checks, out of stock out of code checks, cleanliness checks all sorts of things, they all do impact on the financial side.

**Dr LIM:** So that store would be assessed on its own, as a stand alone property.

**Mr WILLIAMS:** Everyone of our stores, everyone of our trading units we anticipate should be able to make a profit out of it, and every department within that store we anticipate we should be able to make a profit out of it. Now in that department there may be lines that for whatever reason you are not making profit on, there could be lines that you are making more profit on than the overall department profit, but at the end of the day it seems it's the basket of goods that make up that profit out of your fresh produce department if you can meet X return that sell price that we structure on it will give us X return. That includes the wage costs, etc. Stores tend to run to what we call a trading profit which is basically the profit we make from settlement with minus the expenses that the store manager can control, then we take a step further and we add depreciation, the rent and some of the costs that the store manager can't control, and that gives us our even on each individual store and earnings before profit and interest on each individual store and on each individual department. We can go back through and actually layer quite through it, just about an average of 9 departments in each one of our 400 stores so we've got about 3500 individual departments that we can actually examine on the profit findings if you want to get down to that level.

**Dr LIM:** So they are not complete these lists? Suppose you gave a store that you assessed needs refurbishment and attention would the prices within store then be reflect the extra cost to that store unit and so the prices will increase to ensure that the profit from that store will still remain there?

**Mr WILLIAMS:** You can't increase your prices because you are refurbishing. Your customers are going to come up later on and say hang on they've just spent this money they put their prices up first. That is something that you can't do. Again I just emphasise that you get out of line with prices you pay the price for it. It mightn't happen immediately but when they start leaving in droves it takes you a long time to get them back. It can take you up to 2 years to get them back once you've lost them. People will say you ripped them off. If you did genuinely do that you really will pay a price for it. As I said back in the late '80s we did that.

**Mr STIRLING:** Just out of the Access Economic document and the payroll tax and electricity, it states the Northern Territory has the highest payroll tax in Australia at 7% and under electricity you have made the point that you obviously use more up here but the price of unit price of commercial electricity in Northern Territory is the highest in the country and around 20% higher than Adelaide Coles electricity cost in Darwin is 44% higher per kilowatt power than Adelaide. The question based on those statements in the Access Economics documents is how significant would the deliverance in payroll tax down there and electricity be in your operation.

**Mr WILLIAMS:** Payroll tax could not be significant. I would every bit helps. If you asked me if I want reduced payroll tax absolutely. But it wouldn't take 5% off the prices in the store, but it would be something. Electricity is, we can do this exercise for you. I would like to do an exercise based on the using of perhaps the unit cost of say Adelaide and perhaps Sydney and then push it through what our



usage is for you to give perhaps a dollar figure on that. We could perhaps take that away and come back to you on that.

**Mr STIRLING:** But there would be some significance.

**Mr WILLIAMS:** There would something that I think when I went through the costs that we incurred it is not just one single thing, and if you remove the transport costs, that would definitely have a significant impact, but the remainder of them are fairly equal across the as far as the impact goes. I guess it would have some, that's the most direct answer I have give you. Yes it would have some impact, but its not going to be able to drop the prices by 4-5% maybe point something of a percent that we would be better off. But you either cheat away to make a point too, you cheat away on a lot of things. That would help. Contradicting to what was said here earlier if we say did have another 6-7 stores up in the Northern Territory given the population base could stand it, that would put some more critic mass up here for us which would make it more economical for us to operate. Just by the way too on that, and its in our submission there's supermarket population ratio is similar in Townsville 7500, Townsomba 9000, Launceston 7100, Ballarat 8100. So I am really quite happy to where Coles is and its achievements.

**Dr LIM:** In your commercial in confidence page that you gave us you gave us a folder of ...

**Mr WILLIAMS:** Yes there is only us here.

**Dr LIM:** I'm not going to record the figures. If you can give us an overall canteen operating cost. This is part C4 and C5. I just wonder whether you are able to break down even further to say store by store.

**Mr WILLIAMS:** Yes we can. I think we've got most here, I will try and look at that.

**Dr LIM:** If you can you can give us store by store by store comparison with the towns or cities that we have picked as what we think are comparable locations.

**Mr WILLIAMS:** We are happy to do that, but I just want to stress a point to you, I think we have to realise Darwin is niche in need and geographically located. If you look at Cairns, okay it is similar weather conditions, but on the way to Cairns on the way to Brisbane you pass through a significant population base up that coast. You go through towns like Townsville which is bigger than Hobart, Bowen, Rockhampton, etc etc, there is a rail line that goes all the way through there, in Cairns itself we have got a store opening in Port Douglas shortly, we have got stores at Ingham, Ayre, Innisfail, 4-5 in Cairns itself so just in that small geographical area of Cairns we have got more stores than what we have got in the Territory, so there's those factors as well.

The other point too that really needs to be taken on board is some of the most significant fruit and veg growing areas of Australia are sitting along Ayre and Bowen, some of the best cattle producing country in Australia sits just not far from there, and then you got the Atherton Tablelands where you've got dairy and again more fruit and veg growing so they are some significant differences Rockhampton etc etc, there is a rail line that goes all the way through there. In Cairns itself we've got a store opening shortly, we've got stores at Ingham, Ayre, Innisfail, 4 or 5 in Cairns itself, so just in that small geographical area of Cairns we've got more stores than what we've got in the Territory. So there's those factors as well.

The point too that really needs to be taken on board is that some of the most significant fruit and vegetable growing areas in Australia are seen sitting on Ayre and Bowen. Some of the best cattle producing country in Australia sits just off not far from there and then you've got the Atherton

Tablelands where you've got dairy and again more fruit and vegie growing, so there are some significant differences and in fact this varying information that you're giving us now all forms part of the picture that we need to put into the report, so we can put some facts in it and table, because what's happening is, people here are looking and saying well hey Townsville and Cairns are the same why? We can really put some solid information out there to say this is why.

**Dr LIM:** People are not comparing us with apples somewhere else. They are comparing us with an orange or a pear or something else.

**Mr WILLIAMS:** I understand exactly where you are coming from, I just need to make sure the committee is fully aware.

**Dr LIM:** What is the city that we are comparing Darwin with?

**Mr BALCH:** Cairns.

**Dr LIM:** If those qualifications are put into comparison with your response.

**Mr BALCH:** We want to understand the business as much as you.

**Mr MITCHELL:** Would you like this session go into Camera?

**Mr WILLIAMS:** Why is this?

**Mr MITCHELL:** In case somebody walks in that is all.

**Mr WILLIAMS:** I am happy to talk as we are. If somebody walks in well we can stop. We are not putting any specific figures, we are just talking in general terms.

**Dr LIM:** If you can expand this by shop by shop.

**Mr WILLIAMS:** What I would like to do is we could get that, we get any information you want, but I was going to ask Ted to come up here and actually bring it up to you, and sit down and go through it with you. I just want to make sure we're doing ourselves justice with what we've got in there. If there is any queries they can be answered straight on the spot, because Ted has been intimately involved in putting all this together. He is aware of it, he has had a few of you at sessions.

**Dr LIM:** It was a good trip Ted. The Committee as a result to go down to Canberra for further hearings with the joint committee and we actually called together the subcommittee that's been nominated by the committee to go and have a chat to you to get the submission there, since you came all the way up to Darwin, although we welcome you to come up to Darwin.

**Mr WILLIAMS:** Certainly, Rick has already asked that so we can make that time available.

**Mr BALCH:** I would like now to turn to questions in terms of profitability. In your submission you provided us with total turnover, earnings, import interest and tax and employment guide in respect of the total NT stores, can you expand on this by providing us with information on how profitable the Northern Territory stores have been over the last few years, and in particular a break down of turn overs with key product categories, cost break down in particularly highlighting which you have indicated cost more in the NT, and a comparison of this information as we were just talking about with comparable stores etc. Again, just so we can understand the sort of competitive pressures that are there, how your business is

run, the kind of decisions you undertaking.

**Mr WILLIAMS:** Yes, we can provide all that. I have the Chief Minister and the Leader of the Opposition an undertaking in January that we wanted to come up here that we were prepared to throw our books open, which just reinforces the first time and that we've been prepared to do that.

**Dr LIM:** We are very appreciative of it. Your organisation has been very, very open to us.

Now you mentioned your main competitor would be Woolworths. Did you see the other corner stores and the smaller cheaper Bi-Lo's the smaller sort of family chains like Foodland and all that being in competition at all?

**Mr WILLIAMS:** As a general rule we would look at Woolworths, Franklins in the other states. We will soon be looking at Oldie, they are a German company and they will be coming to Australia.

**Dr LIM:** Are they going to come to Darwin, the Northern Territory?

**Mr WILLIAMS:** No. They are saying they are going to open 54 stores in New South Wales.

Just touching on that, I think if anybody sat down and did their figures, you'd have to be very confident in your ability if you are just going to come up here and open one store up without the infrastructures that are needed to come up here. So I doubt very much whether they will be coming.

**Dr LIM:** But when you see the competition, for instance in Alice Springs, you are surrounded by 3 Foodlands. One at East Side, one on North Stuart Highway, one at ... .

**Mr WILLIAMS:** As I said earlier we wouldn't have a year ago off the hop I wouldn't have been able to make too many comments about the price structures of say the Winnellie Supermarket etc, but they raised their profile in regards to the commentary that they were making about us in the press, so we thought we had better go and have a look at these guys. So we did start checking them, but on a regular normal basis do a check on the small independent milk bar and things like that we don't, but if there is somebody who is running an independent operation and its looking pretty good, and there are many of them around, yes we would have a look at them just to see what they are doing. For example Leonards Chicken which there are a couple of stores here. We will certainly have a look at what they're doing. It doesn't necessarily mean we are going to meet, but whatever we seek, and be very very conscious of what they're doing. Some of those operations are very very good operations. They are not casually geared, they are specialised and really that is where a lot of store business, I can really only talk Australia here, but there is where a lot of store business in niche is growing. It hasn't grown in big boxed supermarkets, its really grown into the niche market. You've got Deli France, you've got Brumby and Bakers Delight, Leonards Poultry, those sorts of stores have been really moving ahead quite quickly. Probably about 7-8 years ago I don't think Brumby's or Bakers Delight even existed. Leonards didn't exist. He has taken that overseas, so it can be done. We don't suck everything up. There's always good operators there.

I made a speech a couple of weeks ago in Sydney to the Food Week Convention and one of the comments I made which I believed was an insult to the independent operators that there is so much focus on the damage that we're supposed to be doing to the food chain in the food supplies, there is so many good deli's, there is so many good florists, there is go many meat shops, there is so many good independent fruit and vegetable shops that exist, where they have changed their offering and they are

really catering for what the consumer wants, and they are doing very very well. I often get a little annoyed when people talk about going overseas for study tours, I mean I could put together a great study tour on retailers in Sydney or Melbourne and we would see some of the best small independent retailers anywhere in Australia, anywhere in the world.

**Mr BALCH:** Can I just follow on from that. Talking about competitiveness across categories, are there certain categories now that are more competitive? What are the most competitive categories?

**Mr WILLIAMS:** You need to be competitive across the board. I mean, I will just use coffee as an example. The volume coffee lines are say International Roast and Nescafe, so you need to be absolutely competitive on them. But if you are a Moccona coffee drinker and that is all you drink, that becomes a basic line to you and you need to be competitive on that, because if you are 50¢ dearer than the store down the road on the Mochanna coffee it is going to impact on your pricing section. So you need to be competitive right the way across, so that means out of the 40 000 lines of coffee you need to be competitive on the vast majority otherwise you have the danger of isolating a customer because of one or two lines and that is really the same with ranging too. You may carry a line that you might only sell one or two only a week of, but if can't buy that particular line, it could be decaffeinated Moccona coffee it is a very slow seller, but if you haven't got it that person who is drinking that may not change to decaffeinated Nescafe so you have to have that line. So there are categories in the store where you do make more profit than other categories. There are departments in our stores where that we do make more profit than we do out of other categories.

**Dr LIM:** You talk about competition. Obviously a lot of time sets of 2 chains, 3 chains, 4 chains, you have written literature that of course there is Franklins also in the states if prices are better contained than in the Northern Territory there is only 2 chains. Can you comment on that?

**Mr WILLIAMS:** I think that the containment of the prices as you describe it, I mean you need to be competitive in every market you operate, and if you're not you are looking to pay the price for that. Franklins operate in high volume low cost areas generally, and quite simply Darwin is not a low cost high volume area. I think the question is if Franklins came up here would prices be cheaper? The answer to that is I would doubt it, because at the end of the day Franklins would need to make a profit as well. They might be cheaper temporarily.

**Mr BALCH:** We had Tom the Cheap here a few years ago, and he was out in a barn.

**Mr WILLIAMS:** Yes, when I was here Jack the Slasher, Tom the Cheap out on Bagot Road.

**Mr STIRLING:** Can I ask you, I think you said you were here 17 years ago.

**Mr WILLIAMS:** 1981 I left.

**Mr STIRLING:** '81. I guess you would say the range of quality of goods is better now than back then.

**Mr WILLIAMS:** The range is a lot bigger but I reckon we did a pretty good job of the quality when I was managing the store.

**Mr STIRLING:** I am not suggesting you, but in terms of efficiency and distribution.

**Mr WILLIAMS:** Yes, the efficiency are a lot better. For example I think we used to do an order on a Monday and we basically wouldn't put that away for a fortnight later, so 4-5 days. But certainly the

Coles chains have improved significantly. I just talk about lettuce that we bring up from Adelaide. At the moment they are not coming from Adelaide they are coming from Katherine. It could be lettuce, silver beet or anything. They don't pride especially selected for the Territory. It is packed in cartons that perhaps we don't do in Adelaide and Adelaide they just go into a bin. It goes into a chiller or a cooling down room which blast cools it to get a fair bit of heat out of it, and that is usually 18-24 hours and then it is 3-4 days on a truck which comes up to Darwin and then it also could sit in our cool rooms before moving through. To that Cole chain particularly back in Adelaide when I was here wasn't as good as what it is now.

**Mr STIRLING:** Okay, so range and quality together have improved over the time. This will test you a bit too, but bearing in mind what may have been the cost that the price difference then in Darwin and Adelaide and now, closed the gap, still the same?

**Mr WILLIAMS:** I think the gap has closed quite a bit from memory. Understand when I left Darwin I really had little to do with the Northern Territory operation until about 4-5 years ago so there was a gap of 12-13 years that I really lost contact with what was going on. But yes the gap has closed. We were talking about just the amount of staff that we've got up here from the south and its nowhere near what it was, so those costs are coming out of it. But I think the efficiencies, the ordering, I think the rail up into Alice Springs has also helped a bit too. When I was here that new mine had only been opened for a short period of time prior to that it was the old Ghan, and we never used to put anything on there. So I think it has improved. I think a lot of it is the technology. We can get our orders through electronically transferred them. We used to do them on a paper pad and race them out to the airport and freight it down. Not a pad like that, an order pad, but that was all time delays etc, so we don't have that now, so there is a lot of those efficiencies that capped off.

**Mr BALCH:** I just wanted to ask a question in terms of sourcing your fresh product. We got some information from somebody who worked in the industry here suggested that ware housing in Adelaide or sourcing in Adelaide tended to be somewhat introspective in that there might be better product coming out of Western Australia at the particular time or out of Queensland where a stumped source through South Australia sort of came up the one supply line all the time. Is that something that you guys would refute? Do you get it from everywhere and wherever it happens to be coming from the best source market at the time or do you have established where you think that is a limitation on you.

**Mr WILLIAMS:** No we use an agent up here McGowan who brings in product from Queensland and also brings in product from Western Australia as well. He was up here when I was here. He was only a small operation, he is quite a large operation now. Really what we do is, he tends to be public spoken, that is where a lot of the local produce that is produce, that is supplied to our stores, they'll drop it, McGowan's will buy it then on sell it to us, so essentially what he is doing, he is hut and spoking out of his distributions. So tomatoes for example, right now tomatoes are coming from Queensland say when the Cannavon tomatoes come on we would then be bringing them from there. A lot of product does come out of Adelaide, but don't under estimate, Adelaide is not a bad hub, you've got Virginia and you got the south east as well, and then you have got really close to the Riverland too so that a lot of good product can go out of Adelaide as well.

**Mr BALCH:** The point he was making was sourcing for different areas, and you are saying that is how...

**Mr WILLIAMS:** Then you have got to have the economies of scale too. Some times the carrots may be,

Western Australia grow some excellent carrots, but if that is all you're bringing up from Western Australia you need a lot more product to come through.

**Dr LIM:** Price surveys, this morning I pose a question about if we were to say suggest to Consumer Affairs ...

(short break here)

**Dr LIM:** The recording is back on. Now with regards to price surveys are, I now you mentioned it earlier, but I am talking about the broader picture of, suppose we were to say to the Consumer Affairs Department, yes that's the average Territorian basket I would like you to do a monthly survey on this, and put it up on the website, send out monthly bulletins to all and sundry, you would be happy to take part in that and be part in one of the columns on the sheet that says this is Coles, this is Woolworths this Bi-Lo and this is Foodland etc etc, and take it away for public consumption and comparison, and also perhaps to say to you, once a month can you upload your shelf prices on the products onto our website so that its all there so we don't have to come down to your shop every month to look at the prices, although we will come at anytime to spot check it to make sure that it is still accurate?

**Mr WILLIAMS:** Look obviously we would participate in that, but I've got to say to you there is a danger of being manipulated. There is a danger of not necessarily reflecting the true costs to the consumer. We wrote to Choice last year expressing our concerns because everyone knows the Choice magazine coming out, and you could see what was happening in the market place, there was manipulation of prices. So there's always manipulation is of prices. Do we do that? No we don't. But do we respond? Yes we do. And that is a part of our industry. I mean if you know that those lines are going to be checked you are going to make damn sure they're competitive or if you really wanted to start stirring the market up you will use that as a marketing point to make sure you were the cheapest. So that happens, and I suggest there is no reason why it wouldn't happen here. I'd really prefer if there is going to be a price check done, lets make it a very very big basket.

**Dr LIM:** But if the price check is on what Territorians consider is their basket and if everybody did concentrate on those particular items then the average Territorians is going to say, hey our basket is now bad, because all the stores are dropping the prices on those particular items and maybe the only items they drop the prices on, and maybe the average Territorian is going to benefit by having a cheaper basket.

**Mr WILLIAMS:** If you need the same profit level there is going to be other prices that are likely to be manipulated up, but at the end of the day, there is that need to get a return. It might bring it, it might have the impact of brining it down for a period of time, but eventually when the stock take results come in, the end of the half financial performance, whoops and it does need to move up.

The other thing I'd have a real issue with is the quality aspects of the products. You get into meat areas, and I can tell you now we have rump steak in our stores at \$12.99 we also have some there at \$7.99. There is a significance in the quality, there is a significance difference in the eating quality. It is like those tomatoes I was talking about this morning too. I mean \$1.99 for tomatoes, but then there could be good quality tomatoes that are quite good quality but can be very very small. Then you can have some very good tomatoes that aren't even the same species of tomato but that tomato is worth more on the market than that tomato. So they're some of the things that I would be concerned about. I don't have any faith really in any of the price checks that have been done. Like I say they are distorted, they are open to manipulation, and at the end of the day the customers are the people that do price checks on them. They

do their own price checks on a regular basis, and I have already emphasised to you how strongly we believe we need to be in a competitive situation otherwise the customers will leave you. You pay a price for it. You might a little bit short term gain, but at the end of the day they will leave you and once your volume starts going down and all those fixed costs and all those sorts of things go up. But if you're going to do one, we would cooperate with you, but I would much prefer if you were doing a big basket that it took it over such a large amount of product that you have to sell, it is just too costly to manipulate it. That is just one of the reasons why we are setting that 2000 lines up there. I mean to manipulate all of that would put you into a zero situation of profitability very quickly. So if it was going to be done, better to do it maybe once a quarter and have it something that really is like a, I mean that 2000 lines is round about 75-80% of our volume isn't it, and it covers everything. But it is not just Sorbent toilet rolls, there is Kleenex toilet rolls and there is house brand toilet rolls in there as well, so it is covering basically all the toilet rolls. Not so you say we are going to do toilet rolls, and you check Sorbent toilet rolls, well what about the customer who is buying generic or kleenex or...

**Dr LIM:** You have got less a number of stores in the Territory than Woolworths. I am not sure whether you got equal market share or pretty close to it, I mean the capital costs that you have and the fixed costs how do you justify having four stores?

**Mr WILLIAMS:** And we have got our Bi-Lo. One Bi-Lo in Alice Springs and 2 up here.

**Dr LIM:** So you think that is competitive to your main opposition?

**Mr WILLIAMS:** Would I like more stores. We actually competed to get that Nightcliff site, and Woolworths must have offered the owner a better deal than what we put forward. When we put a new store down, and I think this was mentioned this morning, when we put a new store down, we do what we call a demographic search of the area we are looking at. We make sure first of all there has got to be a market in there for you to put a store in and the store has to make a profit. We do it over a 3 year period we do another exercise over a 5 year period. We have an internal rate of return, which is a fairly stiff hurdle rate, which the stores does need to generate a lot more than what we can get in return from our capital by investing it, and if it passes those hurdle rates we will then start moving forward to investigate the store, investigate in more detail.

When we put a store down on the ground there is about \$4m worth of fitout costs for us. There is probably about \$2.5-3m for the developer to actually build the blocks. Then there is probably \$1m worth of stock goes into it. Plus there is a commitment you make to 200 staff. There is a lease you sign which probably now would go for 10 years minimum more than likely 15 years, so you've got a rent can we say hypothetically \$500 000 a year over 15 years \$7.5m, you put all that lot together you're making a really big commitment to put a supermarket down and we work very very hard to make sure we don't make any mistakes at all. The first criteria it always has to have a population basis that is going to support it and you have to know where you're money is going to come from. Now we have made a couple of mistakes. There is a couple of stores that I have been involved in that we did make mistakes but the majority of the stores that we do put down and the processes that we go through ensures that it says there is a sufficient market place there to generate that reasonable alternate we need.

**Dr LIM:** What is your market share of the Territory? Have you figures on that?

**Mr WILLIAMS:** I am not quite sure. It would be less than Woolworths simply because they've got more stores. I mean they have Nhulunbuy they would probably have to have 100% of the market there

and Katherine it would be very high. But we think we out trade them just marginally in Alice Springs, we out trade them in Palmerston we believe and Casuarina it is probably neck and neck, and Karama really it doesn't it is just sitting there by itself. But overall their network of stores is slightly bigger than ours.

**Mr BALCH:** What is your policy for allocating nationally or state cost across your floor?

**Mr WILLIAMS:** Basically we start on the basic formula of the turn over and then things that sells like for example Darwin where you can identify the unique loss say for example, marketing is normally in a city store say in Melbourne allocated a high percentage of the stores turnovers, but here we've got a greater read on what the marketing costs are because it is a smaller market so that would be slightly different but I mean the allocation of national office costs and the state office costs are spread out evenly. We don't include things like airfares and visits like this. We don't allocate those back against the store at all. Well we know we don't because otherwise the store managers wouldn't say welcome to you. But the policy of allocating costs in the Territory is the same as in South Australia. There is no variation. Arguably if you sat it all down the cost of say Zlote moving around his area is quite significant. The cost of coming up here to visit the store is a hell of a lot more different than if I go and visit Canberra. So basically all those costs are washed into a national pool, so I guess there is some minor cross subsidisation of stores being the favourite here, but its only minuscule it wouldn't really make a hell of a difference to the overall financial.

**Mr MITCHELL:** How much produce particularly your fresh fruit and vegies and that would you source locally, like bananas and you mentioned lettuce before.

**Mr WILLIAMS:** Yes its about \$2m a year we are buying. That's the latest figures we've got. We buy bananas locally and we've been dealing with George Syrimi from Middle Point Farm there for over 25 years. About 50 weeks a year we're getting bananas from him. There is a couple of weeks where his bananas don't ripen or whatever and he does bring some product, he actually brings the product in I think from Carnarvon to subsidise his local crop.

**Mr MITCHELL:** The prices that you charge in the store is that reflected to buying locally, possibly cheaper than you can get them down south?

**Mr WILLIAMS:** What we do, there's a gain which comes to the margin that we need to run that department. If the cost is X we put the margin on to generate that overall result we need from the department, and that would reflect the cost that we buying them at here.

**Mr MITCHELL:** What I mean is, if you are buying bananas locally presumably you would be getting them cheaper than if you are bringing them up from down south.

**Mr WILLIAMS:** We base it on the cost price into the store. So if it has come in locally its cost price on that local production. If its coming in on the truck it's the cost price of the total cost of brining it up.

**Mr MITCHELL:** You don't say for bananas for instance just as an example are cheaper here than they are in Adelaide.

**Mr WILLIAMS:** I don't know what the price is this week. It goes up and down. Sometimes it would be cheaper up here than in Adelaide. Other times it would be dearer. Again if you talk to George and ask him about his costs of production and I think he is using far more fertiliser than what the eastern seaboard growers, or pesticide. He is also irrigating and he has also got a lot of difficulties which I know



he met with the Agricultural Minister yesterday, he's got a lot of difficulties with Panama, which has really impacted on a lot of his crop. So he has got some serious issues there and I met with him yesterday morning just to reassure him that we can give him any support he needed to get through that period.

**Mr MITCHELL:** Okay. When those goods that are purchased locally and paid for, be it lettuce, bananas or whatever, is there a levy extracted from the payment at all? Say if you buy bananas off someone off George or whoever, and you have them priced, we are aware of in some areas there are levies placed on the actual amount of money, sometimes 3%.

What I am getting at is, if you write a cheque for those items from down south, do you pay them locally? Do you give him a cheque here in Darwin or does it come from down south and is that level imposed?

**Mr WILLIAMS:** The opponent does come from down south. All our payments are centralised. They all come out of Melbourne. So he would get his payment with whatever the terms are, I think most of our fresh produce growers its within 7 days I think, where we try to pay. Within 7 working days and that's on receipt of the account. But as far as the levy goes, I know we are working with some of our fruit and vegetable supplies to promote the product. There is a marginal levy that they're putting into a fund which we jointly contributing to increase the overall consumption of fresh fruit and vegetables in Australia, but that's about the only levy that I am aware of.

**Mr MITCHELL:** Is that levy reflected back in, is the Territory consumer getting the benefit of...

**Mr WILLIAMS:** All the discounts that we get are all reflected back into the, and when we go through our financial statements you will see that there is an area there of allowances or I am not sure what we've called it, but that comes back in and it is allocated to the store based on their turnover ratio. So it is proper example if suppliers who generated \$1000 worth of discounts of 100 stores and they all take the same amount of money each store would get \$10 credit onto its bottom line, so yes, all those allowances that are generated are allocated back to the stores based on their volume for those particular departments. And the stores got a very high grocery turnover and a low perishable turnover he would probably have a good ratio of grocery is going to be higher as the ratio ... ..

**Mr MITCHELL:** So rebates for I think is it coke or frozen items or whatever, those rebates they remain back with the store from where they're sold, or do they go to a central office?

**Mr WILLIAMS:** Basically the accounts paid from the central office, but its credited, the computer system can allocate those straight back into where they should be.

**Mr BALCH:** So it reflects on the NT store profitability I guess that's what you're getting at.

**Mr WILLIAMS:** Yes. The NT stores they definitely get their fair share of all the rebates and allowances that are negotiated. The same as any other store does. Basically we allocate all costs basically are allocated back to our 410 stores, that's Coles stores, but any earnings are also allocated back to those stores.

**Mr MITCHELL:** Rebates are allocated back?

**Mr WILLIAMS:** Yes.

**Mr MITCHELL:** You mentioned earlier that you get into profitability at some stage. Can you elaborate bit perhaps on that? I got the impression that some weren't as profitable as what they should be.

**Mr WILLIAMS:** No, well they're not. If you look at those figures there. In actual fact we did make a loss in the Territory. That's been for several reasons. We have been very aggressively competitive for several reasons. We have been very aggressively competitive, and also there is some additional costs there of some of the depreciation that we've had with the revamping of our stores to drive the stores forward to the future. But I don't know whether you want to sit down and go through, if you want to get into the nitty gritty of the stores, what I would like to do is get Ted to work up a presentation pack that we can actually go through it with you.

**Mr MITCHELL:** I just noted that you say the pre opening and establishment expenses etc etc have affected your profitability, say that's just a short term plan.

**Mr WILLIAMS:** That's the short term. But if you track back the history of the Territory over the last 4-5 years, there's been obviously years when we made a profit, but I just want to stress that that profit level has not been up to our even levels that we generate as an addition around about 3.6% that's what we make nationally. We have never, or in recent times we have never made any where near 3.6% in the Territory. I don't think in future years that will ever happen neither, but at the end of the day we would certainly be wanting to make more profit than what we are making at the moment. But we're not planning to do that by lifting prices. We are planning to do that by attacking the market place, looking for niches that we've got in our stores. We are working hard on how to reduce some of that shrinkage that we incur. One of the reasons Zlote's been appointed up here is to put some small focus on the operation as well. But if you took out some of the extraordinaries out of there that refute, the fact that there has been competitive opening in Darwin with Woolworths, that was a very aggressive opening, and we responded very aggressively to protect our market share, which we have always looked at. So there is quite a few reasons there for it. I mean anybody with any financial knowledge and all of a sudden well you are not keeping running at that rate, and we certainly not intended. I can tell you we're really accurately pursuing that store in the CBD. That should be a signal to everybody we've got competence that we're going to be able to manage these results in to a more favourable result. But they're going to be done by driving the top lines as hard as we can, the sales line, and improving the profitability by better controls of the mix of the products that we are selling.

You know, quite frankly these results here they're not results that we need to be very proud of. In fact they are pretty ordinary results. If it was Coles Northern Territory the division and I was the Managing Director of it, I would suggest, or was an independent I would suggest the bank manager would be calling me in and having a pretty serious talk to him.

**Mr BALCH:** Are you prices out of your Adelaide warehouse for products, are they the same for the South Australia Northern Territory stores?

**Mr WILLIAMS:** Yes.

**Mr BALCH:** So you are looking at your basic your wholesale price effectively?

**Mr WILLIAMS:** Yes. The price say its Kellogg's Cornflakes the landed cost then would be \$10. We have what we call a DC service fee which we charge off to the stores. That's the cost of running the DC and picking the orders. It's the same for all stores. That goes out to them \$10 plus the 2%, and the only difference then really is the freight. The fact that at the end of it we do have those additional fixed costs up here.

**Mr BALCH:** Can I just follow on from that. Looking at the freight cost into the Northern Territory. In your submission you've made a point about back loading, and I guess I understand it, but I just wanted you to elaborate on that from your side and how does that cost impact and what sort of cost to you?

**Mr WILLIAMS:** What we are looking at now with the back loading is that basically you've got a pretty expensive unit for the transport company that's going back empty. Over a 2 day trip a 2½ day trip – well you have to. I mean I'm a truck owner. You can't just pay the ... and bring the stuff up. So that has to not double the freight but it does impact on the freight. Now if there was product we could be bringing back, that would have a significant cost because somebody else would be picking up the cost and sending that freight back. That stock that moves down, that fruit and veg product that moves down, that does go some way to offsetting, but that's only a fairly small amount. I can remember when I was up here and I don't want to keep talking about that, but we used to go and get buff hides and eel and prawns and all those sorts of things and they were all right at certain times of the year, but then other times of the year they'd be going back empty. When you look at it there's a big unit, and okay, you'd use a bit less fuel going back, but you'd still be wearing, there is still the time and the fact that you've got \$200-350 000 piece of capital just going down the Stuart Highway for 2 days with nothing on.

When our goods, using it as an example, in metropolitan area though its half an hour to a store, they unload and its only half an hour back with nothing on it.

**Mr BALCH:** Consequently your comment about rail where you only have a one way cost of supposedly reduced eventually.

**Mr WILLIAMS:** That would have an impact eventually. I know there is a lot of work being done in the Territory to try and make the Northern Territory the main port, push it now, again I think that would eventually have some significant benefits I would think.

**Dr LIM:** Alan if I could impose on you, when you said Ted and you organise your financial presentation it might be easier for us to do the presentation here, because we have got consultants who could sit in and hear what you going to tell us. Whereas if 3 of us go down there we haven't got the financial expertise or accounting expertise to really look at your figures critically. Would that be all right?

**Mr WILLIAMS:** Yes. Willing to come back to Darwin to do that.

**Mr BALCH:** Sad you have to come back to Darwin in the future.

**Mr WILLIAMS:** Zlote would help.

**Dr LIM:** Further questions gentlemen?

**Mr WILLIAMS:** You should get a fair bit of information on the dairy case as well, particularly with the short sell merchandise like yoghurt and creams, so they do incur extra costs. Shrinkage rates in fruit and veg I think are around about 14%, and around about 10-11% in Adelaide, so you are looking at 3-4% there. Somebody mentioned carrots, carrots aren't that tough a line and they're out of refrigeration. We were talking earlier about has there been any improvements, just even the way the trucks are loaded helps considerably. Some products need cooler and cooler moisture air than other products so a lot of work has been done on that. The fact though that its handled more times and there are those days that it does certainly impact on it. Lettuce, we can have lettuce in good condition too weeks after its been picked.

**Mr BALCH:** Provided the cool change.

**Mr WILLIAMS:** Provided the cool change has been there and the moisture content and all those sorts of things, so things like silver beet it maybe 3-4 days since its been picked, and I had a look at some of the stores this week and its in pretty good shape. Its been packed properly, its been wrapped in plastic, its had water its sprays, its been kept at the right temperature and it holds up. If you don't water spray and you don't wrap it, but keep it at the right temperature, its going to be sunken when it gets here. That's just sort of the things that...

**Mr BALCH:** There have been a lot of technological advances in that kind of plastic wrap of late hasn't there too.

**Mr WILLIAMS:** Yes. But even simple things like a hessian bag over the top of cabbages just nothing. It is not modern technology, but it is very very affective and it works.

I was very interested in the presentation that was here before us, and we had a discussion with the Chief Minister about this. There is a lot of expertise I think sitting in our stores that maybe we can somehow or other utilise some of those expertise to help with perhaps some of the problems that are being outlined here today. It is something the guys bought up from the hearings that they've been talking about both and attending. Just the handling of fresh produce. We've got things to learn yet. We're not saying we're perfect, we've got a lot of improvements to do. But things like how to handle fresh produce, the food handling and the safety aspect and even maybe some of the fundamental management things, there may be some opportunities for us to assist some of those community stores there.

**Dr LIM:** How do you see, what position do you have with regards to bush communities and what you can do for them? Are you talking about their wholesalers.

**Mr WILLIAMS:** We're not talking about cutting into anybodies existing wholesale market. That's not the intent of it, but I mean we do provide to do centre line product into the bush. I think in Alice Springs in average we had a department down there it is about \$60 000 a week. Casuarina we send about \$20 000 a week to bush orders.

**Dr LIM:** Your bush order department in Alice Springs started many many years ago before anybody else had even thought about it.

**Mr WILLIAMS:** Well I can remember years ago when I was here we used to take stuff down to the barges. One of the things we did do when I was here, and its certainly a long time ago, we did used to have people from some of the community stores, they used to come to our stores for work experience, and it was mainly in the fresh areas they used to work in. That's the sort of thing we can look at, and we'd be happy to do that. I am very anxious that we are not perceived as no all from Melbourne that can fix the problems. Some of those problems I don't know how you fix them, but if there is something we can do to help train and develop the people that are running the stores providing that's what their communities want, we'll be happy to trial that and just see how it goes.

**Dr LIM:** Although you can only budget to come up with us it would be a fantastic learning experience for you guys. It is just one of those things that the real average Australian never gets within whiskers of.

Thank you very much everybody. This has been a very very productive hearing. I thank you again Allan for your very tender and openness to the committee. Its been very very useful. I look forward to talking to Ted.

**Mr WILLIAMS:** If there is any further information or question that you want to ask us, we will make somebody available who can you can ask. Thank you for the opportunity. As I said its something we have treated very very seriously. Inevitably you can always learn something.

**Mr BALCH:** You guys will possibly be seeing this as an opportunity to better inform the community, that's what this committee is aiming to do. I think you have seen it that way from what you have provided to us. I think hopefully that's what its going to do. Its better to inform the community about just where we are at with our Territory food and groceries.

**Dr LIM:** Unfortunately some groups have seen this as a witch hunt which it is definitely not a witch hunt. We find more business people who are trying to learn for ourselves to try and inform Territorians what its about.

**Mr MITCHELL:** At the same time it encourages people to look closer at prices.

**Mr WILLIAMS:** If I can leave you with one message. If you are going to move down to price checking thing get one that can't be manipulated. Don't get one that can be abused. Come out with a reasonably big basket so it can't be manipulated.

**Dr LIM:** Thank you very much.

---

**NT Chamber of Commerce**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

NT CHAMBER OF COMMERCE – Friday, 25 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Ms Carol Frost

NT Chamber of Commerce

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Welcome to the hearing to the committee on Territory Food Prices and welcome Carol Frost of the Northern Territory Chamber of Commerce and Industry.

Carol I'll just make a few preliminary comments before we start. I'm sure you've appeared before parliamentary committees before. Just for the record we don't expect witnesses to take an oath or an affirmation for the information they are going to provide the committee but we expect witnesses to be truthful. What ever you say is covered by parliamentary privilege so please feel free to speak as you wish candidly and say what you like and the idea is for the committee to learn from the witnesses to help us produce a report that will be useful for Territorians.

If there is any issue that you'd like to provide the committee in camera please feel free to say so that we can then complete it in camera to allow that to happen otherwise the floor is yours.

**Ms FROST:** Thank you, and thank you for the opportunity to speak with you.

I have brought some further information for you and copies for each of you - if I could provide those for you.

The reason that I've done this is just that in putting the original submission I wanted to talk more with our members and I wanted to talk more with the Board of the Chamber of Commerce on some particular issues that the Chamber has in identifying costs of business in the Territory so I don't propose perhaps to read the whole thing but perhaps pick out the particular points out of the letter.

Perhaps I could start off by just giving you a thumbnail sketch of the Chamber of Commerce. We've been in operation since 1957 as independent chains of commerce around the different regions amalgamating in 1975 into the Northern Territory then Confederation of Industry and Commerce, now the Chamber of Commerce and Industry. We have over 12 000 members in every region. We have a wide cross section of membership. We have a very large penetration into the retail industry which is why we think that we have some input into this particular hearing. We have offices in Alice Springs, Tennant Creek Katherine, Nhulunbuy and of course here in Darwin.

The way the Chamber operates is that we have committees at each of the regions elected committees from our membership and the Board of Directors is comprised of the Chairman of each of those regional committees and second elected members so it's a very cross section of the community our membership any industry and every industry that you could think of in the Territory from cattle stations to child care to building, hospitality, mining etc.

So that's how the Chamber operates so the information that I give you is some anecdotal and I have given you a copy of the survey that we did which is factual based on feedback given from those members over a period of time.

One of the things that has been a problem for Territory business for some time has been the cost of doing business in the Territory and it's from this aspect that I speak because I understand you've had representation from individual retailers and it is I consider more appropriate that they talk to you about their specific operational matters than the Chamber. We have been focussing for some time on the cost of doing business and I've made a note in the additional information I have given you that it's almost

become acceptable and it's become an excuse for our competitiveness in industry throughout the Territory and we found it very hard because it's been seen as such a huge issue to have any action or take any action or to see action in taking to reduce the cost ...

Over the last 2 years we've identified several areas that we consider are real disadvantages to business some federal, some Territory and this submission is predominantly on Territory aspects. We are making separate representations to the federal government on areas that is their area of control.

We consider that the major costs are and it's no surprise you've heard them before. Cost of electricity, payroll tax, labour costs and then as I've said the other costs includes fringe benefits tax in the Territory which is a huge imposition, sales tax on freight, costs of recruiting, training, retaining skills staff and as I said we have been making separate representation through the Australian Chamber of Commerce and Industry why federal government and also by direct representation by getting in anybody's ear that comes up from down south.

The major cost of electricity I think there's been a lot said. I haven't put in any of the particular comparisons because that has been done to various ministers and it's very topical at the moment. We've identified that electricity is a big issue through a survey that was done and I've attached that at the back for you. The survey was a part in an Australia wide survey done for the last federal election through the Australian Chamber of Commerce and Industry and we were able to pull out our ranking inter business concerns and I've abbreviated that the, said that out of the top 10 issues that the Territory's 6th concern taxation reform and it's there in more detail 2 were in relation to industrial and workplace relations, complexity of government regulation was number 8 and energy costs number 9. Australia wide, energy costs were the 18th of most important issue so you can see it is a really big issue for us.

I did some further work that went down and said that if you go to the 25, I think it was about 14 or 15 become taxation problems, government compliance. You add in a few more issues relating to labour costs and other telecommunications then come in and another few other issues. So that's were we get some factual information that across the board energy costs are seen as a really big factor. One of the greatest inhibitors of business and one that needs serious consideration and to say that I recognise the Territory government has taken that on board and is looking at it however, we consider that there's a lot of work still needs to be done in that area. There has been some agreements made and benefits provided for bigger business, across the Territory we are now saying that that's time that they did that, that smaller business area.

**Dr LIM:** I've just got a question here Carol, your ranking was done June 1998, in view of the comment about the power generation being a fairly energy costs according to your ranking, since the Northern Territory government has reduced commercial tariffs 1 April of this year do you know how significant that is now in the list that you've got here. Would it have gone up or down?

**Ms FROST:** We're about to do another survey at the end of June and find new rankings because we wanted to have some time for people to get there first electricity accounts. Initially indications show that that won't change much because the savings haven't been that great and they've not had time to actually come in. They haven't had time to take an effect of 12 months I think we'd be lucky if they've been in for a quarter so far.

**Dr LIM:** I understand that with the commercial tariffs there around the general purpose commercial tariff plus a demand tariff which in fact big companies can now negotiate through contract or can

contract with power or demand time tariffs which will make a significant impact on their power costs. It would be interesting to know how your members feel about that and if you can provide us with the information before our report is due for us to look at this year's figures or this year's rankings maybe worthwhile.

**Ms FROST:** Okay, we'll endeavour to do that as I said we'll be getting that out at the end of - at the beginning of July and we might be able to get you some preliminary rankings prior to you reporting.

So that, unless there's any other questions on electricity that it really has been a major issue for us. I've mentioned there a geographical location requires food industry certainly to keep more stock in hand, provide more freezer and refrigeration capacity, customer expectations and staff expectations are very high for a pleasant working environment and even though you can apply some of these arguments to interstate, in Alice Springs it's very cold, in Darwin it's very humid and we would argue that those demands on providing that pleasant environment are particularly, yeah have a particular impact on Territory business.

I've also made a comment on customers now expect and demand 7 day trading, longer trading hours. There's become an establishment now on opening on public holidays and it would be very difficult to compare apples with apples I would suggest in trying to compare the costs of doing business between the Territory and interstate. I'd like to come back to the 7 day trading a little bit later, if I may.

**Dr LIM:** I've been talking about climatic conditions being a barrier to living or doing business in the Territory. Take for instance the Top End living in the tropics - people living in Singapore and Malaysia live that all year around and they deal with the weather as well it's part of their lives. Is it because the mentality of Territorians are still very much are southern bound so that coming to the Territory is a problem because they're coming to live in the tropics. How do you compare living in Darwin with living in Adelaide? You either come here and say well I now live in the tropics this is life. Unless you start thinking oh gee I wish for winter in Adelaide and then live in Adelaide, that's how I see it. You live in Alice Springs, it's the desert yes but that's life. You live in the Antarctica no use asking for the humid weather there.

**Ms FROST:** There's been a fair amount of work done on that aspect and we're working at the moment with a couple of the Territory government departments. In looking at why people come to Darwin and why stay, predominantly Darwin because Alice Springs, it gets very hot in summer and of course but it has 4 seasons and people seem to be able to cope with the climate. In the Top End, we are still losing people because of climate, because of the 'wet'. People like to go to the tropical countries for holidays but not necessary to live there. We are doing a fair bit of work on that to try and explain to people before they come what the climatic conditions will be and that there are ways of overcoming it but I think you're right it's part of the Australian culture that it's not normal in a lot of people's minds to live in the tropics and they expect far more airconditioning in the home, in the workplace, in their shopping centres, in their restaurants. We see restaurants going broke in the 'wet' in Darwin or they close down because people will not dine outside and if they haven't got an airconditioned section in their restaurant then they don't have any visitors, they don't have any clients. It's something that certainly needs to be worked on but it is still a factor.

**Mr STIRLING:** So staff turnover is still a major factor in business?

**Ms FROST:** Yes, we are, again it's going to be interesting in the ranking of where recruitments and staff



selection recruitment, recruiting employees with appropriate skills was number 6 on the, tied in with number 5 was the unfair dismissal legislation of concerns and retaining skilled employees was number 16. There is still a high turnover in some industries of staff and costs that go with continuously in-house training of those people. There is also a lot of employment I mentioned it to various people from the Chief Minister down. In the Territory, low unemployment isn't necessarily good for business. We have a very small pool of skilled workers.

**Mr STIRLING:** But employment practices in the retail industry is notorious for its high level of casualisation historically, I mean it lends itself to high turnover doesn't it? I mean Coles has taken the initiative recently with moving to put more and more of their employees on a permanent basis and they expect and I think they will get reduced costs as a result because they'll get loyalty and keep their trained staff and so on.

**Ms FROST:** A lot of that has come from changes in the Industrial Relations seen. In the Territory we had an award that was first approved back in the early mid 70s probably just after Cyclone Tracy which set the hours of trading will be 8.30 until 6 o'clock, one late night which shall be Thursday unless approval by the commission and the unions and Saturday morning 9 until 12. It's taken a long time to push those trading hour barriers, now this is nothing to do with trading hours through legislation, this is award conditions. If you went outside those hours the penalties were very high so yes, the industry lead to or was very prone to casualisation. You couldn't employ somebody to work for 38 hours if their hours included a Saturday or a Sunday so predominantly women and young people were employed casually, there was very little option. Now we're seeing more enterprised agreements and I understand there's quite a few now in the retail industry that allows people to have recognition for the hours they work on weekends and being able to accrue annual leave and sick leave for working on those hours and those days. We are able to see more full time and official part time work coming in. It has been a concern for a long time but it's also seen by a lot of people as a part time job. I would - it would be interested to see how many people here in this room have not worked in a retail shop at some time either through going through school or university or their partner has supplemented the income by working in a retail outlet, I think we've all done that. So it has been seen a bit like the hospitality industry as a second job, as a temporary job, as a transit job whilst we go on to other places. So that is still an issue and I believe nationally that casualisation has been as an issue a major issue in the industry because it impacts on continuous turnover, continuous training everything by the uniforms down.

The other issue that we identified was payroll tax. We identified this some time ago as being totally uncompetitive with our neighbouring states. We've been lobbying the Territory government for some time to review it and have some satisfaction in the last Territory budget. The Treasurer's announcement that he wanted the changes to be income neutral or neutral on the budget just meant that it was really reshuffling the deck chairs. Small business did get some relief, about 15% on payroll tax, medium size employers were the disadvantaged employers and the larger employers didn't have either relief or any gain or any impost because they were already on the top range and it made very little difference. Our position is that payroll tax is an impost on employment and shouldn't be there at all however, we accept it's not going to be rid of in the short term and therefore we are arguing for at least a comparable payroll tax with interstate.

We're trying to do some work at the moment on how much the Territory government provides any benefits to unemployed people and we hope to put an argument before the Treasurer that says in saving unemployment benefits they offset a payroll tax. We have high hopes and I ...

At least a comparable payroll tax and as I say small businesses receive some of these certainly the medium size businesses haven't in fact they've had an impost because of the addition now of fringe benefits tax and industry superannuation being added into the calculations of payroll tax.

Labour costs, we've spoken a little bit about but we have identified several issues that are still uncompetitive in comparison to our interstate businesses and we currently have before minister Manzie as the Industrial Relations minister, some changes we would like to see in the *Public Holiday Act*. This year I believe is quite an expensive year for the retail industry because we have substitute public holidays. If certain public holidays fall on a Saturday or a Sunday there is a substitute day. This is out of kilt with interstate who celebrate major public holidays on the day and don't apply to substitute days so we have some negotiations with the minister, and also our *Long Service Leave Act* is out of kilt. We haven't done too much work on that but we will be drafting some correspondence to the minister on that one as well.

We're very keen to look at how we, how we compare with other states because one of the things that we have identified and it's in the preamble to the additional information I've provided to you is the spotlight is on the Territory as a place of opportunity. We have major projects coming on line such as the oil and gas, the defence, the railway. There are rumours around already within Australia and overseas when you talk to these people that Australia the Northern Territory is not competitive. Our labour costs are too high, business inputs are too high, we haven't got a skilled workforce, staff turnover is too high and they're very real issues that we have to address if we want to get some real benefit out of these particular projects. Even taken the projects out of the scene, the Territory is a service centre. We either dig it out of the ground or we service it. We service the mining industry, the tourist industry, the defence industry, the oil and gas industry whatever, we service it. Service industries require infrastructure and this is where the whole thrust of our argument is coming from in that in supplying that infrastructure there are costs that should be addressed.

**Mr STIRLING:** Carol I'm interested that the section on labour costs warrants it's own paragraph in your extra submission because when you look at the Northern Territory running into any problems, labour costs come in at 34, no where near the 10 and identities I think is, is 26 and is clearer not seen by the business big ...

**Ms FROST:** Certainly we're not addressing the penalties because we believe that businesses will do that themselves through enterprise agreements that's why I haven't made any mention. We're looking at the specific labour costs that we've been able to identify ones that you as the Northern Territory government and this committee can then look at. We've, we are as I said, unfair dismissal legislation was number 5 and we've made to representation to you on that at this stage because we are making representation separately on the need to review and look at the legislation that covers termination of employment.

Achieving workplace change yes came in at number 35 but we believe and this why it's going to be interesting to see the new ranking because we believe that business is addressing some of those problems themselves through either enterprise agreements or looking at how they do business better and forming relationships with their employees. Employee productivity was number 22, so it's scattered throughout when you put them all together there's a trend that came out, the 3 major issues were tax reform, complexity of government regulation and industrial relations human resource management issues that were the trends. In the Territory the others of economic development, availability of finance those sorts of things were certainly very low ranking in the Territory and that's probably because most of our

investment comes from interstate rather than internal.

I just close there in saying that we do lobby the federal government on the issues that we consider are in their parameter. We've identified in the short term 2 big issues for the Territory and especially the retail industry and that would be the compliance with Y2K and the implementation of the new tax regime in whatever form it will directly impact on all of our members. Retail industry of course has it's own problems in determining what will be GST, which won't. Even though a lot of help will be provided, that will still be an issue for them.

I have said there again and reiterated our statement from my original submission that we oppose any steps to introduce legislation controlling trading hours and prices but strongly support any action to, taking those business costs.

I said I would come back to trading hours and I haven't put much in the submission but in saying that the Territory is a service industry it's been interesting in talking to members and doing the track trek which we all do from time to time, driving from Darwin to Alice and back again, is seeing how the regional centres do service their regions. So Alice Springs services Tennant Creek and a huge remote and rural area down into South Australia and Darwin services Katherine, Nhulunbuy and it's those people do look to the 2 major centres for servicing and one of those is the retail industry and they do provide that service on weekends to a lot of residence who use the fact that the shops are open, and it's one of the reasons that we would be against any sort of regulation of trading hours because we feel that it would be detrimental to employment, it would be detrimental to the investment that small business people have made in going into some of the business they have that revolve around the major shopping centres and certainly detrimental to investment because why would you build any new infrastructure shopping centres and have restricted trading.

**Dr LIM:** How do you feel about reserving a certain percentage of retail trade to the corner stores. There was a submission given to us that major chains have increase in the market share and perhaps that market share should be capped to a certain percentage taken out of, 75% and reserving, for the corner store. How do you feel about that? I mean you represent the ...

**Ms FROST:** Overall as I said the chain's policy is that in the least amount of regulation as possible. Our concern would be is how are you going to do and how are you going to monitor it? We had this argument and I'll give you an explanation because I think Richard you were heavily involved at the time in Alice Springs when 24 hour trader/7 day trade first came into the major chains and there was a lot of representation into government on restricting the trading hours for Coles and Woolworths they were the prime targets. We had a working group of our members in Alice Springs and tried to come up with a formula, do you go on the number of checkouts, do you go on the floor space, does that include or not include storage space, does it include whether you have one or two shops, it got very difficult and we couldn't come up with a formula and in the end the only thing was that some of our members said well the only thing that the Territory government, is actually forbid or restrict Coles and Woolworths by name. There was no other formula to be used. I don't know how you'd go with that on anti-competitive legislation.

We have talked about it, obviously it is an issue for small traders. We've concentrated more on choice, I'm looking at it from a consumer point of view, each business identifies it's consumers, it's customers and their needs if they don't they're not very good business people. In identifying their customers and their needs it is up to them to then meet those needs and look after those customers. It's not difficult, it is

a cut throat world, it is a dog eat dog by it's very nature small businesses it's very difficult to operate in. So we've gone back to choice, competition means choice, if the consumer has a choice then there's got to be a healthy market there and I find it very difficult to stand up and say I have any evidence from members that says that gives me some statistical information that would give me a level of comfort in giving you statics or percentages.

**Dr LIM:** Let me be the devils advocate and well use the Alice Springs example. You remember Millner Road Foodtown and it was the first grocery store that opened 24 hours a day and it did a roaring trade until Coles came along and said we're going to open 24 hours and it effectively put that, on Millner Road Foodtown that opened 24 hour because they just could not compete and if you talk to the manager there he'll tell you until he's blue in the face that it was the wrong thing where his shop is concerned. What comment do you want to make on that?

**Ms FROST:** Well I don't know that there is any comments, it was a fact. We also had Harvey Millard as you know he had 3 supermarkets, he was a very large component of restricted trading hours there for awhile until he realised that he was seen as one of the big boys in Alice Springs, and it was the corner store that was going to survive he was going to be one of the ones that was shut on Saturday's and Sunday's. I don't know that there is an answer. Small business can be very flexible they are, disadvantage, they do survive I think what they Millner Road showed is that while you're ahead you have the market advantage, if you have a good idea somebody is going to snaffle it then you go back onto local competition again, I don't think there ...

**Mr STIRLING:** Carol in relation to power generation I totally support your cleaning up of the supermarket program but through addition, government has already signalled \$30m a year saving over the next 3 years and I would be encouraging strongly that there be no commercial tariff and then of course following onto domestic from there as well and if those saving are achieved I think it's the right, to do is to pass that advantage onto consumers. We've heard evidence from major retailers that it is a factor but not all that significant in terms of being able to lower the shop prices, on the actual prices but as I say I fully support your comments there in relation to power generation with the payroll tax as well at anytime, the highest in Australia on payroll tax, support there I agree with your comments that you made that it should be at least, not be higher than that of other jurisdictions.

**Dr LIM:** You are aware that the government's addressing this and have already done something about it this year?

**Mr STIRLING:** Well Carol's evidence is that small business related to about 15% there's nothing there ...

**Dr LIM:** Could I draw your attention the first submission you wrote on 14 April and the second paragraph of that submission expressing your concern about the, of this inquiry and we have more advise from government what action government will take on receipt of the results. I propose to you that the government can't do anything until it knows what we are going to suggest or recommend in our report, back to front there.

**Ms FROST:** Yes I suppose the concern we had the justification the inquiry obviously it was a very emoted time when the inquiry was formed. We felt there had been quite a beat up of the issue from a survey or a study that had been - they'd really been shot down in flames over a period of time but in the consumer's eyes had built up this image of us as consumer's being ripped off and I suppose that's where

that comment comes from and I accept your statement that it was a bit silly that it would be, to say what you would do but it was in that atmosphere that the comment was made.

Could I also add adding on to Syd's comment about electricity was cut it would be marginal for some businesses. What we said in the past and what our member's information is showing us that there is a lot of businesses out there the retail industry is very competitive that goes without saying, I've use the, report about the pie and the slice is getting thinner. We have some businesses that are doing very badly in the retail industry in the Territory and we have others that are doing very well and there's a big band in the middle that are hanging on.

What we've said is that if we can reduce these inputs it doesn't mean to say prices will go down. What we're hoping is that prices won't go up and that the people in business, the small business people, well business generally, will start getting some better returns on their investment. The argument of electricity came up before and I've said it in the media a number of times that 3% reduction in electricity will not be passed on to the consumer. It is a very small dollar figure for a lot of businesses but it means the difference in a small business that being able to make a slightly little bit more of a quid at the end of the year, so our work from the Chamber of Commerce's point of view in identifying these and lobbying and working to reduce inputs to business is that perhaps we keep the prices down. Not to go down, but that they won't go up but perhaps we will start seeing some of our businesses being less than marginal in operation and getting a better return on their investment.

**Mr STIRLING:** Just let me, can I just qualify that the remark was made it was made in the context that I didn't specify what sort of reduction there would be so it was a bit, in terms of what he could respond to but he did also go on to say every little bit helps if it's a marginal payroll tax or it's marginal power that certainly every little bit that government can reduce those ...

**Mr MITCHELL:** So what you're saying Carol is that the reduction of power costs would not necessarily benefit consumers at the end of the day but rather the businesses themselves.

**Ms FROST:** Not in the short term I don't think it would benefit the consumer other than perhaps the price wouldn't go up is what we're saying. We're not going to see if the price of electricity, payroll tax, whatever was magically reduced I don't think you're going to see businesses going goody, goody we can drop all our prices by 5%. I think what you will see is more money being invested back into the business. We see waves in business where if things are tight they hang on there's not a lot of cash flow around. When money is available again people reinvest back into their business because it's actually their retirement, it's their investment, it's their way of life if they put the money back into it. It enhances their business in the long term and that's got to be healthy for the Territory economy. If you've got good vibrant businesses.

**Mr MITCHELL:** It's also interesting to see you're - number 46 I think it was the transport costs don't appear to be a major major impost on 45 or whatever.

**Ms FROST:** We were a bit surprised that it was, certainly reliability I think we've got, the reliability in the Territory is not an issue we've got a marvellous transport system. I think people are just so used to the road freight costs ...

**Dr LIM:** lots of that becomes fact through use rather than reality.

**Ms FROST:** And of course through competition and huge changes in the road transport industry now it's

a very competitive market. I know people shop around a lot more than the used to and I've noticed that in the years I've been in the Territory where there were some monopolies where if you didn't like it well find some other way of bringing it up through to the transport companies being very competitive.

**Mr BALCH:** Again I think in terms of our inquiry, transport costs is one of the pre-eminent factors.

**Ms FROST:** Yeah that's why I say I was surprised you didn't ...

**Mr BALCH:** Factors in terms of consideration in plain, I think it was said by the submission by the major stores that the most significant cost that could be changed to have an impact on prices was freight. They identified that as the pre-eminent factor.

**Ms FROST:** That's why I said we were surprised it was low in the list and I have no information to say why it was. We're hoping that the railway of course will change it.

**Mr BALCH:** We all are.

**Mr MITCHELL:** Just getting back to that I think the percentage of the freight particularly from some of the major chains was about 3.5% which would I suppose at the end of the day is a major impost on the price because around the Territory freight costs are being off the top of my head maybe in the 10% range.

**Ms FROST:** This was an average - we surveyed about, last year about 11 000 businesses across the board, industry sectors and across the Territory and I would suggest that in some areas it's not an issue, in some it is obviously. There would be a component of industry that because they haven't got - what am I trying to say? - the chains tend to bring their own stuff up. Very useable the containers come up that's their's. The other retailers and other suppliers and service suppliers it comes up as a bulk and I don't know I really wouldn't want to be held to any assumptions that I'm making.

**Dr LIM:** So does the Chamber represent the transport industry as well in it's dealings, to your question that the national registration scheme that now applies to the transport industry a complaint that I have received myself is that where under the old scheme trailers are allowed to load up to 22 tonne. The trailer in fact in the new scheme, based on the increase in charges relates to an increase in tonnage to up to 24 but that bit of the policy hasn't come through the system as yet so the charges have increased but the tonnage still remains at 22 rather than 24. Now has anything been done about that to try and to rectify the rule system?

**Ms FROST:** No, we worked and had talks with the road transport association but we haven't taken any of those specific issues. We certainly on the costs of registration and licensing when that changed but no not in specific areas about tonnage.

**Dr LIM:** I mean you've got to agree that if the tonnage could increase it's going to in fact decrease the unit price for freight.

**Ms FROST:** But the sticky one is still the old sales tax on freight.

**Mr MITCHELL:** You've got it right.

**Ms FROST:** When we were doing our submissions to the Australian Chamber of Commerce Industry and to the federal government on tax reform I was surprised at how few of them even realised that sales tax was on freight, because they kept coming back and saying no it's a wholesales sales tax it is not a tax

on a service. In the end I got onto the tax office, got the ruling and sent it down and said it is a big issue for us.

**Dr LIM:** It is a big issue we hear it all the time that's right over and over again and that probably needs to get referred but for government to try and breath some equity into it but hopefully to we did also present that comment to the, chains and maybe one day they will get free into warehouse into Darwin and Alice Springs and that would then nullify the problem. Then again perhaps it's the volume that is to increase first.

**Ms FROST:** I believe it needs to be looked up but I understand the way it works is that if it's your own truck and you go and get the goods and you truck them to your warehouse there is no sales tax on freight, if you use a freight company there is.

**Dr LIM:** Because if you use your own truck it's free into store or it's free into warehouse whereas if you have to use another freight company it's not free into store so that's the difficulty. So the thing to do is to convince the big chains that their suppliers must look at free into warehouse in regional centres like Alice Springs and Darwin and if that happens that issue will fall over.

**Ms FROST:** I just remember speaking on this from Bob Hawke when he was prime minister, at the special premiers taskforce on regional development all the way I've lost count on the number of times before that.

**Mr BALCH:** I think it's one of those things that because it effects a specific area it's sort of too small in the grand scale of things you'll never get your, think they'll worry about it.

**Dr LIM:** But is there an, of living in the Northern Territory, many things that do not happen to other Australians happen to us and it's something that we should try and fix up.

**Ms FROST:** We're hoping that the new tax reform whatever it is, in whatever form will adjust things.

**Mr STIRLING:** Carol just on that I know that I know I mean it's, so it's open to comment on detail but feedback and I know the Chamber is very pro-active in organising concessions as far as could be ascertained at that point. What's the general feeling particularly in the retail industry where it's likely to hurt it's major people, got a view to effect not have a price?

**Ms FROST:** I think there's a little bit of hiding the head in the sand still but there is a growing awareness that certainly in retail industry something has to be done. In fact at the moment in our office we have the coordinator of the Australian Taxation Office sitting there saying who do you want us to come and talk to when we do the national training awareness program and we've said retail, retail, and secondly we've added on some other businesses mainly community services area because they need to know how to work the rebates or the credits.

It is going to be a big issue for them and I think it is going to cause a lot of anguish in the short term we are identified them as one of the big issues and I think it's going to have some real problems whatever as I said whatever form the legislation comes in.

**Dr LIM:** The National Chamber of Commerce body or retail bodies haven't sort of worked out a computer program that can be readily and cheaply bought by every small retailers and plug into computers and away they go?

**Ms FROST:** Yes we're affiliated with the Australian Retailer's Association and I had an E-mail yesterday saying that there is a proposal at the moment to the Treasurer, federal Treasurer to develop such a package that there's the preliminary work already been done and there's some in principle agreement for further funding. Whether it will form a computer package, whether it will be some sort of work book or that's the next stage but yes a lot of work's been done nationally.

**Dr LIM:** Perhaps from a medical point of view medical benefits schedule has been, on computers for a long time and give us an initiative taken up by the federal health department who have done it. Doctors just get the CD, load it up in the computer and away it's all there. You don't have to really think about it unless you want to change ...

**Ms FROST:** Yes, were hoping that something will come out. It's the preliminary work before implementing the new tax system.

**Dr LIM:** The ABC is going to come in to take some footage without sound.

**Mr STIRLING:** Can I do my hair and that.

**Dr LIM:** Sorry.

**Mr BALCH:** Your hair's fine.

**Dr LIM:** Any further questions of Carol? We better keep her here for another 5 minutes while the ...

**Ms FROST:** I think ...

**Mr STIRLING:** Thanks Carol particular for the second document.

**Dr LIM:** Yes that's very useful but it really would look I would like to see or get hold of you June 1999 ranking problems and, actually it would be good to see that and, changes as well.

**Mr BALCH:** Perhaps one comment that I could make following onto what Richard was saying Carol about and you've already expressed the initial I guess, of what can the committee do and where is it going and as you said there was a lot of emotion at the time. I guess if for nothing else what the committee can do is get a lot of fact out into the community. There's one thing we've been hearing and seeing a lot of is the methodology of the retail particularly in food and grocery industry and that tends to run around the community like wildfire about what's going on, what's happening, what's not happening and we've collected a lot of information from different sources and I think that we'll be able to put a lot of facts on the table and say well here are the facts because for instance everybody says well freight's blamed but it's not really the case. Hopefully that's one of the things that we can really achieve is get that fact out there in the community of just what the structure in pricing is, just how competitive we are, we're doing comparisons to other regions that we've selected which have similar demographics and distance and market and all the rest of it and so hopefully all of that evidence together the body of evidence will work in support of a lot of your members as well to just give the community some awareness of why things are what they are.

**Dr LIM:** It's unfortunate many people in Darwin compare us with the other capital cities, and really it is you cannot compare them. Sydney is Sydney with 3 to 4 million people and Darwin with less than 100 000 there's just no comparison and unfortunately the media are the ones that allow such comparison to take place and that's just emotional that really is not fair.



**Ms FROST:** But there's - in response to that I understand one of the suggestions has been a basket of goodies some sort of price checking. If that was to be done we would certainly encourage that there is a proper formula to that. Do you put the tin of dog food in, or do you put butter versus margarine, I think it really needs to be done a little bit perhaps more accurately and consistently than it has been done but it's used more practically instead of emotion and that it's done by a body that has nothing to gain and I'll be honest and say there's been some political maneuvering of that system as well as commercial maneuvering so it would need to be done by a body that has no axe to grind.

The other which we haven't touched on and I know it's an issue but I came back from a seminar last week which was discussing the impact of, on the retail and that's something that we're trying to come across. We haven't got any information on that yet. Out of the seminar I went to was that there is two courts of thought one that says the retail industry in the rural, remote and regional areas will be decimated and we will be serviced totally from anywhere in the world and the other one is that it is a golden opportunity for retailers in the remote, rural and regional areas to again look at their customers, look at the needs and become the service centre through electronics trade. So that it is something that I haven't touched on here because it's just so new but something the retail industry needs to be aware.

**Mr MITCHELL:** There's already a supermarket in town here that will take calls over the Internet.

**Dr LIM:** I think what will happen is you'll find that the, markets will develop through the Internet but human beings are gregarious animals and we still like to walk down and look - you'll never stop my wife from going down and just browsing and know you're not buying. That's right, the computer will not give you that interfocus that human beings need and we will still want to go down, meet with people, browse the shelves, browse the windows and that is never going to stop so I think the Internet will allow, markets develop without a doubt and people can make good incomes out of there because you've got a world wide market.

**Mr STIRLING:** It's good for nerds.

**Dr LIM:** One you had was that Internet

**Ms FROST:** I was going to say that the people from Nhulunbuy in fact embrace technology really well  
...

**Members:** Chatter

**Dr LIM:** essentially the same sort of thing and people living in remote areas I used to, myself in Alice Springs but bulk buys are still walking down the street I buy local lots of times.

Carol thank you very much for coming and sharing your information with us.

**Ms FROST:** Yes and we'll get whatever we can out to you.

**Dr LIM:** Copy of the transcript will be sent to you for your corrections and all that and any you do I will correct and then your written and oral submissions will then be incorporated in our report which will be tabled in parliament on 19 August so the sooner you give us your other information the better because we've only got about 6 weeks left.

Thank you very much.

**Ms FROST:** And again thank you for the chance.

---

**NT Council of Social Service**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

NT COUNCIL OF SOCIAL SERVICE – Friday, 25 June 1999

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Marcia Dwonczyk; Executive Director,

Peter Fisher,

Jenny Stacey; Treasurer

NT Council of Social Service (NTCOSS)

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** I reconvene the public hearings of the Northern Territory food price review, the committee, and welcome members of the NTCOSS, who have come to speak to the committee. Before I ask you to start, I'll just make some preliminary remarks about being in front of a public hearing of a parliamentary committee.

Normally, witnesses are not expected to take an oath or make an affirmation on the information they're going to provide, but we expect witnesses to be truthful to the committee. Whatever you say is covered by parliamentary privilege, so that protects you entirely. And so be free, be candid, be as - you know, say what you like to say, and we hope that we can interact with you and get as much information as we can.

The purpose is for the committee to glean as much as we possibly can from everybody to try and

construct in our heads a picture of food prices in the Territory and do what we can about that.

If there's any part of your submission you want to have *In Camera*, let us know so that it can be made available, so that there's nobody else here to witness your information sharing. And so we can close the meeting for you to make you feel more comfortable again.

As we all know, the Territory Food Price committee was formed as a result of BRW article early this year, which caused a bit of a stir, in particularly the Top End public. We have done a fair bit of research already, and hearings in central Australia and now the Top End. I'm glad that we can speak to a special group of people, particularly those who are on a fixed welfare income. Actually, that's good that you do represent, if you would elaborate more on that for us.

As we start, I'd ask that you give your full name and the position you're coming from. A transcript of your oral submission will be sent back to you for any corrections that may be required. If you send it back to us, your written and oral submissions will then be incorporated into our report, which will be tabled on 19 August this year. All right? On that basis, you have the floor. I would like to introduce us - Phil Mitchell is the member for Millner, and Syd Stirling, member for Nhulunbuy. Mr Steve Balch unfortunately cannot be here until a little bit later on this afternoon, and Mr Ah Kit is unavailable today as well.

**Ms DWONCZYK:** Thank you. My name is Marcia Dwonczyk. I'm the executive director of the Northern Territory Council of Social Services. Just to preface my remarks, following your question about the role of the council. We have a double role in one of those roles is to act as a peak body for social and community services that differ in the Northern Territory. So those organisations are those non-government not-for-profit organisations whose primary consumer or client base, are people who do tend to be from low socio-economic backgrounds or disadvantaged backgrounds. But are a mix of people seeking a wide range of services that are funded through a wide range of sources as well.

So part of the information that we raised in our submission comes from that role, being the peak for those organisations. So we will talk a little bit about some of the issues that are coming from emergency relief service providers, as well as the more general services providers.

I have 2 members of the board of NTCOSS here with me, both of whom, both as members of the board, but as managers of significant non-government agencies, have access to that kind of information as well.

The second primary role of the Council of Social Services is to act as an advocate on social justice for both people and communities who are affected by poverty and disadvantage, and our submission, we felt it particularly critical submission to this review because the impact of our food prices is disproportionately felt by those people who are affected by - and communities - affected by poverty.

So does that role make sense? Yes, okay. I guess our submission was fairly brief and succinct. Because of that peak role we felt it was important to identify the broad policies and give perhaps a perspective that you mightn't otherwise hear. I might just speak to it briefly by exception, and then offer the board members an opportunity to add to that, or if you'd ask questions.

Certainly, there's a number of issues that we raised. One, as you rightly pointed out, there's been a deal of concern about high food prices generally in the Northern Territory, and that impacts on everyone. But as we said, it does disproportionately affect those people from low income backgrounds.

There is also significant evidence on the higher cost of living in remote areas, and I'm sure the committee's had a number of submissions to that effect. But the impact of that is significantly higher again. So while, for an average family, a so-called basket of food is roughly about 12.5% of their income, but people on lower income that doubles, and for people in remote communities, the nutritionists and other working in those communities are telling us that it goes up to 35%, 40% and more of their income. So the impact on those families in terms of quality of life broadly is quite huge, because their disposable income is significantly reduced.

The other issue, though, is in our work with Territory Health Services and other governments trying to improve the health and well-being of Territorians, there is that very clear evidence they swing between those socio-economic profile and low health status. And so, on the one hand, our organisations are trying to work in partnership to promote good health, prevent illness and to get in there early, and on the other hand we're faced with issues like people having their low disposable incomes, poor nutrition and this kind of vicious circle of not being able to promote and prevent, when one of the key components there is beyond people's reach, if you like. And there's plenty of evidence that that can be drawn on to back that up.

As a result of those kinds of issues we've made a range of recommendations that are about both reducing the impact of the cost of food on people from - people in communities who are negatively affected, but also minimising the impact. So that's everything from things like the Commonwealth allowances that are paid to remote areas, and NT isn't alone - would not be alone in making that kind of recommendation. Western Australia has also been calling for an increase in that kind of allowance for some time.

There are certain issues that have been raised with us from remote areas, about the capacity to improve the networking cooperative arrangements, and monitoring the food prices in remote communities as well as generally. While the committee did announce earlier in the piece that it wasn't price regulation, I guess we've been saying that perhaps there could be some compromise position around that, because price regulation is one of the few tools available to look at trying to ensure equity of access to those sorts of things.

Competition is an issue that is consistently raised, and some of the work that's been done in other states around food prices - as you know, the other states took up this issue as well - showed that even in suburban metropolitan areas where there wasn't competition, prices were higher, where there was prices were lower.

The GST we've flagged as an issue. Of course, there's been a deal negotiated around GST on food. From our perspective there is still concerns about that because of the complexity of what's been negotiated. And it will probably mean that the monitoring function will need to be either more carefully looked at, because of the lack of transparency around that. It'll be confusing for the average member of the public to know if it's GST free, is this not. The whole chicken soup, all those sorts of confusing debates.

We have also suggested the implementation of the school's food program. I know there's been a history of that here and in other places. But if we acknowledge the link between low socio-economic status and health, we also acknowledge the links between poor nutrition and lack of attention and poor school outcomes, as well as other social factors, then it's a very effective means of getting good nutrition to our kids, and a very effective promotion of prevention strategy.

We've suggested market gardens, and one of the reasons for that is not only because of its ability to

empower people to access good fresh fruit and vegetables, but also in the government's own policy at Commonwealth and state level, in Territory Health strategy 21, one of the stretch goals is about the community capacity. And where communities pull together around growing fruits and vegetables and empowering themselves, it actually has a lot of social benefits as well.

And we've also flagged the issue of the costs of power. I know that's also been an issue that you've no doubt had some other submissions around. But certainly, our experience through emergency relief service providers is that not only do we pay for the extra costs of food through emergency relief, but one of the other triggers to that and people seeking assistance for the cost of food, is the high cost of power.

So, it becomes a bit of a double whammy in that families who may not otherwise seek emergency relief, will seek emergency relief when the power bill has come due, because they can't afford to pay that and the food bill. And emergency relief providers are reporting to us a new and emerging group of people who are seeking that emergency relief as a result of a range of other changes. So it's things like the changes in housing policy and payment of market rents, changes to youth allowance, have introduced a new group of people who are now seeking emergency relief because they could afford to pay for the food and power and other things before, they can't now.

**Dr LIM:** I think you wrote in your submission that they're working ...

**Ms DWONCZYK:** Yes. So that just gives you an overview of a few points in the submission. Is there anything else?

**Mr STIRLING:** Perhaps just to start off, I think the committee certainly found out evidence to bear out what you're saying about the poorest people on the lower fixed incomes in remote communities are really up against it. And, in terms of being able to even access the fresh fruit and veg, where it is available, it's in small quantities, and at high prices, and indeterminate quality ...

**Ms DWONCZYK:** Yes, that's right.

**Mr STIRLING:** ... I mean, it's ranging from reasonable, and no better than from fair and reasonable to very, very poor. So when you talk about those people paying 35% of total income on food, that's certainly no surprise to the committee. We saw evidence to that effect. But worse than that, I think, is that it's often not purchased at all, because it's out of reach. And so it's the bully beef or the camp pie or the ...

**Ms DWONCZYK:** Absolutely.

**Mr STIRLING:** ... questionable nutrition value, in fact, probably don't eat, and given the ...

**Ms STACEY:** And Coca-Cola.

**Mr STIRLING:** ... and expensive - for sure ...

**Ms DWONCZYK:** Exactly.

**Mr STIRLING:** ... health concerns of Aboriginal people. So in terms of the increase for the remote area allowance, one of the - one group of people who put in a submission yesterday, were talking about how Australia standardises it, unemployed benefit or whatever you call it now. No matter where you live, that's what you get. And of course, it doesn't go very far in a remote community in the Northern

Territory, compared to other places in Australia.

So that strikes me as a recommendation that ought to be looked at by the committee, just to start off. But I'm still sort of working through your submission and what you said, and I'm happy ...

**Ms DWONCZYK:** Sure.

**Mr STIRLING:** ... even make comment and a lot of other people.

**Ms DWONCZYK:** Certainly my understanding is, in Western Australia where they're roughly comparable, although we feel more expensive than Western Australia, based on the figures I've seen. They're making the same sorts of calls for an increase for remote area allowance. And I guess from our point of view, because we see things in holistic terms rather than this government department responsible for this, this and this, that the reality is we as a community end up paying one way or another. If we don't actually ensure that people have access to good quality and nutritious food, then the hospital system or the health system or the community services, or the education system or whatever, end up paying. And we as a community end up losing because we lost our resource of people through ill health or lack of education or unemployment and so on. And food is such a basic fundament, staff of life, okay.

**Mr MITCHELL:** I like the way that you've split the urban centres from the remote communities. You're saying that they are to a large degree - well you can't exactly say chalk and cheese, but not far off it - because there was a vast difference between them in the way that they are run. And I think that we've noticed in our travels both in the centre and then in the north, is that very rarely when you get to communities - we'll be hearing from ALPA later on, they handle quite a few communities - but the majority of the places around the Northern Territory have been run by a council or they're run by an individual, or they're run by different mechanisms as far as managing the stores go, which reflects directly back on the community, and what they're able to buy with their ...

But one thing I'm interested here was the survey where Darwin was the most - the fourth most expensive survey. I think Launceston and Hobart was based on the *Choice* magazine. I don't know if we've had a look at that one, have we?

**Dr LIM:** No, we haven't. What, the *Choice* magazine survey?

**Mr MITCHELL:** It's just that a lot of the stores that are purchased, particularly by the chains, they have free-to-store ... And yesterday, by one of the major chains, both Launceston and Hobart were quoted as free-to-store as far as transport goes. And yet, here, this one here is about \$5 more than the Northern Territory, say. That's an interesting comparison.

**Ms DWONCZYK:** Yes, and I guess - I mean, we're not privy to a lot of the information that stores and that provide, but I get the WA's questions from there, when people talk about the cost of refrigeration. For example, one would imagine it will be as high Hobart, it would be, than Darwin, for example, so ...

**Mr FISHER:** It's all in your power pricing.

**Ms DWONCZYK:** No, no, no. But I'm just saying that what it does seem to me to do, is to start unravelling some of those potential myths about why prices are higher. And in places like Townsville don't have those higher costs, but other places do. So, all I'm saying is that years ago the stores argued, and I remember it, that being opened longer hours was going to cost them more money because they had people stacking their shelves and all the power and everything going on more. Then later on, we heard

the stores then saying, 'Well, it costs us more because we're open longer hours', and so forth.

So, it does get confusing to the public about whether we're getting the real story about the true costs. And then when you look at these sorts of comparisons and others ...

**Dr LIM:** The committee want to go on further. Because you referred to both your board members, could you, for the record, say, just introduce yourselves for the record, and then I'll proceed ...

**Mr FISHER:** My name is Peter Fisher, and I'm a member of the board of NTCOSS.

**Ms STACEY:** I'm Jenny Stacey, and I'm the Treasurer of NTCOSS.

**Dr LIM:** Thank you very much. Coming back to the point that you mentioned about unravelling the myths. This is precisely what the committee is setting out to do, trying to get the information - detailed information - from particularly the big chains. They don't compare to - excuse the pun - but apples with apples. They don't. They're putting figures to us, and when you start to look into the detail of the figures, you start to see variation in how they arrive at those figures. So this is the real core analysis that we are now undertaking, or trying to undertake, and coming out with some truths in the whole package. And we sympathise with their position entirely, having travelled around the bush as well as to the regional centres, and having looked at the prices.

With the GST, we have touched on that very, very superficially at this moment, because we don't even know what the feds are going to do. I don't know that they actually know themselves what they're going to do for certain. So until they come down with some specific guidelines, it's very hard for us to even try to second-guess what's going to come out. And it would be wrong of us, in my opinion, to try and second-guess or anticipate what's going to happen and incorporate it in our report, because that could just completely skew our report out of all - to be able to go any use to anybody.

**Mr STIRLING:** We've got, I think, because we'll ...

**Dr LIM:** We recognise the GST will have an impact.

**Mr STIRLING:** As far as it's gone. I mean, until the legislation is passed you don't know. No one knows what's in and what's out and what effect it will have.

**Dr LIM:** That's right.

**Mr STIRLING:** And the committee may be left with a very short space of time in which to report on that. All we can do is report where it's up to at that time. Marcia, can I just pick up one on the performance monitoring system in respect of the core items that you suggest in here. And it's one that the Chairman himself put to the major companies yesterday, as to their cooperation in that type of survey, so that somebody wasn't having to go out and check the shelves, and whether they would be willing to participate in a cooperative fashion in providing that sort of information.

And we were talking about, I think, the Australian Bureau of Statistics standard basket of goods, that ...

**Dr LIM:** We looked at our own basket of food ...

**Mr STIRLING:** Or our own basket, yes. And it was put back very clearly that knowing that you were going to report on a fairly regular basis, that those, given that they might have 40 000 line items, it's quite easy to bring, to keep those prices down for a given time with which they may be expected to report

back.

**Mr FISHER:** Even put them on sale, if they're ...

**Mr STIRLING:** Yes, precisely. It sort of destroys the effect, and making it even easier when you talk about core items. I mean, that's where we were coming from initially, but we've been - it's been put to us very clearly that you need to look at something closer to perhaps 2000 items you know, where it's impossible then for the retailer to know ...

**Dr LIM:** It's impossible that the retailer will go broke trying to rig it.

**Mr STIRLING:** But it's a great idea and one that the Chairman has already ...

**Dr LIM:** Flagged.

**Mr STIRLING:** ... flagged to the committee, that we should be looking at. And I'm sure we will. It could be one of the long-standing outcomes of this committee that there be some reporting mechanism, in such a way as to avoid an inclination to make it look good for that reported time. This is too easy, otherwise. 'We'll try to make them down'.

**Mr FISHER:** And those reports would be available for public scrutiny?

**Mr STIRLING:** Oh, absolutely, that's the whole object of the report.

**Dr LIM:** Yes, what you really are able to - the public share that information. Or through the Internet.

**Mr STIRLING:** As a watchdog type ...

**Dr LIM:** Yes, through the Internet and through publications.

**Mr STIRLING:** See, we've had anecdotal evidence that just the existence of the committee itself has reduced, had an affect on prices - and apart from looking good ...

**Ms DWONCZYK:** I agree.

**Dr LIM:** Are you in agreement that the prices have dropped in the Northern Territory when we ...

**Ms DWONCZYK:** Just personally, anecdotally, I can see lots more sales since then. Lots of things went on sale.

**Dr LIM:** Well, thank you. Because I've been saying that ...

**Mr STIRLING:** We thought we might get a Committee going forever.

**Mr FISHER:** We could have cardboard replicas of you just to ...

**Dr LIM:** Just to be there.

**Mr STIRLING:** One in every store.

**Dr LIM:** There you go. Because I have said to the committee myself that my personal observation over the last 4 months of the committee's life, that in fact prices have dropped. And unfortunately, nobody within the committee has sort of been able to bear that out, although a few observations have been made.



**Mr STIRLING:** We certainly don't want the committee to get to an end life and then everything goes back to normal, if there has been an effect.

**Ms STACEY:** I think the opening of the new Woolworths in Nightcliff had an effect as well. I mean, when that opened, I think that the food prices were reduced.

**Mr STIRLING:** Can I just go to your last paragraph, 'reduce the cost of electricity'. It's certainly been an item put to us by the biggies, and the Northern Territory government's made no secret of the fact that it's seeking \$30m in savings - it's significant - each year for 3 years. And I mean, I'd certainly be arguing that those savings do translate back into - well, both for commercial reasons which will assist them in either containing or reducing prices ...

**Dr LIM:** Which has happened.

**Mr STIRLING:** Already, it's happened, yes. But also, that there may be another rate of commercial, because they're so high. They are certainly the highest in Australia. But then, also, a round of reductions for domestic users, which impacts directly on the economy as well. And while they said that - or one thing I've said without specifying what sort of deductions might be involved, that it wouldn't necessarily directly translate - or if it did it might be sort of less than 1% on the shelf price. But every little bit helps, and if we could get both reductions in commercial and domestic, then we won't get - we wouldn't be getting a double-barrel hit.

**Ms DWONCZYK:** Sure. And as I've said, and we flagged, certainly the emergency relief providers - and Peter may be able to comment from the point of view of financial counselling as well - but certainly that double whammy of both the cost of food and the power bill coming is a huge issue for people on low incomes, and that work in poorer groups. That's the thing that drives people in. So we end up paying anyway through that system.

**Mr FISHER:** It's a common principle that people will pay for food before they pay for anything else. And with increase in food, then the - you know, it's easy to establish what suffers. You know, it's something other than food, or if the bill comes in and in a crisis people don't easily manage or make decisions, rational decisions, about what bill to pay first. And all those bills are their basic needs that a family has, you see.

**Dr LIM:** Can I pose a - I suppose you can probably call it a philosophical point - and I'd like to hear your arguments about it. A witness mentioned that our living costs in the Territory are higher with airconditioning, etc, etc. And I said to the witness, 'People living in Indonesia have just enough for - they know they live in the tropics, and so their lifestyle adjust to the tropics, and that's it for the whole of life. the people who come to live in Darwin think they live in temperate Australia and they just don't recognise that this is the tropics and not temperate Australia. And therefore your lifestyle should adjust to that. That therefore, you know, you don't expect to live in airconditioned comfort all year round, that supermarkets will have to use more electricity to keep their chillers cool because of the added temperatures we have here compared to Tasmania, where you can turn off the refrigerators for 6 months of the year.

All those things will impact on our lives and our way of living. People obviously don't think like that. When they come here, they still want to have the comforts of temperate zone living, or the lifestyle of temperate zone living, yet be physically located in the tropical region. How do you tell people that this is a different lifestyle altogether.

**Ms STACEY:** Well, I think that the people living in the remote communities wouldn't understand what you were talking about, because you're talking about something that is so far away from the people that we're talking about, that you're just not - I mean, the language just doesn't have any ...

**Dr LIM:** What about the ones who live in Darwin?

**Mr MITCHELL:** Well, that's what I thought you'd be talking about.

**Dr LIM:** Yes, that's right. I'm talking about the ones living in Darwin.

**Mr FISHER:** I think what you say is correct for certain sections of the community. And I think that sort of attitude sort of goes through different stages. I think people who have lived in the Territory for a while begin to live with the windows open and the fans on, rather than the airconditioning.

**Dr LIM:** But they still leave the Top End in droves during the build-up and the Wet.

**Mr FISHER:** Yes, but people of we're talking about, are the people that don't have that lifestyle. They don't have a lifestyle.

**Ms STACEY:** They don't have ...

**Mr FISHER:** We're talking about basic things and airconditioning is really just out of the question. I mean, they couldn't afford to buy one or afford to rent a premises with airconditioning in it, you see. And in remote communities, they don't have airconditioning generally, let alone airconditioning mechanics to service those. So, the people that we're talking about, for those people everything is basic, you know. You can't talk about questions of lifestyle. You're really talking about questions of survival, and the cost of food is an impact on just survival, basic survival. But for the section of the community that may be so. That may be a philosophical point.

**Ms STACEY:** That could be a Planning Authority question too, because the question could be posed as why are people in Darwin allowed to build houses that don't have laundries, that don't have open airflow. And if you look at the most expensive around Darwin, well, that's what you've got. It's encouraging people to live - but that's not the people - they can afford it, they're in the 12% bracket, they get enough, they're talking about.

**Ms DWONCZYK:** But the people that we represent and that our services work for, generally don't have those sorts of choices to make. They're generally people, as Peter and Jenny said, who don't have the resources to make those sorts of choices. And often, through a range of factors - there's a particular group of young people that we're very concerned about Territory-wide. As you know, the Territory has a very young population who are here with families, who for a range of reasons, are homeless, or in dire straits. They don't, they haven't made those choices, but they don't have the resources to have any quality of lifestyle because of the high costs.

There are an increasing number of older people who have been here for quite a long period of time. Are we saying that they should move from the Territory because with increasing age, they no longer can cope with the heat of the tropics. There's also philosophical question there about what kind of Australia we want, and do we want an Australia that's just designed around southern cities, because it's a remote and rural issue as well. Having worked amongst mostly in the rural areas all my life, there's often a view from city-based place, 'Oh well, you knew what you were getting when you moved to the area, don't complain. You shouldn't expect equal access to hospital services or to general community services,

because you live in the country'.

So I guess it's also about what kind of Australia we want to live in, and is that one that's about a balance between remote and rural living, and metropolitan living? Is it about leaving parts of the country barren, or is it about having people populate across Australia? But clearly for us, the people that we represent are those people who don't have those kind of choices, because they don't have the resources to make those choices. And it's very, very basic.

And often, even with the foodstuffs, it's not even having a chance for it to shop around. So if for many of them that are dependent on the local shop for food, because they can't even get to the bigger places where the sales may be on. Or if there is a sale on, that says, you know, 'you purchase this amount, and it's about quantity' sales ...

**Dr LIM:** Yes, they don't have money to buy the quantity.

**Ms DWONCZYK:** ... they don't have the money to buy it. So those sorts of things tend to again advantage those people who can afford to save. Whereas people who can't afford, have to buy the one thing, rather than the packet of 2 or 4, because they can't afford it ...

**Ms STACEY:** It's the facility to store as well. It's the cost of buying the facility to store.

**Mr MITCHELL:** What I've found very interesting here is the averages of from 25% of low-income earners, 25% is spent on food, compared with - well, that now is all comparative to what becomes. Then when you get out into the bush, there's approximately 35% of incomes is spent on food. Which is probably there's a lot less for other things.

**Ms DWONCZYK:** Exactly.

**Mr MITCHELL:** Mind you, we had someone say yesterday that ...

**Dr LIM:** 80%.

**Mr MITCHELL:** Sorry?

**Dr LIM:** Go on.

**Mr MITCHELL:** We did have other organisations yesterday saying things along the lines of Aboriginal communities okay, there's not town costs incurred as well. They're rebated or subsidised or whatever. Mind you, I'm not saying that that's correct. I'm just saying that this is what some of the perception is, that does go on. But it is a substantial amount of money involved here.

**Ms DWONCZYK:** And it can be higher.

**Mr MITCHELL:** Yes.

**Ms DWONCZYK:** I mean, that's an average, but certainly some communities which are ...

**Dr LIM:** Up here. What one witness said, thought I was alluding was living on bush communities you didn't have car costs. Moving within the community. Once you lived in Darwin you got the car costs for it. So that ...

**Mr MITCHELL:** Not just that man ...

**Dr LIM:** But these are lifestyle comparative issues. I mean, so for my perspective, really, it equates to nothing. You were talking about low-income population as accessing your services, can you give me an estimate of what percentage of the Darwin population, or the Northern Territory population that are in that group that were spending 25% of their fixed income on food?

**Ms DWONCZYK:** Off the top of my head I can't, but I can get back to you. We've actually just in the process of convening a task force on poverty in the NT, and we're actually doing those investigations.

**Dr LIM:** Well, it would be good if you can. See time is rather restricted now. We have something like 6 weeks or so to do our report, and it's going to be ... But if you can give us those figures, say, within the next 2 weeks or so, it would be great. Because I think it is important for us to at least identify what percentage of the Northern Territory population fits that category. Because that's very relevant to the point in here.

**Mr MITCHELL:** I'd just like to investigate just a little bit further, with your points you've got in here: investigate the feasibility of a remote communities coop buying project. We did have people suggest to us yesterday something along the lines of a very similar situation to what you're saying here, but probably going into it a little bit further. And that was a lot of the communities - I think as I explained right from the word go - there was a lot of them operate quite differently to each other, and maybe at the risk of sounding paternalistic, I suppose, some measures could possibly be brought into place to ensure that everyone out in the bush gets a fair go as far as the supplies that are delivered out there. I mean, what would your thoughts be on that? I've just got to find a little bit on what you said in here ...

**Ms DWONCZYK:** Sure. I think there's ...

**Mr MITCHELL:** Sorry, just to clarify that a little bit more, I fully realise that anything along those lines, you would have to have all the major land councils, all the major groups as well as the people behind sometimes, before it would have any chance of success.

**Ms DWONCZYK:** Yes, that's right. I think there's definitely a continuum of measures that people who are directly involved in services and managing local communities would have a lot more knowledge about than we would. And certainly there's the potential for coalitions of communities to get together to tender out all the stores in a particular area, or across the Northern Territory, for that matter.

But certainly, for some communities, as I understand it, and certainly the others could probably comment more. The store is a key component of managing the community life, and so that was one of the reasons where our proposal was more about feasibility issues, because we felt it was critical to involve the key stakeholders in those sorts of decision-making processes. But certainly, the potential for people to go into partnerships and coalitions around bringing food to a central storage point or something like that, so that even if you had different providers in communities, they could access the same sort of store. The potential to tender out for all the stores as one coalition under one sort of consistent management.

At another level, that's directed - you could simply have some consistent guideline prices, or other mechanisms that people bulk bought into. But it was really for us to say the feedback that we were getting from our services and from communities is about something needs to happen. The solutions actually have to come from people to make it work, as you rightly pointed out. Do you want to say something?

**Ms STACEY:** Yes, I think that probably the underlying point in that idea, and there are examples in

southern states where people have joined together in purchasing thingy, and I think that the important ingredient there is the involvement of the consumers in the arrangement. You know, you mentioned it might sound a bit paternalistic. Well, if the government would have moved in and said, 'This is your issue', then it would. But if it was a process that was established which was owned and run by the users, then it would be that someone similar makes his comments down there and ...

**Mr MITCHELL:** Yes. No, I wasn't meaning to sound like the government do this of them. Although the same that was suggested, was that it means that the whole range of people come together in some sort of agreement. Especially the consumer. You know, through either their councils or land councils, or whatever the organisations, or particular groups may be.

**Mr FISHER:** Would need to be supported and encouraged. Obviously you can't ...

**Mr MITCHELL:** We're talking you have to have 100% backing, or something like that, otherwise ...

**Mr FISHER:** And you can't anticipate people in communities or that group would have the expertise initially, or the understanding to properly know how to go about this. They would need support of government.

**Dr LIM:** I remember my youth in Queensland back in the 1960s and early 1970s, that in fact, there were buyer's cooperatives. That's what we want. In a small town, there'll be a buyer's cooperative. Every person living in the town contributes to this buyer's cooperative, and that coop then buys in bulk and supplies members of the coop, at the reduced price. And no member will buy it at a normal retail price. That's how small communities can actually make their dollar stretch further, I think. And I think that's a way of getting around it.

Another suggestion that's come up through the hearings, is a wholesale market established in Darwin. You've got your markets in Adelaide, Melbourne etc, etc, but wholesalers market be established in the Top End so that local produce can be wholesaled through a single depot. In fact it can even purchase other stuff from interstate to be wholesaled up here. As you know, in the markets in Melbourne, Sydney and Adelaide, you have the seconds that locals can go in and buy, and you can buy a small cabbage for 50¢, because it's going to be trashed anyway but it's still reasonably good and because it's brought in fresh and to be for wholesale, it's got a reasonably good shelf life. So you can go there and buy cheap stuff, you know, on a retail basis from a wholesale market. That might be another option to be considered.

So we should - somebody's mobile please - and so those are the issues that we have been considering, with those initiatives that we have.

**Mr FISHER:** What connects it is this idea of market gardens too. And there is a lot of potential there, I believe, not only in terms of employment, but the fresh fruit being there and also making it cheaper. And there are many - I mean, if you look at Darwin and surrounding areas more particularly, the gardens that are developing round there. I know there are people who would be happy to share their expertise with remote communities in terms of setting up those types of gardens.

You look historically, I mean, you look at Groote Eylandt for instance. They had tremendous market gardens there. The only reason they went away from that, was because they thought that the Groote Eylandt syndrome was the result of manganese. We now know it's somewhere else.

And so it has happened in the past and it can happen. Not as a complete answer, but as one of ...

**Dr LIM:** These are all contributing factors, and ...

**Mr FISHER:** These things are to be encouraged to support it, and the idea brought to communities. And there's - as we said over here - a duty to involve the community in the manage of it, otherwise it won't work.

**Mr STIRLING:** Can I just, there's this increased competition, Marcia, in this position where early information coming out on price inquiries being undertaken in other parts of Australia indicates that where monopolies exist, prices are higher, suggest dependence on Coles and Woolworths as major providers, and their constantly pushing out significant competitors has a bearing on the food price in the NT. That sort of - I guess that flies in the face of Woolworths and Coles claiming that their direct competitors and fight, you know, aggressively for every 1 percentage point of the market share between themselves.

So, we're going to support whoever else exists, that they're at each other's throats. I'm interested in - where's that information come from?

**Ms DWONCZYK:** That by just watching the media. I mean, the value of it is questionable, because we don't have access to their degree to the stuff that's coming out. Hopefully, you guys would have access.

**Mr STIRLING:** Oh, we had evidence yesterday again, that the existence of a strong independent, but not your corner store, but a very strong independent, is the best foil, you know, for the big 2 in case they ever did get just to share it up themselves, and then they could say, 'Well, gentleman's agreement, you've got to 50, we've got 50. Now, let's weigh up the odds'.

**Ms DWONCZYK:** And it is about the strength of that independent. As I understand it, some of the media reports and case studies that were coming out of the early investigations down south, were saying that when there was Coles and Woolworths in suburban in Sydney and Melbourne, that they gave case examples of and if there was an independent, what the Coles and Woolies were doing was competitive, both of them, under-pricing things ...

**Dr LIM:** Predatory competition.

**Ms DWONCZYK:** That's right. And they were actually going across to check out the prices of the independent and then under-cutting them consistently. So they actually, together, got in to the independent ...

**Mr STIRLING:** Because they could never do each other over ...

**Ms DWONCZYK:** That's exactly right.

**Mr STIRLING:** ... but they can knock the others ...

**Mr FISHER:** Yes, that's right.

**Mr STIRLING:** ... or try to knock them. Marcia, I think that's - I was just interested if you knew, or if there were actually surveys or things that you could point us to in that type of ...

**Ms DWONCZYK:** Well, it seemed to indicate that those, the investigations that the other states were

doing, which I understand decided not to include the Territory in because this inquiry was going on ...

**Mr STIRLING:** Oh, that's the one that's looking at market share. That's a federal inquiry ...

**Ms DWONCZYK:** Yes.

**Mr STIRLING:** We have been meeting with that committee.

**Ms DWONCZYK:** That's where that information was coming from, so I think that ...

**Dr LIM:** Well, with appropriate practices, I think you're not going to be able to get any statistical data per se, because who's going to reveal the information, except the one that's contesting ..

**Ms DWONCZYK:** The victim, yes.

**Dr LIM:** That's right. And you get collusion all the time. I was just told about the Hibiscus Shopping Centre. I think there's a Woolworths there, or something like that. And the butchers have come and gone, come and gone ...

**Ms DWONCZYK:** That's right.

**Dr LIM:** ... butchers come along and Woolworths would drop its price to undercut the butcher, until the butcher closes its store, then the price would go back up until the next butcher comes along ...

**Ms DWONCZYK:** Exactly.

**Dr LIM:** . And the same thing happens. I was told that an hour ago ...

**Ms DWONCZYK:** Yes, exactly.

**Dr LIM:** Do we have ... Those are stories that you can't prove to anybody, except to say 'Well, that butchers comes and that butcher goes', and why he comes and goes, who knows. On evidence basis, you just don't have the ...

**Ms DWONCZYK:** I think you can, if you're monitoring it, and that's what these case studies were doing. They actually had people - you know, investigative journalists - watching the prices drop. Then I think you can prove that it's happening. What you probably can't do is measure the ongoing impact of that. But I guess that's why issues like price regulation become an issue, unless there's another way of doing it, because if you acknowledge that those big players can significantly undercut prices for as long as it takes to push out a small player who can't do that indefinitely, then there has to be some mechanism in place. It's the principle, if you like, of safeguarding the process rather than requiring the ongoing ...

**Dr LIM:** I think Professor Fells and his anti-competitive legislation will prevent many of those sort of things. Anyway, on that note, thank you very much for coming to speak with us, and for sharing your information.

**Ms DWONCZYK:** And we'll get back to you with that information ...

**Dr LIM:** Yes, if you would.

**Mr STIRLING:** Thanks very much.

**Mr MITCHELL:** Thank you.

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

MANINGRIDA – Tuesday 22 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Judy Dickstein

Robert Totten

Warren Nunn

David Bond

**NOTE: This is a verbatim transcript –**

However, due to poor recording, or many people speaking at the same time, some of the recordings were inaudible and unable to be transcribed.

**Dr LIM:** ... hearing open. My name is Richard Lim. I am Chairman of the committee. Phil Mitchell, the member for Millner; Syd Stirling, the member for Nhulunbuy. Part of the committee, Mr Balch, member for Jingili and Mr Ah Kit, member for Arnhem, send their apologies for today.

Normally, in a course of hearing we don't expect witnesses to take the oath or take an affirmation, but we ask witnesses to be truthful in what they have to say to help us with our deliberations.

This is about the food price inquiry that both central Australia and the Top End and we are asking people with expertise to come and tell us about how things are done so that we can learn a bit about it and try to come to some decisions.

We didn't receive any written submissions from you, so I hope you can give us as much as you can, orally. What you say will be recorded, transcribed, sent back to you for you to look at to make any



changes in what you said, especially factual information, that you want to correct. You are free to do that.

Whatever you say is privileged so, you know, so feel free to say what you wish.

**Mr TOTTEN:** So, what actually do you want me to comment on, factors ...

**Dr LIM:** We want to understand what it's like, how a business operates, I suppose. How you buy your goods at a wholesale price, you arrive at a retail price that you list in the shop. The processes you go through.

**Mr TOTTEN:** Okay.

**Dr LIM:** So I can understand myself. Like, do you pay rent, do you pay power, do you pay for staff? There's the profit margin, you know. If you are prepared to tell us what the profit margin is, that would be great, is you feel you want to keep that in confidential, but are still prepared to share it with us, we will then keep it confidential, we will not publish it, we will not let everybody know what sort of profit you are making. But, at least, it gives us an idea how things work out and how you arrive at a particular retail price. Then we can talk to you about how your committee, if you have a store committee, how that relates to you and how you work together and how the community benefits from the store.

**Mr TOTTEN:** Yes. Well, we operate as a non-profit organisation.

**Dr LIM:** Can I ask you to state your name and your position before we start?

**Mr TOTTEN:** Okay. Yes. My name is Robert Totten. I am the Store Manager at Maningrida Progress Association Store. Basically, we operate as a non-profit organisation. Money that is generated through the store goes back into community development and also ceremony stuff, funerals, donations and such and just maintaining day-to-day operations.

The store, we have a takeaway outlet as well, which is virtually the same deal.

**Dr LIM:** Is the takeaway part of the store, or is it a separate ...

**Mr TOTTEN:** No, it's a separate identity, or it's, you know, run by Maningrida Progress, but it's run separately.

The store, we open 5 days a week and then every second Saturday. We get our barge once a week on Thursday.

Ordering, orders is a tough one because the prices vary between wholesalers, it's always a constant battle to try and find the best price or the best deal. Every time you buy something you always find someone else has got it cheaper. Yes, it's a hard one, especially being out here, it's not as if you can cancel your order or whatever, because you've got to have a sort of 2 week lead time for everything you order, so once you've virtually ordered it it's on the barge, you can't say: 'Hey, you ripped me off'. It's just the way it's ...

**Dr LIM:** You don't use any road transport at all?

**Mr TOTTEN:** No, not at the moment. I heard, I don't know what the story is, in fact, the – we used to have funding for the road, apparently we haven't got any funding at the moment, so someone reneged on the funding to upgrade or to do the flood damage and stuff like that. I think they've actually got funding

to do the flood damaged sections but not to do the real road.

We did last year and the year before, or actually last year the road was sort of got pretty good and we did get the odd truck in, but the year before that there was quite a few trailers pulled in but I think, and I'm not really sure about what happened, but apparently there was a nasty word from the barge saying that if we don't get all the business, we're virtually not going to do the barge. So, they've got a monopoly so, I mean, pull 20 or 30 pallets of freight off the barge and give it to a road transport mob and let them bring it out, the barge say it's not worth them coming out here, so in the wet season when the road is closed, we don't have a barge. So, it's a Catch 22.

**Dr LIM:** That's Perkins?

**Mr TOTTEN:** That's Perkins. But at the moment there's another mob trying to break in now, QAL Freight, I think, or QAL Transport, and they've bought their own coastal barge, they're negotiating now. They already operate a service to Port Keats, which has made the freight-wise very competitive. We're paying, I think, probably around 60¢ a kilo for some barge freight.

**Mr MITCHELL:** On an average, what would your freight component be, do you think?

**Mr TOTTEN:** My weekly freight bill is anywhere between \$5000 and \$6500 a week, just barge freight, that's not including air freight.

**Dr LIM:** \$5000 or \$6500 a week?

**Mr TOTTEN:** Yes.

**Dr LIM:** What does that work out in percentage terms on your weekly order, what's the ...

**Mr TOTTEN:** My weekly grocery order is probably around about the \$40 000 mark, so it's quite a ...

**Dr LIM:** An eighth.

**Mr TOTTEN:** Yes, it's quite a big percentage of, I've got figures, I've got a store book which I print out usually on a regular basis, then if I start on 18/6, and that has my margins, these are the percentage mark-ups, 33%, some of it's a bit higher on stuff like fishing gear and stuff like that but, as you can see, it's still not. Most stores in Darwin would probably work on a higher margin than us.

I was just mentioning before that we're getting fruit and veg in from Darwin that we pay \$1 a kilo air freight for. We have a 40% mark-up on our fruit and veg and we don't put the freight costs on top of that. We wear the difference of it. So, fruit and veg for us is a lot lower. I would like to change that but, I mean, everything just becomes too expensive then. You get – we've been dealing with the same fruit and veg wholesaler for probably 4 years I suppose, and another player came in just undercut them so much and the quality was heaps better, and that was just a little supermarket that's doing their own pre-packing for us so, I mean, that's competing against a wholesaler and they bet the wholesaler, so it's ...

**Mr STIRLING:** Sorry. Does the Progress Association have a charter that you should provide good quality range of fruit and veg in terms of nutrition for the community? Like, are those things, objectives, built it?

**Mr TOTTEN:** Yes, well, that's generally, I think, most people know that, anyway, if I put an order in them and it's crap, they'll be picking it up at the airport, because I won't take it. It's hard too, because,

like I say, you buy from Darwin and you're sort of limited to what you can really do. Once it turns up here you've got to ...

**Dr LIM:** You don't have an agent in Darwin who would do the shopping for you and say, look, check up now before it gets put on the barge?

**Mr TOTTEN:** No. Usually just a few: 'I'm not paying for this' and 'I'm not paying for that' sorts it out. They generally don't try and send you any more rubbish.

**Dr LIM:** So you use the Darwin wholesalers. Do you ever get to, say, buy your Coca Cola or whatever from Woolworths because it's cheaper to buy retail from Woolies than to buy wholesale from your suppliers?

**Mr TOTTEN:** Definitely.

**Dr LIM:** You do that?

**Mr TOTTEN:** I can't. No, I don't do it because of the trading terms, really. I mean, most people, like, if you dealt with Woolworths and stuff like that it's probably like 7 day account. That means we would be paying for stock before we even get it. I mean, to me that's not right. There is on a lot of occasions, especially little things like toiletry lines and stuff like that, you could buy from Coles or Woolworths cheaper than you can buy at a wholesalers in Darwin. I think the wholesalers have got questions to answer to, not so much the retailers. I mean, I could probably buy in Brisbane but, I mean, I'm going to have to allow a month turnaround and you just don't know what's happening week to week, let alone month to month, so it's ...

**Mr STIRLING:** Yes, so you're pretty well limited to what you can do out here.

**Dr LIM:** Syd asked about the Progress Association's charter. Some places we've been to we find that the store committee, whether it be the Progress Association or whatever, they negotiate with the store manager and say: 'Look, we want to have this type of line rather than that type of line because this is healthy, this is not, we'd rather have mineral water or fruit juices rather than Coca Cola'. If you have to have Coca Cola or tobacco, you have 70%-80% mark-up to 100% mark-up, and the fruit and veg or your good lines, no mark-up sort of thing.

**Mr TOTTEN:** Generally we've got – like we've increased our cigarette mark-up and dropped our fruit and veg mark-up. Things like yeast, we don't stock yeast anymore because people are home brewing with it. Cordials are a big problem, because they home brew with cordials at the moment. They make home brew with cordial. They put in a 750ml bottle of cordial, 800 gram treacle and 4 packets of yeast and they drink that for a couple of days and the sugar content and the yeast make it a wicked brew. You can tell they've been drinking because they've green mouths or red mouths or ...

**Mr MITCHELL:** Does it work?

**Mr TOTTEN:** I think it works, you don't see a couple of workers every now and then for a few days. Yeah, we do have a few different ones like that. I mean, we try not to display Coca Cola or anything like that because we try not to, you know, make it line that's impulse buying, it's mainly we keep it to the side or the back of the fridge or something like that. Otherwise, if it was on the floor in the middle of the shop people go ...

**Dr LIM:** Some stores we find have said you buy your Coke and you buy it in a fixed quantity and even if there's high demand, this is the quantity we're going to buy and once it runs out of the store, that's it until the next barge.

**Mr TOTTEN:** I generally do the same. I used to get 1 to 2 pallets of Coke and I only sell bottles, the 125 plastic bottles, I don't sell can or anything like that because I think there's takeaways and stuff like that, so there's enough outlets for canned drinks. Generally, I just buy it in and once it's out it's out, that's it. I don't ...because I just don't want to waste the warehouse space and rather buy more food than Coke.

**Dr LIM:** So, what happens to the profits? When you say it's a non-profit organisation, I take it you mean that you do make some profit to pay freight, staff, power and water and all that sort of stuff.

**Mr TOTTEN:** Yes, all the running costs.

**Dr LIM:** Is there anything else on top of that, or that's it?

**Mr TOTTEN:** No, we – well, money does get banked and we do allow, they get \$1000 per funeral. So someone passes away, the family gets \$1000 to go towards feeding and stuff like that for funerals.

**Dr LIM:** Who decides who gets what? The Progress Association?

**Mr TOTTEN:** The committee. Through our committee, we've got a committee. Usually any decision that's made, submissions go to the committee and the committee say yea or nay.

**Mr STIRLING:** Is that a store committee or Progress Association?

**Mr TOTTEN:** Progress Association Committee, yeah. Most of the stuff, like if I need new stuff, I mean, I go to our GM and he puts it to the committee that we need this or need that for the store, and that's the way it goes.

**Dr LIM:** And the Progress Association is separate to the Maningrida Council?

**Mr TOTTEN:** Yeah, yep, it's a separate thing altogether.

**Dr LIM:** And the Progress Association manages the store. Does it manage anything else?

**Mr TOTTEN:** We've got the store, bakery, video shop, takeaway, we've got a building section and we run the Town Hall as well. And we've got aviation, we've got a single-engine plane that does charters.

**Mr MITCHELL:** Is it the traditional owners that make up the Progress Association, or what is the relationship there? And if there's any royalties or anything like that ...

**Mr TOTTEN:** Yeah, royalties, that's what happens with a lot of the profits too, that goes down to royalties, and it gets paid once a year. We have a committee that's made up of the, what they call the language groups. I think we've got 14 language groups, or 7 language groups, I'm not sure. But there's 2 from each language group which make up our committee. So, whether they're traditional owners or whatever, but it's up to the language groups to elect a person that they want to be on the committee, and we have a register of members and stuff like that.

**Mr MITCHELL:** There's no dead set mark-up as such, it sort of varies a bit between the different types of food and ...

**Mr TOTTEN:** Well, generally, all foods we work on 33.3%, on all food.

**Mr MITCHELL:** Or most foods?

**Mr TOTTEN:** Yep, most foods. Fruit and veg ...

**Mr MITCHELL:** ... bar 55.5 or 43.3

**Mr TOTTEN:** Yeah, that would be, why that would happen is because we buy something on a promotion and it's not reflected in there, see? Well, it's reflected in there but it's not reflected at the register, okay? Only because I'm in the process now of trying to get a system. I might be able to set this up because, I buy out of Darwin, that can't follow the prices that I buy my stuff in Darwin. See, this stuff is generated from Adelaide, we have to manually input all our buying prices, so we can't update it every week, I mean, we have so many different lines, so it's quite a big, you know, it's quite a big thing.

Clothing is 100%, and that's due to things walking. Variety stuff, like low cost variety stuff. Electrical stuff is around about the 20%, and 70%, 75% for variety gear, as far as cutlery and stuff like that.

**Dr LIM:** People on welfare payments only, the families that are on welfare payments, how well do they manage with their fixed income buying from the store?

**Mr TOTTEN:** Oh, that's tough.

**Dr LIM:** I mean, I would be curious to know, okay, a family – man, woman, 3 or 4 children. How many children do the average Aboriginal family have here, 3? 2 or 3?

**Ms DICKSTEIN:** (Inaudible)

**Dr LIM:** Sorry. Those who have just come in, what we do is we are recording everything that's being said so that we can then send a transcript back to you to look and check for accuracy, and then send it back to us, okay. So, Robert has already introduced himself and explained his position for the record, so when anyone speaks up for the first time, if you could do that as well. State your name and the position that you're in, or the what you represent, so that we can have it on record.

**Ms DICKSTEIN:** Okay. My name is Judy Dickstein, and I'm the Council Clerk for Maningrida Council. As I was just saying that there are quite large households of people in Maningrida, so I think issues of extended families, but that doesn't take away from the fact that people do like to try and keep a bit of nuclear family instead of somebody sometimes buys at the store food, but I think it's different for different families who are ...

**Dr LIM:** So, based on that, nuclear family, are they able to sustain themselves for the week or fortnight that they have the money for, or do you find they sometimes come to you and say, look, we've got to book up because we just haven't got enough money to buy food for the family?

**Mr TOTTEN:** People do, yes. People do ask for book up. Whether it be, I mean, you see kids walking around with \$50 notes or \$20 notes, they humbug their parents to buy a toy or something like that so, you know, they pretty well get what they want most of the time. I think if it was managed a little bit better or they had, you know, could say no to their kids or whatever, or say no to the card games, then that would make a big difference as well.

**Dr LIM:** ..My question is: Do the people in the community say the mark-up is too high, we can't afford

the prices, but we have to buy here because this is the only store that they can shop in, shop at?

**Mr TOTTEN:** No, no-one really complains of it, I haven't had – you do every now and again get someone say: 'That's a bit expensive for that', but, I mean you can usually justify what it is, yeah. It's not a common occurrence.

**Mr MITCHELL:** Roughly, what would the store turnover a year, do you think? One store yesterday, a similar size to Maningrida, turned over about \$2.5m, I think it was, a year.

**Mr BOND:** How much did it turn over?

**Mr MITCHELL:** A similar size to Maningrida, one that we spoke with yesterday, that was about \$2.5m turnover, but ...

**Mr BOND:** Well, the MPA – my name is David Bond. I'm the CEO and I run the ..... Corporation. The MPA turns over, total turnover is nearly \$6m a year, but that includes an aviation section, a building section, a takeaway section and video shop, I don't know what the store ...

**Mr MITCHELL:** Just the food component, if you've got a rough idea of what that might be.

**Mr BOND:** Yes, I'll just have to have a look in – I haven't got it really ...

**Mr BOND:** It would be more than that though.

**Mr TOTTEN:** Yeah, it's more than that.

**Mr STIRLING:** You turnover what? \$250 a week or something?

**Mr TOTTEN:** No, weekly can be anywhere between, I mean, last week it was \$72 000. I mean, some weeks we do a hundred and something, sometimes we do \$160 000. It does vary.

**Mr BOND:** Averages about \$150 000 per month.

**Ms DICKSTEIN:** Any alternatives for people expects too, just from my, you know, individual position is that I can do shopping at Coles in Darwin and have it sent out on the barge for me, once a week, which is what I tend to do because it's good 'cos I don't have to go shopping, but we do have to pay for it. Costs \$15 a week surcharge by Coles on maybe \$100 of groceries sent out, generally sort of fresh vegetables, costs me \$15 for that, which is 15% on \$100 worth of groceries or whatever, plus probably be \$20 freight. So, it costs me, probably I'm paying 35% on top of Darwin prices to have it done that way. However, it suits me because I don't have to do the shopping myself ...

**Dr LIM:** What's charging the surcharge for?

**Ms DICKSTEIN:** For actually doing the shopping for you, for selecting it from the shelves and packing it and sending it down. So, probably to have it done that way, which is probably the only other alternative for people on communities, probably the balance at the shop is better than trying to get the food imported.

**Dr LIM:** I'm curious. Is what you buy not stocked at the store? Or, why do you buy from Darwin direct rather than buying through the store here?

**Ms DICKSTEIN:** Similar foods are stocked at the store, and I can honestly say I think that the meat at

the store, personally, I think it is excellent, you know, and just as cheap as it would be, you know, if we couldn't get in, myself buying, say, through Coles. Often I buy things like that from the store, but what I find is easier is, once a week, I actually have someone else who's done my shopping for me and it appears on the barge and it's items that I can regularly rely on. I suppose one thing that is very difficult at the shop is that I can't turn up there, say, on a very busy day and be sure ...

**Mr MITCHELL:** It's a convenience thing.

**Ms DICKSTEIN:** ...be sure of being able to get that product that I want, you know, because they might have just sold out or it won't be in until the following day, so I sort of basically get basic core of foodstuffs that are I like to cook with and I know that from Coles, and they can't always provide it but, you know, I'm guarantee, but I'm paying more for that service than if I went to the store.

**Mr TOTTEN:** I think wholesalers have got a lot to answer for though. Wholesalers are, I mean ...

**Mr BOND:** You should give that example of Tullys ...

**Mr TOTTEN:** Yeah, I could bring it up, actually ...

**Mr BOND:** It might be a good idea.

**Mr TOTTEN:** I mentioned before about I'm buying my fruit and veg off A E Liddle Supermarket, and a major wholesaler just can't compete. I mean, it's ridiculous. They also charge me 75¢ a kilo on top for pre-packing, I mean, put it on a tray which costs about 7¢.

**Dr LIM:** When you receive your fresh fruit and vegetables from whoever supplies it to you, what is the shelf life of the stock that you receive? Does it last for, you know, a week, a fortnight?

**Mr MITCHELL:** What's the quality like, I suppose?

**Mr TOTTEN:** It's – the mob I'm getting it off at the moment is excellent, but that too depends on how many people poke it and prod it around, how it was handled on the plane. I mean, I can order something on a Monday to come out on Air North and because we're on sort of a standby rate and we sometimes don't get it until Wednesday, I mean, if they take it from TNT to the aeroplane, say: 'We haven't got enough room, let's take it back', they take it back, put it in the chiller again, and they can do that 2 or 3 times before we actually get it out here. Most of the time I get it pretty well the next day or whatever but, I mean, they do play a part in how long the stock lasts too.

**Mr MITCHELL:** And they cost about \$1 a kilo for that.

**Mr TOTTEN:** That's \$1 a kilo. Now, that's why we're on standby, it's usually \$1.50 a kilo air freight.

**Mr MITCHELL:** Things like lettuces and that because there's hardly any weight in them, do they still charge ...

**Mr TOTTEN:** Still \$1 a kilo. They charge us – we just usually get a case count and then a kilo rate.

**Ms DICKSTEIN:** And for an individual, private person who would want to get freight, order their fresh vegetables to come out it's, I think, Air North charge \$1.70 a kilo and a minimum of \$20 for each item on that, so it's very expensive for me to get 10 kilos of fresh fruit sometimes, it something like over about \$35.

**Mr NUNN:** I'm Warren Nunn from ..... Aboriginal Corporation. We run a tucker run to remote outstations, but recently we've taken it over from MPA who used to run it and we haven't got anywhere near the turnover of this shop, we sort of take stuff out bush in Toyota trucks 2 or 3 times a week.

I'd just like to back Rob about the wholesale businesses. I've noticed a lot of, even the general wholesalers, I mean, they're sort of, sometimes you see things retail on the shelves in Woolworths, canned goods and that, cheaper than we can buy them, that's probably because they've got this huge buying power.

**Mr MITCHELL:** That's quite common, that.

**Mr TOTTEN:** It may be too, I mean, I've asked the question a lot of times and they say, you know, that they're sort of limited to what they can buy from their wholesalers as well. I mean, Coles have national deals, where a wholesaler in Darwin might be a small player in that field, you know, it's a ...

**Ms DICKSTEIN:** Sorry. I was just going to just mention the transport costs that, actually, if I lived in Nhulunbuy as a private person, it would cost me \$10 surcharge and \$1 a kilo to have fruit flown from Darwin to Nhulunbuy, but even though Maningrida is half the distance, it costs virtually twice as much to have food landed in Maningrida than in Nhulunbuy, and that's really sort of because you're talking about airline monopolies. I've mentioned that point and I think that again reflects the, you know, in a sense what the shop is up against ...

**Mr MITCHELL:** To fly to Nhulunbuy from Darwin, are you talking Ansett or ....

**Ms DICKSTEIN:** Yes, Ansett.

**Mr MITCHELL:** Because this is a different airline that comes here?

**Ms DICKSTEIN:** That's right.

**Mr TOTTEN:** As I was saying earlier, it's actually ...

**Mr MITCHELL:** Well, how it is now ...

**Mr BOND:** The thing is, there is no competition on this route now since Arnhem Air Charter or Kakadu Air was removed from the route. There's no competition, it's basically back to the old days before the open skies policy when, you know, they had monopoly and they charged you whatever they feel.

The other thing is that we did, a few years ago, 3 years ago, we instituted a road service during the dry season and that was very competitive. Immediately that road service started both the air and barge services reduced their freight costs. But we can only get the road during the dry, and at the moment the roads are in very poor condition. Like last wet season the road got washed out very badly in a couple of places, and so the road option isn't open to us for various parts of the year.

**Mr MITCHELL:** There was mention made before of the barge company saying that: 'We won't come in here at all if you ...

**Mr BOND:** They did make that threat, but we just said: 'Well, okay, we'll get a barge company from north Queensland or something'. You know, you have to just pie in the sky, that stuff. I mean, especially from Maningrida, there's no way that they wouldn't come here, I mean, we must be their biggest



customer on the coast. We'd have to be. Once a week they arrive here with a full barge, and sometimes 2 barges so, you know, they couldn't afford not to service Maningrida.

But one of the things we've tried to push over the last few years is to try and improve the road link. Now, you may have heard this story about the strategic road program in non-Aboriginal land which was funded by the federal government and the idea being that the roads would built federal money and strategic road program and at the end of that it would be maintained by the state or the territory government. There was, in fact, an agreement in place between the state and the feds for that, the Territory and federal government but, in fact, the Territory government is now saying that they want an agreement. We've been told that they are on the maintenance funds for those roads. So, it could happen with those roads, although they are in very good condition at the moment, apart from the flood damage that happened this year those roads will go backwards very quickly if we don't get that funding, maintenance funding is around half a million a year, but we've been told that there is none available, so watch thus putting road service in place is probably not going to happen

**Mr TOTTEN:** I've got a wholesaler that will deliver to me just over \$2000 a trailer, and so that's more than competitive with the barge, a lot, you know, cut my freight bill probably by a third or half.

**Mr BOND:** Yes, it was almost a half when we did it last time.

**Dr LIM:** Well, in comparing a trailer to a barge, how much would a trailer carry versus the barge?

**Mr TOTTEN:** You get 20 pallets on a pan and then you can top load on top of that again.

**Dr LIM:** And whereas a barge?

**Mr TOTTEN:** Oh, you've got heaps.

**Dr LIM:** You're talking about, what? What are you talking about? You say a trailer will cost you \$2000 from Darwin to Maningrida. Does it carry twice as much as the barge can, or ...

**Mr TOTTEN:** No, a barge will carry ...

**Dr LIM:** More?

**Mr TOTTEN:** Yes ...

**Mr BOND:** There are some things that we can't bring over the road, well, you can, but it's very – it's not very cost effective to bring large amounts of building materials and things like that over the road because of the damage that's caused and problems, so, there are some things we always use the barge for.

**Mr NUNN:** The barge is a little bit more upheaval, the road transport, I mean it's a long road and it's unsealed, very rough in places. When they were doing the road transport, it wasn't always that reliable, you couldn't guarantee it would come on time, you would get break-downs 30% of the time ...

**Mr BOND:** That was 3 years ago, that was before the road was ...

**Mr TOTTEN:** This mob that I'm dealing with at the moment, I mean, they already pull trailers into Oenpelli, and they said it's nothing for them to drop in to Oenpelli and continue on, it would save me a heap.

**Mr STIRLING:** Richard, can I just put on record about the strategic roads - you are quite, quite in effect

happened, though, was that the federal government began to fund communities direct and bypass the Northern Territory government for normal Transport and Works funding route, the strategic roads as being under that agreement which you spoke about.

**Mr BOND:** Well, it never happened, we had to actually ...

**Mr STIRLING:** Never had direct funding?

**Mr BOND:** Well, the federal government refused to give it to us direct, because they said it was an infringement of states' rights and territory rights, so they would only channel the funds through Transport and Works. And, in fact, Transport and Works, the first year we had it, Transport and Works took \$120 000 off the top of the contract, which we kicked up about enormously. Because all basically they did was put the money in their account and then ...

**Dr LIM:** What year was that? What year was that?

**Mr BOND:** 1997.

**Dr LIM:** 1997. By that time the scheme was in place where the feds funded communities directly, community councils directly.

**Mr STIRLING:** But what I was going to say was what it meant though was that communities never got enough. Obviously, you know, if they got \$70 000, \$112 000 – big deal. What are you going to do with it? It wasn't tied to roads, and councils always, you know ...

**Ms DICKSTEIN:** ... you're talking about federal assistance grants money ...

**Mr BOND:** No, you're talking about strategic grants money ...

**Mr STIRLING:** This certainly picked up strategic grants, it certainly wasn't tied. But, the point I wanted to make, and we may be talking different things here, because I'm surprised that Maningrida wouldn't have got it when all other councils did. The point is, that whole question has been revisited and the Northern Territory government has, for some time, been putting pressure back on the federal government to get away from that direct funding to communities.

**Dr LIM:** What was happening with the federals were giving communities funding, sometimes not enough, for any single community council to do anything with it, and without talking to T & W, who knew what was required. It was just going, you know, and this is where the political difference might arise. It would be better for the federal government to give their money to T & W to say, 'Okay, go and do the works in the Territory', rather than giving a little bit to everybody and that little bit doesn't go anywhere to do anything for anybody.

**Mr BOND:** That's not my understanding at all. My understanding, I mean we did - we've done \$3m almost of roadworks in the last 3 years here, and every cent of that's come from Transport and Works. We cannot access those funds at all. It all comes - that strategic road funding - all came through Transport and Works. They wouldn't allow this community to access those funds direct. And, in fact ...

**Ms DICKSTEIN:** And that's the strategic road as opposed to Maningrida Community Council receiving funding for roads through the local government, yes ...

**Dr LIM:** Federal assistance.

**Mr STIRLING:** Which would have been, what, \$100 000?

**Mr BOND:** \$120 000 or something. Yes, it was \$120 000.

**Mr STIRLING:** Yes, that's what I was talking about.

**Mr BOND:** Yes, no, that's the FAGS money, and what happened was that the federal assistance funding got cut. When John Howard got in the first thing he did he took \$10m out of the \$15m ...

**Mr MITCHELL:** That goes to Landcare.

**Mr BOND:** Remember that? That was a \$10m cut that went, so ...

**Dr LIM:** All right, let's get back to the point.

**Mr BOND:** Anyway, yes, sure. But the point I'm making is that, with the road in the situation it is at the moment - apart from flood damage which can be repaired very quickly if the money is available - we could run our freight service for approximately 6 months of the year over the road. And that would dramatically reduce the cost of ...

**Dr LIM:** Let me try and get this clear in my head. Using a trailer, it would cost you \$2000 for a trailer of goods to your store.

**Mr BOND:** Between \$2000 and \$2500.

**Dr LIM:** Okay. Using a barge - the same amount of, the same load - what would it cost you on the barge?

**Mr TOTTEN:** It would cost me up to \$6000. It depends on what ...

**Dr LIM:** But the barge carries?

**Mr BOND:** No, no, with the barge ...

**Mr TOTTEN:** The barge gives me a kilo rate.

**Mr BOND:** It's the same amount of freight.

**Mr TOTTEN:** And this mob gives me an overall rate to run \$2000 to \$2500 to run to here, regardless of what I've got.

**Dr LIM:** Regardless of what you've got on it. Okay.

**Mr TOTTEN:** That's right.

**Mr MITCHELL:** That's Cheap.

**Mr TOTTEN:** Oh, it's heaps cheaper. Because he's already come as our regular ...

**Mr MITCHELL:** Yes. And of course, staying at ...

**Mr TOTTEN:** Once or twice a week. So ...

**Mr MITCHELL:** Just to get a trailer in at \$2500, mate, that's dirt cheap. Because one tyre alone costs

you \$500 or \$600. There's too many tyres to do your ...

**Mr TOTTEN:** That's part and parcel of this wholesale, all our business.

**Mr MITCHELL:** Oh, so the wholesaler ...

**Mr TOTTEN:** That wholesaler runs his own vehicle out here, yes.

**Mr MITCHELL:** Okay.

**Mr TOTTEN:** He's got 3 road trains. He supplies down as far as VRD and Lajamanu, all across.

**Mr MITCHELL:** Which one's that?

**Mr TOTTEN:** Top End. They've got 2 or 3 trucks.

**Dr LIM:** And is his product is good quality and all that?

**Mr TOTTEN:** Prices are quite. I mean, they're quite negotiable on deals, you know. Like, if I want to buy quantities and stuff, I can get good deals on them. So he has been - as far as general items like your ones and twos of toiletry lines and stuff like that, he seems cheaper. So I mean, that's where he's picked me up. The bulk stuff you can always get a reasonable, you know, close to each other, each wholesaler is always pretty close in price on the bulk and main line leaders. But all the little knickknacks on the side that people take for granted is where they make their killing. Some things you'll find \$6 and \$7 a carton difference in price.

**Dr LIM:** You said earlier that if people require assistance, financial assistance, do you write to, or do you make an application to the progress association committee, then decides who gets the funding. Like, to go to funerals or whatever.

**Mr TOTTEN:** Well, that's just built into our constitution, isn't it, David. They just apply ...

**Dr LIM:** So those who do not apply miss out? Some people just don't know the process or don't even, or not even are aware that it's available?

**Mr TOTTEN:** Everyone knows the process here. Everyone knows the process here.

**Dr LIM:** Okay. But what you know I'm saying, is that some people would not, if they are not aware, they don't apply. So those families might not be receiving the benefits that other families are receiving?

**Mr TOTTEN:** Most people know. It's well known and usually there's someone that's belonging to that family says, 'Oh, you know, you can get that money for the funeral', or whatever, or assistance or whatever.

**Mr BOND:** There is a cap on the amount, so ...

**Mr TOTTEN:** Yes, I mentioned that.

**Mr BOND:** And there's also - last year \$120 000 or something ...

**Mr TOTTEN:** Yes, that's ...

**Mr BOND:** I think that mainly was about \$120 000 last year in assistance for funerals and assistance for

ceremonial assistance and things like that, just from the ...

**Dr LIM:** I was trying to work out in my head, I suppose, whether the benefit is equally shared among the community or you know, those who apply or those who are more aggressive or assertive, get more assistance than those who are less likely to apply. Rather than think, okay, everybody on the community gets X number of dollars, so everybody benefits.

**Mr BOND:** No, it doesn't work like that. What happens here is that the people who have the most clout on the MPA committee or whatever, are lobbied by people who want the funds. So if they feel they can't access it themselves, they'll get some senior person to access it on their behalf. But that's not the only thing the MPA does. It also looks after the basketball courts, it maintains the town hall, built the oval, maintains the lights on the oval ...

**Mr TOTTEN:** Community bus.

**Mr BOND:** ... there's the community bus. That's all funded out of there.

**Mr STIRLING:** Is there more pressure for funeral money in the last 12 months, 18 months?

**Mr BOND:** Absolutely, since, well, since the Northern Land Council stopped supplying it. And that has made a difference. The Northern Land Council's ...

**Mr TOTTEN:** It doesn't go very far once they ...

**Mr BOND:** ... once they had that legal problem of being able to use \$82 000 ...

**Mr STIRLING:** There was no choice. The grant is by law.

**Mr BOND:** Yes, it has made a difference to us. We come under BAC. We operate the CDEP scheme here, and the CDEP scheme, there's a large component of that which is part of the organisation's to just look after ceremony the way people do it. I mean, people allocate a certain amount of the wages to go into a certain account which they can use later to access when they've got funerals, we have quite a large section of our wages organisation just is maintaining those sorts of accounts.

**Dr LIM:** Does the store act as a de facto bank at all?

**Mr TOTTEN:** What's that?

**Dr LIM:** Does the store have a bank agency or does it ...

**Mr TOTTEN:** No, we've got the traditional credit union here.

**Dr LIM:** So it's up to that side. You don't touch that at all.

**Mr TOTTEN:** No.

**Mr BOND:** And we have, the OC runs a an ANZ bank.

**Dr LIM:** So how do they work on book-up system with you? Do they just ...

**Mr TOTTEN:** I don't do book-up system.

**Dr LIM:** You don't. All right, okay.

**Mr TOTTEN:** I do get people asking me every now and again, but no. Generally, one rule for everyone, sort of thing.

**Mr STIRLING:** You never get out of the hole once you start it.

**Mr TOTTEN:** No.

**Mr BOND:** No, that's right. Very hard.

**Mr MITCHELL:** If you're turning over say, \$100 000 a week on average. That's over \$5m a year. How much of that \$100 000 a week would be in food, do you think? Would it be \$80 000, \$90 000 roughly, or less. It doesn't have to be - I'm just trying to work out what the food side of it would be.

**Mr TOTTEN:** Yes, between \$70 000 and \$80 000, \$85 000, something like that. Because they do buy fridges, electrical gear, clothing.

**Mr BOND:** Are you including tobacco in that or are you excluding that?

**Mr MITCHELL:** No, just food.

**Mr TOTTEN:** Just food or tobacco. I'm not counting tobacco. Tobacco's a big chunk. Tobacco is something like \$1m, \$1.5m a year.

**Dr LIM:** What's the mark-up on that?

**Mr TOTTEN:** 25%, I think.

**Dr LIM:** Why didn't you make it 45%, 50%, instead of 25%?

**Mr TOTTEN:** Because I'd get a spear in the leg or something.

**Ms DICKSTEIN:** It's a very popular item.

**Dr LIM:** That's what I was asking, but sort of putting low mark-ups on the healthy stuff and high mark-up on the not-so-healthy stuff.

**Mr NUNN:** Who makes money on cigarettes though?

**Dr LIM:** I don't know.

**Mr NUNN:** The government and the wholesalers, not the end. We make nothing on cigarettes ...

**Mr TOTTEN:** I think if you double the price of cigarettes, you wouldn't sell any less cigarettes.

**Mr BOND:** I don't think you would either. You'd just sell less food.

**Mr TOTTEN:** That's been thought of that. But you'd just sell less food.

**Mr BOND:** I mean, there's a huge percentage of smokers in this community, you know, of adults.

**Mr NUNN:** I've got a few that have actually quit at work, and it's still being going on for 6 months now they've stopped. So I was quite surprised.

**Mr MITCHELL:** So your food turnover, is roughly \$ 3.5m, roughly.

**Mr TOTTEN:** Yes.

**Mr MITCHELL:** And the total freight that you get in per week costs you how much? I'm just trying to work out if you wait until the food ...

**Mr TOTTEN:** Anywhere between say, \$4500 to about \$6500 a week in freight.

**Mr MITCHELL:** Okay. That's the freight ...

**Mr TOTTEN:** That's just barge. That's not including air freight. Air freight on top of that, you're probably looking at say, \$500 to \$700 a week. That's just for the store.

**Mr MITCHELL:** So top dollar per week, is probably \$7000 a week freight ...

**Mr TOTTEN:** Yes.

**Mr MITCHELL:** ... and that's food only.

**Mr TOTTEN:** Yes. They won't air freight cigarettes.

**Mr MITCHELL:** So you're looking at \$300 000-odd a year in freight. So it's roughly 10% component, which is about average.

**Mr TOTTEN:** Yes.

**Dr LIM:** How many people do you think shop out of town?

**Mr TOTTEN:** Out of town?

**Mr MITCHELL:** One.

**Mr TOTTEN:** Oh, quite a few actually.

**Mr MITCHELL:** No, I'm kidding.

**Mr TOTTEN:** I'd say quite a few people do.

**Mr BOND:** Quite a few non-Aboriginal people do. And a lot of that is because of speciality foods, and ones like Judith was saying before. If you're into cooking, the sorts of things that you have on the shelves in the kitchen are not available in that rural store.

**Mr MITCHELL:** Yes, for sure.

**Mr BOND:** That kind of thing ...

**Mr TOTTEN:** And quantities that I'd have to buy to keep in the store. I mean, I've got one person that's buying a line, you've got to buy 24 of them in a carton. I mean, it would be too ...

**Mr MITCHELL:** So just to go back probably to what Syd was getting to before. I didn't hear exactly what it was, what your answer was. But there is a big emphasis on pushing towards the healthier foods, and they're a bit cheaper are they, than the non-healthier foods? Or do you put a great deal of effort into pushing the healthier ...

**Mr TOTTEN:** I don't keep confectionery at all. I mainly just do dried fruits and stuff like that.

**Mr STIRLING:** I don't think ...

**Mr TOTTEN:** That's right. I think there's enough outlets for confectionery and stuff in town, so I don't ...

**Dr LIM:** So the takeaway would have lollies and stuff like that ...

**Mr TOTTEN:** Yes, the takeaway has. They have a small range, not a real big range there. I mean, I've seen a lot worse. The job I had previous to this, I worked for a wholesaler for 10 years, and flew around Aboriginal communities, 7 of those. And this is quite good compared to a few I've seen. So, I mean, even the store was - some stores are pretty heavily into the soft drink side of things. I mean, we don't keep cans, like I said to you. Fruit juice I get in about 80 cartons a week of fruit juice, which is quite high. Whereas soft drink, or say, Coke, I'd probably get anywhere between 48 to 90-odd cartons a week. So fruit juice is pretty well in comparison with Coke.

**Mr MITCHELL:** But at some stage, would you be able to get - I mean, not today, but even if you've got a rough idea of how you could check it out, how much of your actual food, when you're buying the food in, how much that would cost you a year?

**Mr TOTTEN:** Yes, I could find that out. I get a record of that every ...

**Mr BOND:** I'll go and get ...

**Mr MITCHELL:** Oh, it's not that important we get it now, but an idea actually.

**Mr BOND:** Might give you an idea actually. I'll just go and get a report, the nutrition report. We did over a 10-year study.

**Mr MITCHELL:** That'd be good.

**Mr TOTTEN:** Whilst it's only based on the shelf, it doesn't include ...

**Dr LIM:** Is that the one that was done through THS?

**Mr TOTTEN:** No, it's done by a Japanese lady, Yoshiko.

**Mr BOND:** She works from the Osaka Museum, in Osaka.

**Mr TOTTEN:** She actually done the study over. She actually came last year. She compiled the study over a 10-year period, ending 1996, and she's in the process of doing the next 10. So ...

**Dr LIM:** She's been coming here every year for 10 years?

**Mr TOTTEN:** Yes. Well, yes, 13 years. So she's done 10 years. And she's actually got some quite good figures. It's changed a fair bit, yes, what people eat.

**Dr LIM:** You hear about diabetes being a fairly major problem for Aboriginal people, and the more grog you drink, you know, you sort of junk that they have.

**Mr TOTTEN:** You know, I honestly feel, when you get people out here doing surveys and stuff like that, they should come into the shop on a busy day and stand at a register with one of the staff and watch



what goes through the register. Because people think there is - I mean, they do buy rubbish. We all buy rubbish, let's face it. And I think that they don't get enough credit. They do buy healthy food, they just, I don't know.

**Ms DICKSTEIN:** On a big buy-up day, Rob, when I've been in there, they're getting all the bulk buying in flour, and vegetables and meats.

**Mr TOTTEN:** You think when they have funerals and they get that funeral money, the first things they book up, because we've got a policy now there's no cigarettes in that \$1000 because that used to just take a big chunk straight out, straight after carton. So there's no cigarettes now. The first thing they do is grab tea, flour, sugar, milk and then they'll get Weetbix and all that stuff's pretty healthy - meat. They don't go and grab 5 cartons of Coke and stuff like that. They very rarely buy soft drinks and stuff. It's always bulk stuff that they can make up damper and they have jams and stuff like that. So they don't really ...

Sugar is a big concern. There's a high sugar turnover. But there's factors that contribute to that as well. They might buy a 2 kilo bag of sugar, go home, make a cup of tea, leave the bag on the ground, the dog knocks it over and eats it, or kids eat it or ants get into it ...

**Ms DICKSTEIN:** Ants get into it.

**Mr TOTTEN:** ... they come back the next day and buy another 2 kilo. I mean, that's not really a true figure on sugar consumption. It's actually a figure on what the store turns over in sugar, but not a consumption for. That's why I say anyone does a report, should come and spend a week on the register and say, 'Have a look, and see what these people buy', and maybe go through and see, live in a house for a week or something.

**Mr NUNN:** There's no doubt there's massive quantities of sugar consumed in the community. I mean, like, in all earnest we've got a service station and we sell massive amounts of Coca-Cola, so the takeaway outlets that ... I mean, what are you going to do? Say, 'I'm not going to sell you Coke because you're a black fellow and you don't know'. The schools have instance where they tried to take the soft drinks off in their tuckshop, and the people in power said, 'No, we want it on, even if it does ...

**Mr BOND:** Ten years from 1996, been some study since Rob wasn't manager.

**Mr NUNN:** I mean, there's some things. We don't sell Kimbies in the community, but I mean ...

**Mr MITCHELL:** Kimbies?

**Mr NUNN:** Kimbies you could sell well. If I had \$50 000 worth a year, the whole place would be littered with them. And people who go to Darwin just bring back masses of them because you can't get them here. But it's just one thing we still have to draw the line.

**Mr TOTTEN:** I tell you what gets on my goat too, and I find - I've read a few articles on the Internet, and one was done by the AMA. It was done by Roy Morgan research, was the cost and availability and stuff like that. And they made a lot of comments - that's a lot of bullshit - as far as you know, stores like Port Keats, Maningrida and Bathurst Island, all similar stores, they all go broke and struggle on a regular basis.

I mean, Maningrida's been operating for 30-odd years, and never been broke. Port Keats as far as I'm aware has never been broke. Nguiu, I know, has had problems in the past. And also made a comment

about store managers being ex-accountants or people hiding from the real world. I mean, I'm not discounting the fact that there has been people like that. But I tell you, there's a lot of good people out there as well. And you hardly ever see a mention of the good side of things, you always see the bad. You never see - and we all get thrown in the same basket.

I spent the first 3 months I was here, like, bagging people out. I mean, we had a comment by - who was it - that wanted to make a test case of manslaughter for ...

**Mr BOND:** Senator Tambling.

**Mr TOTTEN:** Grant Tambling made a case yes. I've got the article still. It was published by the ABC on the Internet saying that there should be test cases brought against store managers, test cases of manslaughter for providing unhealthy or unnutritional foods.

**Mr MITCHELL:** It's a big ...

**Dr LIM:** Grant Tambling said that?

**Mr TOTTEN:** Yes, I've got the copy of it in the office. It's actually still on the Internet though. I rang up Grant Tambling's office and his lady was unaware of the article. I spoke to Tim Baldwin about it, or Warwick Sinclair -do you know Warwick?

**Mr MITCHELL:** Yes, Warwick, yes.

**Mr TOTTEN:** Warwick's a good friend of mine. I spoke to Warwick about it and he just laughed. He was going to follow it up for me, but I don't know what ... Because I ...

**Mr MITCHELL:** I hadn't heard of that one.

**Dr LIM:** No.

**Mr TOTTEN:** ... message for Grant Tambling to ring me back and just say how's he come up with this sort of crap.

**Mr MITCHELL:** Yes. I'd be a bit curious as to what ... Grant's been around and he's borne and bred in the Territory, been around a long time. It would be interesting to see the context of that sort of comment. Maybe it related to a specific case. I don't know, but it would be interesting to have a good look at what he's had to say.

**Mr TOTTEN:** I browse quite regularly and search for stuff on community stores and stuff, and some of the things you read, I mean, these people, even our Territory Health Services have written some things that I just shake my head about. And do you know what? I've been there over 12 months, and I've seen heaps of people from Health Services that are involved with nutrition and eating and not one of them's come up to me and said - bar Moira - I spoke to her a couple of times. Not one of them's come up to me and said, 'This is great. Let's have a look around' and blah, blah, blah. No. But there always seem to be a little report written, and that's what really gets up my goat. People should really - if they're going to do reports or follow things through - they should come to the stores and speak to us a little bit more.

**Dr LIM:** That would be a very interesting thing to read.

**Mr TOTTEN:** It is, it's quite good. I'd like to see the next 10 years, see what it's like. Because there's

been so many changes since ...

**Mr BOND:** That's just the store. It doesn't take into account the other sections as well.

**Mr MITCHELL:** Oh, that's good.

**Dr LIM:** Any other questions? Syd?

**Mr STIRLING:** No.

**Dr LIM:** Of the gentlemen and lady? Phil?

**Mr MITCHELL:** No. We might go over and just have a look in the store there.

**Mr TOTTEN:** Yes, come over and have a look, sure.

**Dr LIM:** Yes. Looking at the photograph there looks really good.

**Mr STIRLING:** Get a hot pie.

**Mr TOTTEN:** Hasty tasty ...

**Mr MITCHELL:** Hasty tasty, yes.

**Mr STIRLING:** Don't try and defend him here.

**Mr MITCHELL:** No, I'm not. I wouldn't. I'm just surprised that ...

**Dr LIM:** Grant Tambling would be ...

**Mr TOTTEN:** It was actually a press conference, and it's written in his statement, what he actually said.

**Mr MITCHELL:** If he said that, I wouldn't defend him, no way in the bloody world.

---

**Port Keats Community**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

**PORT KEATS – Monday 21 June 1999**

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Felix Bunduck

Leon Melpi

Theodore Narndu

Terry Bullemor

Peter Sargent

Xavier Desmarchelier

Lesley Garner

## **NOTE: This is a verbatim transcript –**

However, due to poor recording, or many people speaking at the same time, some of the recordings were inaudible and unable to be transcribed.

**Dr LIM:** I'll start again. My name is Richard Lim. I'm from central Australia, from the desert, and I happen to be the chairman of this committee. The committee consists of 5 people, only 4 of us are here at the moment, that is: Steve Balch, from Darwin; Phil Mitchell, from Darwin; Syd Stirling, from Nhulunbuy and John Ah Kit, from Arnhem, who is not here today. The 5 of us were elected or were nominated to sit on this Select Committee on Territory Food Prices.

We all remember in January of this year there was a newspaper article that said that food prices in the Northern Territory were very, very high and parliament decided to form this committee to look at the costs and see whether the price difference between what we pay here in the Northern Territory, compared against other states, is justifiable or not. In order to do that we've asked for written submissions, we are also travelling around the Territory to talk to people, like yourselves, to get information.

Normally, in a hearing such as this we ask people to speak freely and be truthful to the committee and tell us what you feel, what you see, so that we can learn from your experience.

Normally, at hearings like this we record what you have to say so that we can take the information back and listen to it and read what you've got say so we can digest the information.

So, when you want to say something, please tell us your name and the position that you represent, so that it gives us an idea and then we can record that. We want to get as much as we possibly can from everybody so that, you know, when we come to writing our report it will be a good report that will be useful to all Territorians.

Now, some of us, especially myself, might ask questions that sound very inappropriate or culturally inappropriate because I'm coming from a position that I don't know myself. Now, if I seem to be insulting your culture, please don't think that. I'm Chinese, and I've lived in Australia a long time, and I try to be conscious of cross-cultural issues, but sometimes I ask questions that sound pretty stupid and I

hope you don't take that as an insult, it's just because I don't understand and I with people very much, so I don't understand the cultural ways. So, please forgive us if we are not right.

On that note I will open up the meeting now, and if anyone wants to start saying anything, please feel free to do so. If not, I'm sure committee members will be more than happy to ask questions and get a response from you.

Anyway, Terry, thank you for explaining the system that's here in Wadeye, because it gives me, anyway, a perspective as to, you know, how things are, how things operate in this community.

**Mr BALCH:** Perhaps, Mr Chairman, if I can suggest, can we get back now to the structure of the store and the committee that runs it, so that it's on the record, and I guess that's very helpful in understanding, better understanding ...

**Mr BULLEMOR:** I'm Terry Bullemor. I'm the Council Clerk for Karlu Numida Council.

In our community we have 4 organisations and they are separately incorporated bodies, but generally conjointly owned by the community members.

The store is owned by ..... Tribal Development Association. The Council for the community is ..... Incorporated. The Outstation Resource Centre is run by ..... Association, and the community's takeaway business is run by ....., and that's owned by the ladies.

The constitution of these organisations recognise the generally the Aboriginal people, male, adult Aboriginal people, as members of her associations. In the case of the ..... Tribal Development, its constitution recognises its members as members of the ..... tribes, but generally it operates similar to the others, where the committee of the store is generally 7-10 elected members, not all of them are from the ..... tribes, there are other members from other tribes in the area, so it's run similar to the other community organisations and they have elections every 12 months, they have meetings and they discuss, generally, store business. So, it's an organisation, but their main enterprise is actually the store.

The store here services a community of 2200 people. The population of that, the break-up is: 110 people aged over 50; there's between 500-600 in the 25-50 year old category, and there's 1400 under the age of 25.

We're a fairly remote community. By road, we're around about 400 kilometres from Darwin. There's bitumen pretty well all the way to Daly River, but our road was, this year, is generally cut for around about 6 months of the year, so we rely on barge freight for most of our services for most of the year.

I think the freight factor will, no doubt, be talked about today, but it's fairly significant for us, not just in food prices but also bringing freight in. We can get stuff in by road when the road's right and most of the time the road isn't right, even when it's dry.

If we look at the barge costs, it costs around about \$110-\$120 a ton for bulk items; the same freight on the road is, we can get it down around about \$50 or \$60 a ton. So, we just about double our freight costs. You know, so freight is, no doubt, a significant thing.

But, just getting back to the store, we have one store in the community. We have a takeaway that just

looks after fast food. The store has a range of products in it which Peter will tell you about later on. A lot of people shop out of town and one of the main reasons for that is, I think, to get variety, it's fairly difficult just with only one store to make it look like Woolworths, so we find a lot of staff will actually shop out of Coles, Woolworths, Bi-Lo, on a monthly basis, and get those supplies out on the barge. I think ...

**Mr BULLEMOR (cont'd):** ...you buy cheaper in Darwin, you've still got a freight factor to put on top of it, by the time you get it here and, you know, probably the main reason is variety. I think that's a general background.

Just to look at the community in general, this is a very community-conscious community. I think leaders of the community and each of the organisations work together fairly well and, generally, people are trying to do the best they can for the place and recognise that they can't do it all by themselves. As I said earlier, I would be looking for yourselves for support.

**Mr BALCH:** You made some comments before about things the store had done for the community. So, in general terms, there's a policy that store profits benefit the community?

**Mr BULLEMOR:** That's correct.

**Mr SARGENT:** ... Well, the thing is, probably about 2 years ago, prior to the community receiving funds funded by the ..... Program, at that stage the audit of various community organisations from locally generated revenue had put, over around about a 7 or 8 year period, had put slightly more than \$5m back into the community, and that's not bad, that's talking around about, you know, a bit over \$500 000 a year. So, you know, it is very much a self-help community.

The profit has come from the store, locally generated income revenue by Kardu Numida. The ..... Association, apart from looking after the outstations, also runs ..... Airways, and that's a fairly, you know, fairly profitable little business.

The Women's takeaway is only a fairly small business, but they also contribute in the vicinity of, you know, \$30 000 or \$40 000 a year into projects. Presently, the Women's Association has got thoughts about expanding its operation. At the moment it's just a takeaway. We've got applications in for support to try to start a bakery here. Three years ago they had a bakery here that worked quite successfully, but the conditions just deteriorated to the point where it needed to be closed down, it couldn't keep up with health requirements. But, that's one of the things we're looking at is to start a bakery. We could quite easily service a population of around about, say, 2500 people when we take into consideration the Kalumba (?).

The Kalumba people aren't here today, but just to talk about briefly what happens at Kalumba. Of course, a number of Kalumba people shop at our store, also, whilst they do have a community store, that are a community of about 300 people. The store is also owned by the community, run by the community, its profits, in turn, also go back into the community. There is a relationship between these people and the Kalumba people that goes back thousands of years. The Kalumba people moved to Kalumba from Port Keats around about 25 years ago and they have set up quite a good little business there.

The main economy for Kalumba is, apart from the community generated income, is they run a cattle property, they've got around about 5000-6000 head. They recently completed an abattoir. After the Garibaldi scare down south a few years ago, they didn't meet the requirements, so they've just completed

the building, which is quite a significant building, it's going to be worth about \$600 000; it will mean export quality criteria as far as quality assurance goes. But, it's operating, it's not operating at the moment, it's without licence until this is completed and that's knocked the economy around, but because of the relationship the people have, once that building is completed and they can start killing again they then have the ability to supply this area with fresh meat, and that's going to be significant because that's a hard one to keep up with.

So, we're getting back to bakery. If we had that sort of facility here we can be servicing, you know, the 2 townships around about 2500 people.

**Mr MITCHELL:** Terry, can we just go back to the freight for a second? The fresh foods and stuff like that, what sort of method do you use to get those in through the wet season? Do you fly stuff in, or ...

**Mr SARGENT:** We have fresh fruit and vegies flown in everyday.

I'm Peter Sargent. I'm the Assistant Store Manager over at the store.

Our main source of freight is the barge, that's year round which, as you can well imagine, is not cheap. I've got figures here. Our freight costs for this financial year is \$189 000. That incorporates the barge, flying fresh fruit and vegies in, pretty well daily, plus the only other source of freight is road, and that's only, as Terry has already said, around about 6 monthly.

**Mr MITCHELL:** But fresh fruit and vegies come in daily?

**Mr SARGENT:** Fresh fruit and vegies come just about pretty well daily, yes.

**Mr MITCHELL:** Okay. They're sourced from?

**Mr SARGENT:** From Darwin.

**Mr MITCHELL:** Yes. There are various companies involved?

**Mr SARGENT:** Well, we actually now go through Nightcliff Food Store, we found their the cheapest prices and do a better deals for us.

**Dr LIM:** You are paying retail price to Nightcliff Food Store, or are you paying them wholesale prices?

**Mr SARGENT:** I believe it's wholesale, yes. But then again we've got to add on freight and packaging and all sorts of other ..... As Terry's already explained we've also got the cost of – there is a fair bit of destruction around town, that costs us as well, and freight.

**Dr LIM:** Well, Terry asked earlier what our experience in Central Australia. I can just briefly say a couple of words and ask you, Peter, to comment on that.

In our central Australian experience we came across 3 models, I suppose would be the best way to call it. One was a store that was owned by the community council and so the auditing of the store accounts and all that went through the council and then reported into government. That model had a policy of having minimal mark-ups on all prices. It made just enough profit to cover all costs, including maintenance of the store, staffing and all other aspects of running a store. Their decision to have minimal mark-up was to allow families with fixed disposable income to be able to purchase as much food as what they can for the family.

Another model we found was a community committee-run store, that does not report to the council. That model had a higher mark-up, but all the profits from the store, apart from running the store fully, also were then used to purchase benefits for the community such as providing every household with a refrigerator, so everybody, every person in the community benefited from that; or bought a community bus and provided capital as well as maintenance for the bus so that the community, everybody can access transport. That was also seen as a fair way of doing things.

The third model was a store that's also owned by the community, run by the community committee. The mark-up was also high, but the profits were returned to only some individuals within the community. While those individuals benefited and, through them some members of the community benefited, the whole community in general did not benefit from the profits from the community store. I wonder if I made myself clear there. There were only individuals and their families or the people that were around them that benefited, but not every member of the community benefited. So, those are the 3 models.

Can you tell us whether your model is different again from those 3, or similar to any one of those?

**Mr SARGENT:** Pretty well similar to maybe your first and second suggestions. The store does, as Terry has explained already, the store does put a lot of money back into the community. We did purchase a bus, unfortunately, off the road at the moment, and I don't think we'll be getting it back, actually, which was used to ferry people into Darwin or mainly used from the outstations to bring people from outstations to shop in the store.

Our mark-up in the store at present is 65%. I believe Kalumba store is put on anything up to 100% and therefore a lot of people from Kalumba do come here to do their shopping and think the prices here are excellent, you know, but then if they went into Darwin again, it would be cheaper again.

**Mr BALCH:** How do your prices here compare to Darwin? Like, what's the difference – 15% or 20% - between here and Darwin?

**Mr SARGENT:** Well, not having been ...

**Mr BALCH:** Just roughly, just roughly.

**Mr SARGENT:** Well, I really, I couldn't tell you ...

**Mr BALCH:** What does a loaf of bread sell for?

**Mr SARGENT:** A loaf of bread is \$3.20. It – although, you know, I mean, look, I can't tell you the prices in Darwin, I can't do it ...

**Mr BALCH:** I think we're just trying to get a handle on what the variations are and how freight and all those other components are impacting.

**Dr LIM:** Why don't we just stick on specific foods, otherwise, you know, it just gives you a skewed picture? Overall, you said your freight is then, what? What percentage would freight be in your ...

**Mr SARGENT:** Up to 65%, maybe even 40 or 50, I'd say, 20 ... Like I said, I've got figures here that show our freight is just under \$190 000, that's up to this financial year and up to today.

**Dr LIM:** In that one hundred and whatever thousand dollars it is, what percentage does that form in your overall cost of operations?



**Mr SARGENT:** I would say pretty well as high as a third. That's only guessing, without having the figures here.

**Mr MITCHELL:** Have you got any idea, roughly, what the turnover per year is in this store?

**Mr SARGENT:** Approximately \$2.5m. Yes.

**Mr MITCHELL:** Well, that's your income. And the outgoings, paying the bills? I'm talking about the freight, the wages and salaries, buying the stuff in. What would the difference be there? How much would you have going to spend, roughly?

**Mr SARGENT:** Look, I wouldn't even like to guess in case I was wrong.

**Mr MITCHELL:** Would you mind, would it be, would we be able to have a sort of look at that?

**Mr SARGENT:** Yes, by all means, as soon as you've finished come over and see us and yes, no worries.

**Mr MITCHELL:** It's just that there were some communities that we've been to before and they could tell us that their outgoings would be \$800 and their incomes would be so much, or something like that. But that's will give us a bit of an idea ...

**Mr SARGENT:** Well, the store's also got in the pipeline with, Russell has the idea of building a pool and we talked to – what's that guy's name, Terry – the local member? Tim Baldwin, yes. I'm sorry. Yes. We just talked to him, he was down here a month ago or something and that's in the pipeline at the moment. But that's going to cost us \$300 000.

**Dr LIM:** And you feel that will come out of the store profits ...

**Mr SARGENT:** Yes.

**Mr MITCHELL:** Territory Health Service. Sorry. Just while we're on freight. Just one more thing. Out of that \$190 000 freight, how much would be, say, barge, and how much would be road and how much would be air? If you haven't got it, that's fine.

**Mr SARGENT:** The majority is taken up by barge. I can give you these figures. The big ones in the tens and twelve's and fifteen thousands is on the barge. The rest is, even like for a shrink wrapping of pallets at these Top End Wholesalers and Independent Grocers and that sort of stuff, that might only be \$200, but it's \$200 that's extra. I can give you these figures by all means and you can see the ones that are paid to Perkins Shipping ...

**Mr MITCHELL:** Don't worry about going into detailed stuff, I'm just saying would \$120 000, \$130 000 be barge and \$30 000 or \$40 000 be road and the rest in ...

**Mr SARGENT:** Yes. It's \$141 000, that's barge, Perkins Shipping.

**Mr MITCHELL:** So, air would be, what? 50, 50 between air and road?

**Mr SARGENT:** No, air would take up the majority of the rest - 30%-40%. Because, I mean, we've only just started using QAL Transport, Ken Conroy has started off QAL Transport, previously we had Hall's Transport but they can only run 6 months of the year because the roads just aren't suitable.

**Mr BULLEMOR:** Terry Bullemor, again. If I could just make a comment. We only have one store, so it isn't just food that people buy through that – clay and hardware and everything else – so we are looking at not just food prices, you'd be looking at, you know, all of the consumer items.

**Mr MITCHELL:** That's a good point, Terry. That was interesting too, \$2.5m turnover. I suppose, how much of that is food would be an interesting thing.

**Mr SARGENT:** The majority of it would be food, but 60, I would put it as high as 60%-70%, I'd say, is food; the rest is clothing, white goods, televisions, recorders, fridges, freezers.

**Mr MITCHELL:** So about 70%?

**Mr SARGENT:** But that's not a real big seller.

**Dr LIM:** Territory Health Service did a survey last year on the cost of a healthy basket of food in the communities. Was this community involved in that survey?

**Mr SARGENT:** No, it wasn't. Well, I'm not sure if they were here, but Russell was Store Manager. Can't believe how you can compare prices here to the prices in Darwin. I mean, you get a basket of normal, weekly shopping there is no way in the world we can compare the prices to Darwin and here.

**Dr LIM:** No, there was no way, I was making, they did say it does cost a lot more to live on a community than it does ...

**Mr SARGENT:** By all means.

**Dr LIM:** ... to live in urban centres.

Is there a problem – THS just came out with a policy to try and encourage community stores to have good, healthy, quality food in the shelves for people. Rather than having, say, Coca Cola, you have mineral water or Diet Coke instead, whether that's a valid choice or not.

**Mr SARGENT:** Certainly.

**Dr LIM:** But, is there a store policy you have some type of food and not others?

**Mr SARGENT:** We're taking a little bit of that into account or under our wing when that survey came out and we had Keep Australia Beautiful campaign and all that sort of stuff out here. We do cater for pretty well every taste, up to a certain level. Russell, I know, at one stage tried to cut the sugar intake of these people and just bought the 1 kilo sugar, but you will find that sugar is a big seller and they buy it by the cartons, and he thought, well, if we cut back down to just 1 kilo sugar maybe that will help. But we found it didn't help at all, instead of buying like 2, 2 kilos they'd buy 4, instead of buying 4 x 1 kilos, they were buying 2 x 2 kilos.

We do have dietary products, which is a separate aisle in the store with the Aboriginal writing to explain, you know, that these are for, you know, for certain tastes. We also have - a lot of them have been ripped off now, but they are still there – things like instead of buying the tinned meat, notice there saying 'Buy fresh meat, it's better for your health'. The fruit and veg cabinet, I just noticed this morning that they are still there, there's little signs on there saying: 'Good food. Good for you'.

**Dr LIM:** One of our troubles in central Australia, we found that the store would bring in only a fixed

quantity of, say, Coca Cola once a week. Now, if that gets sold within the first day, then that's it, there's no more Coke in the community until the next lot of freight comes in. And that was a deliberate policy by the store to say, look, we are going to limit the less healthy foods and this is how you're going to, bring in and nothing more and that sort of helped teach people to buy healthier food. Now, that has not been incorporated into ...?

**Mr SARGENT:** No, no, we still... Well, I think Russell has cut down on the Coke and the soft drink a lot to what it was. I know at one stage we were buying pallets of Coke a month. We have to order our stuff monthly, like that, the big, the larger stuff – the Coke and the flour and the sugar and that sort of stuff. But, we do, we have like just plain water, bottled water, we have the soda water, we have fresh fruit juices, which are brought in monthly and, I think, it's up to the individual to go to the, you know, fruit juice cabinet or the Coca Cola cabinet, and you will find that most will go to the Coca Cola cabinet.

**Dr LIM:** Your wholesalers are all in Darwin, or do you access some food, cigarettes from Adelaide or Perth or Queensland?

**Mr SARGENT:** No, pretty well everything is bought through Darwin.

**Dr LIM:** And most of it is through wholesale outlets, not buying retail? I have heard of stories where people, even in Darwin itself, would go to a retailer to buy goods because the price is better than what the wholesaler can offer you. Do you find that that sort of thing happens?

**Mr SARGENT:** To a certain extent, yes. Most of our food, to keep prices down, most of our food is bought through Top End – Top End Wholesalers, yes. I know at one stage we were buying through Independent, we just found that they were much too dear. I know I wrote out a cheque for \$190 000 for one month, whereas the following month that for pretty well the same amount of food cost us \$140 000. Quite a difference.

**Dr LIM:** Do you put out a tender to the various wholesalers in Darwin and say, look, we want, you know, X number of tons of this or that and ask them for certain prices?

**Mr SARGENT:** No, no, not to a great extent. No. We just find that, and an example, using Independent Grocers and Top End Wholesalers, we just find that if Independent or Top End offer us better prices, that's where we go.

**Dr LIM:** And you don't think that competitive tendering has more benefits to the store?

**Mr SARGENT:** Well, we use that to a certain extent. Like the fresh fruit and veg, we go through Nightcliff because we find they offer us better prices. For meat, we're just now distributing our meat between, our meat orders, through Westralia Meats in Darwin and a place in Alice Springs, buying cut meat supplies, I believe, and they've just faxed us through a price list which is quite good, and now we are more or less halving the orders between both Westralia Meats and the other one in Alice Springs.

**Dr LIM:** Perhaps a question could be addressed to the ladies here who run the fast food outlet. Do you have a policy on what sort of foods you provide for the community? I mean, are they all deep-fried springrolls, or ...

**Mr BULLEMOR:** Could we just pause and give people a chance to talk in their own language?

**Dr LIM:** Okay. Yes.

**Dr LIM:** If I could just reassure people. There are times when we find that it's easier to talk to the committee on your own, and if you want to do that please feel free to say to us: 'Yes, I would like to come and talk to you on your own', and we will make that available so that you can say what you want to say and it is treated in confidence and your name will not be recorded, so, you know ...

Would anybody like to tell me about the fast food or the takeaway shop?

**Mr MELPI:** We will I will just get people from over at the shop, they should be just about free.

**Dr LIM:** ... the answer is the differential in mark-up in some items ...

**Mr SARGENT:** No. No. It's, it's ...

**Dr LIM:** 65% across the board?

**Mr SARGENT:** Yes. Well, as I was just saying to what's his name, the cigarette mark-up is often 20 to 22.5% and as I was explaining. He asked me why. I really can't answer truthfully. All I know is it's, I just think that cigarettes would be way too high to put 65% on them. I know I can't tell you the prices of cigarettes in Darwin, but here you don't get much change for a tin of Log Cabin, which is a big seller - Log Cabin and papers - out of \$20. I think it's about 60¢ or something change, which is fairly significant.

I know I have had some of these people come to me and say, you know, I can go to Darwin and buy smokes cheaper. Well, of course you can, but I mean, you know, put your fare on top of it and your accommodation while your there, yes, that's just been the same since I've been there, it's only about 22.5%. But we, I mean, we do have a lot of costs, I mean, freights a big one, then there's wages. Yes, you have to pay people well here otherwise you just won't keep them, and wages, wages is a big one; and a lot of theft, you know, going on. I mean, pretty well daily you'll find some kid sticking an ice block or a packet of cheese down his pants, or ...

**Dr LIM:** Do you employ local people on ...

**Mr SARGENT:** We do, we do have a couple working on CDP and 3, 4, 4 now, 4 locals, but their attendance isn't good.

**Dr LIM:** So, reliability is questionable. What about the issue of sometimes we find a traditional owner comes into a store and the shop assistant has a problem with traditional owner. Do you have any problems with that? So, what to you do to try and, do you have someone to relieve that shop assistant then, or ...?

**Mr SARGENT:** The guys that we use are only more or less employed doing odd jobs, packing shelves and that sort of stuff. We did have one, Michael, who was quite cluey and can run a till, but he was getting too much pressure from people saying, you know, put this through for nothing, you know, and this sort of stuff. Now, he just won't jump on the till. He's just not prepared to do it now, and he was the only one that we could put on a till.

**Ms MOSEY:** Just to go back to the questioned asked on differential pricing. Did you basically ever consider that? Say like low pricing on fruit and vegetables and then fresh fruit and vegetables and maybe you know, change the mark-up on other things to perhaps balance it? I mean, is that something that's considered, or ...?

**Mr SARGENT:** To my knowledge, no, no. I think, I mean, the boss doesn't tell me a real lot that sort of stuff, I'm sort of running the office. Syd, who comes back next week, would be a good one to, you know, and like I said, I don't know what cigarettes are lower than ...

**Dr LIM:** So, could I ask you for your name?

**Ms MOSEY:** Sorry. My name is Anne Mosey.

**Dr LIM:** Anne Mosey?

**Ms MOSEY:** Yes. I'm only here for a short period time I'm just here on contract, but ...

**Dr LIM:** With the community ...

**Ms MOSEY:** Yes, with the community council and the ..... council.

I eat a lot of fruit and vegetables, I probably have sort of 3 or 4 lots of fruit and about 5 lots of vegetables every day and I've found that it is quite high, and I was wondering if they have been a proper, perhaps having differential mark-ups some community stores do that.

**Dr LIM:** Yes, that's right. Actually, that's a good comment to make that you can get that at some stores do have differential mark-ups so that, you know, the tobacco and the Coca Cola have very high mark-ups to try and discourage people from, you know, going for the not so healthy foods, then the healthy foods have lower mark-up to encourage people in that direction, and that allowed a fixed income to buy a lot more healthy food and less unhealthy food, and that was some stores policy. But not all stores do that and some stores have the strict flat mark-up.

**Mr BALCH:** That was the policy of the store for here too. It was the store committee who determined that policy. So that's where the power comes from, it's from the store committees to say: 'We want something done in regard to ...', particularly, as you said, fresh fruit and vegetables.

I remember one store, there was very minimal mark-up on a range of fresh fruit and vegetables and the difference was picked up by marking up other products.

**Ms MOSEY:** Yes, I mean, you can mark up canned products more, instead of canned fruit and vegetables.

**Dr LIM:** But for the store managers that do it on his or her own ...

**Ms MOSEY:** I see, yes.

**Dr LIM:** but for the store manager to do it on his or her own puts the manager under a lot of pressure, this is community elected committee, this is our policy for the store, then the manager only has to implement the policy, which makes it, you know, if it's community desired outcome.

Would anybody like to address any other issue?

**Mr NARNDU:** Theodore Narndu, I am also on the Committee for tribal development store. I want to speak on behalf of our women of this community. I just have to say one point about how the women here they do the much shopping for those in the store. When we're paid the family allowance and benefits because women are doing the shopping every day, and you talk about the kids here, some parents have got 10 kids or more than 10 kids, if they come up with 300 cheques to buy what they budget, half of the

kids they just go starving because their parents just spend so much in that store to get tucker for their kids. And that's the problem we've been having all the time. Parents come up, they complain about it to me and that's the problem that's everyday. We live on that. You expecting people to say how many kids in all different families. What do the people do? They're just wandering around with each other fighting and they get some tucker from other families? So, I'm speaking on behalf of the women. That's fair. Every time the price go up and the next thing we want is a system here. When that money comes in, we want to know, and when money goes out. They are the problems. So, it's all the women that do the shopping every day, when you come up with \$300, that's it, finished. The next week, there's nothing there.

**Dr LIM:** When you say that some women have to feed 10 children, does that mean that the children are all in their one family, or is it an extended family?

**Mr NARNDU:** I know some women here got 10 kids. I know my people. I have lived here for many years. I know how many families have 10 kids.

**Dr LIM:** When prices go up in the store is that done because your committee decided that's the way it should go, or is that something that is subject to just ...?

**Mr SARGENT:** No. We, we, I mean, our committee only meet – they are supposed to meet monthly but, unfortunately, just can't get them all together monthly. I know we have had meetings, but we've just, you know, our majority of the committee, like 4. They're here, there and everywhere.

We've put prices up if our prices go up. Just to use one example, it wasn't packaged food. Russell cut out the plastic bags here because they were just strewn all over the community, and introduced the calico bags, new shopping bags. The idea was you buy a bag, take your shopping home, next time you go shopping you bring your bag back. Unfortunately, it just doesn't work like that. We go through about 2000 bags a month.

**Dr LIM:** That will really impose a bigger cost onto the store ...

**Mr SARGENT:** By all means. By all means. But those bags went up from \$2.50 to \$3.80 or something, now I think they're \$4 for bags, well, we charge \$4. Once, if we find - that was just an example - the bags go up, we have to put our prices up, otherwise the store's just not there anymore.

**Ms MOSLEY:** You charge for the bags each time they buy them, don't you? Have you ever considered using paper bags?

**Mr SARGENT:** Well, I think if we had the paper bags we'd find the same problem as with plastic bags, they'd be strewn all over the community.

**Ms MOSLEY:** But obviously they're burnable and people don't use them for starting fires ...

**Mr SARGENT:** ..Well, the plastic bags were too, but people just ...

**Dr LIM:** I'm trying to address this lady's question, I think the lady is making a point about fixed income, many children and some weeks you don't have the cheque coming in so ...

**Dr LIM:** ... the family goes hungry. Well, I'm trying to clear my head. What you're saying is that the food is too costly, too expensive and so what money you get is not enough to buy food for 2 weeks. Is

that what you're saying? Yes.

Now, the lady with the 10 children, if it's for her, if they are all her children, would they have got social welfare, provided with a pension for all the children, also? I mean, that's what I think happens, isn't it?

**Ms NARNDU:** Yes.

**Dr LIM:** Yes. Now, that is obviously too long now, from what you are saying. I am not certain how to address your problem, I am not the store manager nor the store community committee. I wonder whether the store committee needs to look at that, as to how it can assist to allow a fixed income to divide up food to last for ...

**Mr SARGENT:** Well, I think most people here are on a fixed income. Like I said, we only put our prices up if our prices go up. I mean, that's all we can do. I mean, you just absorbed them a couple or few times, but you just can't do it all the time, it just ... Once we get our invoice that's through when we find a tin of baked beans has gone up 20¢, I mean, we have to put it up 20¢ as well.

**Dr LIM:** At the end of a financial year, the store has been open for 12 months, you make profits and all that, what exactly happens to the profits that are identified?

**Mr SARGENT:** Mostly it goes back to the community in the form of, you know, like building houses, buying a bus, you know, different other ways. I mean, we bought 3 vehicles here not too long ago. None of them are operating now, but ...

**Dr LIM:** That sort of purchase is then made known to the community, so the community really understands that: here, this is the money that we've made out of the store, this is what this money has bought and this is for the community? If people know that, then they will maybe perhaps not mind so much that the profits are being made for the store.

From what I'm hearing here from this lady is that perhaps your mark-ups could be a bit lower, maybe you don't need as many vehicles, but allow the food to be cheaper so that families can buy more food. I'm hearing 2 things here ...

**Mr SARGENT:** Yes. I know that the store ...

**Mr NARNDU:** Can I say something? This is not talking about the food. All people here, the women, the children. We want to buy clothes, we can't afford that, to buy clothes, because its price is there, and that's the other thing we're talking about. It's not the food, it's people, old people need blankets, warm clothes, blankets cost, people can't afford to buy stuff in that store.

**Dr LIM:** So, it's a bit hard to, I hear what you are saying, but obviously the community also has a desire to have a vehicle or a bus for the community to use. I think the community then needs to decide what is more important – the bus or cheaper food and blankets ...

**Mr SARGENT:** Well, I mean, I know we were going to get rid of the bus up to 12 months ago and it was discussed through the committee, I believe, and they didn't want to get rid of the bus.

**Dr LIM:** Okay.

**Mr SARGENT:** Also, Theodore, the beds and blankets that we're using for the old people, that's all, I mean, we buy 20 beds a barge for the last 2 barges and another 2 to come, for the older members of the

community. Beds, mattresses and blankets.

**Dr LIM:** So, you know, there's a decision that some of the profits will be used to buy blankets and beds and all that, and I think if the community is aware that this is happening, then they will probably think okay that's fine, we accept that, we have been paying higher prices for clothing as well as food so that our old people can benefit from having their new blankets and all that. I think this sharing of information is very important. If people don't know you're doing that, then they say well, what's the point in having all this high mark-up if the community doesn't get anything from it?

Theodore, does that answer your concerns at all, in any way?

Not really.

**Mr MELPI:** I just want to say something again. Our concern is what Theodore is saying, that family that has about 10 to 13 kids and the thing is they can't afford that much money to buy food. I mean some of the stuff we're buying in there is not really good. When we get food flown in from Darwin sometimes you'll find that on vegies alone, we buy lettuce, it's got brown ears, you know, it's just gone off, you'll find tomatoes that have gone off even though they're packed. People don't whinge about it, when they buy it they just buy it. They won't talk to person and ask the person sitting on the till they won't say: 'Look, there's something wrong with this'. They just walk away with it.

**Mr MITCHELL:** So you're saying that even though a lot of the fresh stuff is basically flown in daily, that it's still not as fresh as what it could be?

**Mr MELPI:** I just want to say one thing more. You buy a packet of bananas, I don't know how much is in it, I don't buy bananas myself, but the kids will take it, they just take it, they just pay for it and walk out, the skins gone bad and the fruit itself is just, and yet the price is still high.

**Dr LIM:** With food quality, from the experiences I have had talking to other communities and all that, and even in Alice Springs and people they tell me in Darwin, that they can go to a store like Woolworths or Coles and buy what appears to be fresh food, take it home, normally you would expect to keep it for one week, but it might last 2 or 3 days only, and then it's all rotten after that. That appears to be one of the problems in Territory that the food they bring in does not have what we call 'shelf life', you know, the life of the food that you can store for. Normally, you can store food for at least one week, fresh food should last one week, but in many times it does not. Now that, I'm told, is due to problems of transport. It's not so much the quality, even though you buy, it could be the weather, it could be the heat. Sometimes when you buy, and the reason why prices are higher is because when a storekeeper buys, say, a box of lettuces, alright, and brings it to Darwin, Alice Springs, to Wadeye, what happens is this: 10%-20% is going to go rotten, so they can only sell 80%. When you buy a box, only that much can be sold, so that 80% must be high enough to cover the losses as well. However, the losses cannot be used by anybody. The storekeeper says: 'For this box of fresh fruit or vegetables I'm going to buy, I can only sell this much, so the price must be made this much'. That's how they do the business. You understand what I'm saying here?

**Mr MELPI:** The other thing is, look, you have a lot of staff working in there, probably the reason why that is it's probably gone up to pay those staff, we've got too many people in there.

**Dr LIM:** Well, has the community here spoken to the committee members of the store to try and work something out there? I mean, that is where the ...



**Mr MELPI:** Whenever there is a community meeting and you start to explain this is what's going on ...

**Dr LIM:** I see, yes. Maybe that's what needs to happen that the store committee needs to meet with the council.

**Mr MELPI:** The only time the meetings, the only time they tell people when there's a big truck floating around, any other time when you're talking about groceries and all that, you don't, it's never mentioned here.

**Dr LIM:** Is this something that the Council Clerk can facilitate so that there's a meeting of the 2 groups to try and exchange information?

**Mr MELPI:** I will pass over to Xavier.

**Mr DESMARCHELIER:** If we can just go back a little bit to this period here. I think it's so important to understand that what is happening now, not just in this community but in most Aboriginal communities, has very deep roots back in their history and a lot of those deep roots grow out of when the 2 cultures came together.

For this particular community it happened in 1935, and at that time when the mission started there was part of life that became new to them – and that was rations. Now, the whole ration system, and I ask the committee for their attention to Tim Ralse's latest work from down in the centre, called 'White Flower (Flour?), White Power', and if you cotton on to some of his ideas he is expressing in that work, there are elements which are quite common to most Aboriginal communities.

But here, rations were given out as a way of payment for work done for people. We have often talked about this, about these days here when the person who had the tobacco was really the most powerful white person, because everyone wanted tobacco. It became a way of living, of getting these supplies.

When we get up to the 1960s and 1970s something quite different happened again. It was related with the rations, that is with food and clothing etc - and that was money. All of a sudden the way of exchange, the process of exchange changed. Here, before 1935 exchange was based on relationships, relationship between people and families; that was the only measure of exchange. From this period on, a second rate of exchange became – work. The third rate of exchange from the 1960s on and into the 1970s became, money.

So what we have now is a situation where money is the way people exchange goods, and people just do not fully comprehend what that value of money is. So, Theodore and women can talk about people going into the store, women going into the store with a handful of money and coming out with their goods, but there is no realisation of the true value of that.

When we look at these businesses that have been set up, they were set up because of a way of attracting funding. They are incorporated bodies. Being incorporated bodies they are legal entities and therefore can attract financial money, particularly from government. Now, that structure was based upon a committee system. Now, all of a sudden we have a committee to run the store, therefore everything is right.

One of the difficulties of this period here from the 1960s and 1970s onward and in the planning process of this place and other places was that we tended to look at an Aboriginal community and say: 'They are

a group of Aboriginal people'. Boom. And consequently, all the structures were built accordingly, that we are dealing with a group of Aboriginal people. But, it's not that simple, and that's what we're finding out now, more and more.

This crash here in 1994 by Kardu Numida was simply because he was trying to do too much. As Terry mentioned earlier, it had nothing to do with people taking money or anything like that, it was just trying to do too much. The structure couldn't, wasn't big enough for the work that it was asked to do by the people. It had a council, and when the council was informed of the administrative and financial problems - I can vouch for this because I was here at the time working for government and trying to unravel the mess a little bit - the key factor that came out of that was the fact that the people did not know. There was no information flow to the committee or the council who was responsible for the running of the community. They did not know what was going on.

Consequently, they felt quite, in the Aboriginal way, quite shamed, quite shamed because the collapse that happened. You've got government in town jumping up and down, you've got ATSIC bringing in grant control, you've got mechanism racing in here simply to look at one issue - money, where's the money gone? That's all that everyone was interested in. No-one really was interested at all in what's happening to the people. Why did it happen? Why did it fall over?

It was at that stage that these people came together and they started talking about their own way, their own structure whereby if things happen they could legitimately take the responsibility. This is why this ..... group of elders, both ..... and ....., men and women, coming together to look after their community. It's growing, but it has problems. One of the problems is the fact that we have set up 4 different organisations that run the place.

Now, if I could just come back and use this, come back to this one here, back down here. Main exchange for goods now is money. .... Tribal Development have a committee, and everyone says, from outside, looks at the committee, they should be running the store. But if you look at what that really means you start breaking open the whole situation more and more.

**Mr DESMARCHELIER** (cont'd): You start having to look at the landowners of this area, not just the fact that everyone lives in Port Keats, that's not good enough, you have to come down a little bit more.

The Diminim group are the landowners where we are sitting now, and over that period of historical development a lot of infrastructure has been put on to their land. That's infrastructure. The structure of management is also high. It's fenced up in this incorporated body way and having a committee to run everything.

However, when you break down and look at the landowners themselves, you find that there are 8 families. Now, each of those families have certain rights at certain times. It's not as if to say therefore that every family here is, you know, has an equal say in this. Some families can only relate to particular families. It's not as if, if someone from this family here wants something he goes along to this person here, perhaps that can't be done. What I'm saying is, that it is a much more complex way of management than we give it credit for.

So, when you come to the store committee or to the council or to any sort of committee that we've set up, the chances are that it blocks the basic rate of exchange which these people still function - and that's relationship. So what we have set up is a structure to look after money, and in doing so we have put it on top of their particular management structure which is based on relationship.

So when you get people, Theodore and Women and some of the men whatever, when they're starting to ask questions about a committee, they're asking it from the point of view that it is perhaps breaking down the way that we manage our lives - and that it is it's breaking down the relationships between us.

I know from my past experience with working with this council on and off for quite a few years, that whoever is made president, there are elections every year and we elect someone president, that can have a tremendous effect on what happens in the community in terms of things like just sort of social unease, because it perhaps puts someone in there who shouldn't be there.

It's the same with the store committee. The store committee doesn't meet, some business (?) coming from the people, terribly often. It's not that they ask why, they just look at their way of management themselves and say: 'It's not happening. Why isn't it happening?' And so I would just like to emphasise that difference. The issue of money when put forward by the people is not always in the same way that we, white people, value money. Because sometimes what they see is that the whole issue of money is, in fact, working against their way of management, and putting their way of management down. They do have a process of management that is very culturally applicable and works, it worked for thousands of years. It started not to work, more or less, from the 1940s, 1950s and particularly in the 1960s and 1970s. But that structure of management is still there. It needs to understand the contemporary world, they have never had to use money like they use today. They have never had to really work through issues of social security that change all the time, the funding mechanisms.

You know, we had the land, the Grants Commission out here a few weeks ago and just having to work through just what that means to them. It's all these contemporary structures that are based on money that there's been very little understanding of - and that really is the issue. It's a matter of allowing them their traditional form of management, which is alive and kicking and vibrant and it works, there is no doubt about that. But, trying to bring it into a contemporary world is the struggle. Trying to set it into a contemporary world which we have already set up is even more difficult because there is a clash. The clash comes with the basic issue of exchange - relationship versus money.

**Dr LIM:** Thank you very much, that really is very enlightening. We appreciate that. But, then let me ask a perhaps ignorant question then: Is there a possibility then to develop a relationship between the council and the store committee so that, you know, you develop the relationship where then not so much accountability but rationale of doing things can be explained through this relationship?

**Mr DESMARCHELIER:** There's a number of ways toward this and if you look at it this term here, this term here represents the elder men of the 16 clan groups that are living here, all right? Now, that is on a fairly high order, all right? It's business that concerns them, but it's important business because it expresses the fundamental relationship between the groups, okay? And we're not just talking about a clan group. When you talk about a clan group you've got to start talking about family, because each clan group has a number of different families and each family has specific relationships within it's self.

**Mr DESMARCHELIER (cont'd):** However, never let it be said that they, living in that sexist society, they have another layer to it all, and this layer is called 'tumulou' (?), and it has 2 aspects to it: ....., which is the men and women, the elderly men and women. Now, they would be the equivalent, I guess, of you CEOs of departments, okay? You politicians, you know, when they set out and work out the policy of things.

Underneath that there's a third layer, ..... Now, these are your work people, these

are your middle managers who actually implement things. Theo, if I may just use an example from ..... mission?

**Mr MELPI:** Okay.

**Mr DESMARCHELIER:** Okay. Recently a group of us went out to old mission for a couple of days just to do some talking, all right? It was decided up there. It was talk about here, what things would be talked about. A group of middle-aged people, Leon's age, one of them was his brother. They actually went out 2 days before and they got the place ready and they set up the fire and they set up the accommodation and they set up the food, so that when this group came out, it was done. Now, that's a very simple example, but that's what I'm saying. So, there were 6 of us there

Richard, you asked about this system working with the committees. Two years ago these people asked something of all the different committees. One of the development aspects that is missing is a plan, is a development plan for the whole community. It's been subdivided very much by these 4 businesses. To get a plan to know where the plan is going, you've got to know what resources you've got, it's no good setting up something that you don't know if you've got the resources to do it.

These people sought the assistance of a company in town to get together just amongst, that is that from each of the businesses they would know how much money was coming into them and how much money was going out, so they would know, in terms of money, just what they had to be able to develop this plan. One of the businesses said: 'No'. Just said 'no'. They sought legal advice. Another business just didn't answer. Another one said: 'Yes, sure'. And the fourth one said: 'Yes, sure, no worries at all'.

So, straightaway then when the elders and the people try and do something this structure, as its been set up, straightaway works on different principles. This one works on the fact that each of these businesses has a go-between, and the go-between in the manager, whether it be a council or the store or whatever. Part of the process of business, part of the process of management here is a person who has a title 'Manager'. Here that doesn't exist, because they manage themselves. Can you see the difference there? So, when you start trying to set up a working between things then it's very difficult because sometimes, unless you have particular people on side here who understand and who want to contribute to it, then it won't work, and this is bad for Aboriginal and non-Aboriginal people, too. That's why this process here in the last, you know, couple of years it's growing strong because people are understanding. But there are still blockages which we have the set up, as white people, in terms of management.

A long way to answer your question, Richard, but I think it's an important one because we're dealing with structures in management and what we have set up here doesn't work because we know if we look at that document there the problems that we have in the community, and part of, many of the problems focus on family life. This is family orientated because it's based on relationship. This structure of management is not family orientated because it's based on money, and the rate of exchange is this money. That's where you come down to the fundamental difference and what is trying to happen here is to bring this one back right into the centre of the way the people manage their lives.

**Dr LIM:** That's great, and it gives me some understanding of the ways within the community. But, I'm also trying to resolve how I can, through this committee, put something out that will allow information showing and allow for the community to control its own destiny and decisions, and I'm trying to marry the two up.

**Mr DESMARCHELIER:** Really, and I guess to, without putting too fine a point on it, with all due

respects – you can't, and your committee can't, and I can't – but they can. All right? While our role in all of this is to assist and to facilitate and be open to the fact that maybe, maybe, how we're doing it at the moment is not really the way they want to do it. But to be able to, sort of, get up and question white people about what they're doing and the way they're doing their job is very, very difficult because they don't understand what the job is that they're doing. So, I respect very much your desire of wanting to have an information flow, but we could set up all the different structures that we like, we've done it already, but really, we can only facilitate that and be there when it bubbles up and try and, you know, to assist in it. These people do have a way of living, and you can talk for a long, long time on issues of law and justice, okay, massive things, issues of health.

If I could just go back to what happened the health, you know, 2 years ago when the government went through health services. Two o'clock on Monday afternoon, just said as of tomorrow morning there will be no health services here. Now, that was a really good example of showing that, you know, that was a government in this sort of frame, not allowing people to manage their own health. People got together over the next 6 to 8 weeks and they met and they talked and they came up with an action plan that was based on ceremony groups and so on and so forth. They were able to deal with the problem and from that a health plan has been developed. It's fragile, it's not, perhaps, not what everyone would like, but it is working. And that's the sort of direction and responsibility that the people can do and achieve.

Issues of education. Two years ago, you know, figures were showing that people were becoming offenders much younger. What to do about it? Poor, old police, you know, they're controlled by the law too. You know, what could they do?

So, people started to look at the role of education in the community. They sat down and they talked and talked and talked and they came up with inviting a group of people in to develop a program for their boys in the younger age group to give the really younger ones something to work at. They sought funding, they got funding for it from the government of the NT and Commonwealth supported the process. It's at a stage now, it's been going for 6 months, their big project at the moment they've got 15 kids from Brisbane who arrived here at the weekend for a 2 week exchange. Now, these 15 kids from schools in Brisbane are going to spend 2 weeks with ..... boys out bush and doing various things, and in a few months time they will go down there. So, it's a way of providing education in a much broader concept that is life education, not just literacy and numeracy. Now, that has come from this particular structure here.

**Dr LIM:** Now, I'm going to demonstrate white men's thinking and say, look, I'm going to bring it back to this inquiry. And, unfortunately, look, this is what I have to do. Appreciating everything that you've said, I've really found this very, very useful for myself, but are there any comments that anybody would like to make with regards to food or clothing prices or anything like that at Wadeye? If not, I'd like to wrap up.

**Mr MITCHELL:** Just getting back to what really started getting into this side of things and what I said, I guess, really do appreciate that, it confirms a lot of the information that some of us already pretty well were aware of. But what I was going to say about Theodore's comment with how much money per fortnight they have and the store is so expensive, it gets back to exactly what you said and it's the people on the community really, all we can do is report on what we find, which is what we're here for. I think it's back to the community to look at ways of making things a bit better like, for instance, some of the communities they make the healthier foods a lot cheaper and the not healthy foods a lot more expensive.

But it really gets back to the community themselves to make those decisions and getting this relationship between the people and the store committee and council. The store committee is really something that starts here on the ground with the people and, I'm getting way of track here but ...

**Mr DESMARCHELIER:** I know you're interested in costs and dollars and how they can be utilised and how best can they be put at service for the community etc, but really I come back to this rations thing, and the title of that book is very interesting: 'White Flower, White Power'. We still have the power in our hands through positions such as the manager, or still have the power in our hands from the point of view of the goods that are given.

We're really still at that stage, and I don't just mean here, I think generally everywhere. We are still at that exactly the same stage of when, you know, dear, old Father Dockerty started giving out flour, tea, sugar and tobacco back here in 1935. We haven't really come a long way in terms of change in that. We may have come some way in trying to understand this but, and it's just my own personal comment, I don't think we'll every really understand this until we understand how it impacts upon their family life. This money can be put on the same level as, you know, grog and gambling and whatever else that is seen as being destructive to a community of people whose basic reason for existing is relationship, because it breaks up relationship, it breaks up family.

**Mr MITCHELL:** I suppose given that though, what's the step, what do you do? It gets back to the community, is that ...

**Mr DESMARCHELIER:** Well, okay, no. There are things that we can do ...

**Mr MITCHELL:** I'm just trying to keep it in the context of what we're doing.

**Mr DESMARCHELIER:** These people, as I have said before, have sought to try and develop a community plan, right? Now, an essential focus of that community plan obviously will be family life. Now, that's going to be different for different groups. For the women it's going to be different, for the older people it's going to be different. But there are going to be needs that will be expressed by people in the community. If the plan can bought together with all the resources of the community, or if the plan brings all those resources, it's develop all the resources, then there is a control mechanism within here to start looking at it - the use of money - either through the council, either through the store, either through Murrin (?), either through the takeaway, that the development of a community plan, which is based on the needs of all the community, puts into the community the control of the resources. At the moment, the people don't have control of those resources.

There are things that we can do. There are things that your committee can do. I would like to suggest a few of them. I think one thing that your committee could do in its recommendations is to seek the assistance of a whole of government approach to community development. A community development isn't just a departmental responsibility, it is a whole of government responsibility.

A second recommendation I would suggest is this whole of government approach to the development of community is balanced by a sense of individuality within the community. Not every community is going to be the same. So, within that whole community there's an individuality.

A third prong, I would suggest, is that there is a look at the resources that are available for developing the community. When we look at something like your issue of food, that there is a mechanism somewhere in the whole of government approach that people can go and seek assistance, where they can seek

education.

I guess that would be the fourth thing – information. These are just general areas, I could fill them out a lot more, but they're just sort of dot headings of areas where I feel the committee can influence what happens as a result of your being, being in session. Information is essential.

Over the years many failed these people in providing them with contemporary education of the world outside. Particularly here because geographically we are at the end of the line, you can't go any further – next stop, Timor. That's it. Here we have lacked a lot of information. So, they are just 4 areas which I think may be of assistance.

**Dr LIM:** Well, thank you, Xavier, and wrapping up, unless anybody, any members of the committee wish to ask any more. If not, I would ask Leon, the Council President, if he has any more words to say to us, comments to make.

Felix, you're a traditional owner, do you wish to say ..., I was watching you nodding and agreed with lots of things. Do you want to say anything to the committee?

**Mr BUNDUCK:** Well, I think it's something like people from the representative where they really think to answer what this man was saying, you know, we'd like to be running the game similar to the thing that like our management here. As it stands now we have that 4 associations and we would like to get an answer from them to, you know, but at the moment, you know, we are looking at the way that we are which run, okay? And we want, we have our culture. Something like at the top, the big top people, you know, they way that we, some outside people want we to do that and then we have the same like culture what we are having here and make it a balance, balance it up. A long way to go yet, to understand, not only Aboriginal people but the white people, too.

I did respond to a Northern Land Council about this, you know. They are looking at that way too, to understand, and they need to understand more workshop of what we are now. Okay?

**Dr LIM:** Well, I came to this country when I was a young boy, from past Timor, way past.

**Mr BANDUCK:** Yes, something like that you ...

**Dr LIM:** ... I learned how to think like white people, so my Chinese friends call me Banana, because I'm yellow inside and white outside. No, yellow outside and white inside. But I've learned to understand the white man's way of thinking, so I can see my own culture and I can understand white man's culture and I'm trying to understand Aboriginal culture as well.

In wrapping up, I would like to thank Leon for allowing us to come to this Council to talk to the people; and to you also, Felix, for inviting us to your country to try and learn and understand the issues that are here. We will do our best, really do our best to try and see what we can do, as Xavier said, to facilitate, to help. We can't do it for you, but we try and put things in place that may make things a bit easier.

**Ms GARNER:** Can I say something before you finish? My name is Lesley Garner. I'm here as a consumer of Work Department and I'm here purely to hear to see what you guys have got to say.

I've got a very simplistic approach to all of this. While we can all sit around and discuss the problems that we have in the community relating to each other, I am, as a consumer are sick and tired of having to pay exorbitant prices just to go buy my stuff in Darwin, then having to pay the freight to get it out here.

Likewise, I have to go to the store and buy stuff from there. So I'm getting charged freight every single time I buy something. Twice I'm getting charged freight for it. Why can't the government make concessions for freight companies to allow them to reduce their prices in order for the store and the supermarkets in town to reduce their costs?

**Dr LIM:** We've been fighting this for a long time. You remember back in the days when there was huge fuel and transport subsidies by the government of the day that were removed and, you know, country people have been talking about it for a long time that they should bring it back. Until the federal government, whatever political persuasion, decides to do that, we are really hamstrung. We can't do a thing about it. It's a federal decision. You know, the excise, subsidies and all that. That was what used to help the country people, it made transport a lot cheaper. But that's a thing of the past. Whether it will come back or not, depends on various political factors, which I'm really not even competent to address.

**Ms GARNER:** So, I mean, you complain, you complain at the store, you complain at Coles, and they tell you the same thing. Is that incorrect, or is it just ...

**Dr LIM:** No, well, that's not entirely accurate, and when we come to writing a report we will be talking about that aspect of all that.

Well, thank you very much, everybody, and thank you for your time, we appreciate that.

**Mr MITCHELL:** Leon might want to, or somebody, might want to contact Leon and he can contact us, if that's okay, and let us know if there's any further information or anything.

---

## Chapter 5

# HANSARD TRANSCRIPTS OF PUBLIC HEARINGS

## *EAST ARNHEM REGION*

---

Nhulunbuy

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

NHULUNBUY— Tuesday, 22 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA



Mr John Ah Kit, MLA

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Mike Hindle; Chairman – Nhulunbuy Town Board,

Michelle Chiller,

Heidi Lehmann,

Klaus Helms; Perkins Shipping,

Bruce McCleary; Supply Manager - Nabalco,

Sue-Ellen McLean,

Colin Lane,

Brian Geue,

Christian Fowler,

Stuart Blair,

Rodney Neil,

Karen Cole,

David Mitchell,

Maureen Neil

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** I formally open the hearing of the Territory Food Price Select Committee at Nhulunbuy. My name's Richard Lim, I'm the Chairman of the committee. On my left is Philip Mitchell, member for Millner. On my right is Syd Stirling, member for Nhulunbuy, and far right is John Ah Kit, member for Arnhem.

We were selected by parliament to conduct a review of Territory food prices. We've conducted hearings in Central Australia. We are not doing this at the Top End. We have invited the public to come to the meeting. We also asked for people to write to us, and some people who have written to us are now going to present the oral section of the hearing.

We normally do not expect witness to swear an oath or make an affirmation at this type of hearing, but

we expect that witnesses will be truthful with the delivery of the information to us. Normally, we will interact with that witness and ask questions where we don't understand any issue.

Before you start, will you please provide us with your name and your official position for the record. Whatever you say will be transcribed and a copy of that will be sent to you for your correction, and then you send it back to us. Your submission, written and oral, will then be tabled in parliament as part of our report, which will be on 19 August this year.

If there's any part of the submission you wish to have *In Camera*, please let us know so that we can then clear the room for you to talk to us in private. On that basis I invite you to speak to us first, Mike.

**Mr HINDLE:** Yes, thanks Dr Lim. I'm Mike Hindle, I'm the Chairman of the Nhulunbuy Town Board and the town administrator working for the Nhulunbuy Corporation.

I did send a formal written submission, and perhaps I could read from that submission ...

**Dr LIM:** Yes.

**Mr HINDLE:** ... and you then might like to have that.

A town board meeting was held on Tuesday 15 March 1999, and at that meeting I was requested to provide certain information. The board didn't feel it was in a position to actually comment on the food prices themselves, as obviously many and varying factors do affect the cost. And we, the board, are not aware of all those factors. I was, however, asked to provide you with information relative to the town's municipal costs, which themselves could affect prices.

You may or may not be aware that Nhulunbuy, unlike other larger Territory centres, does not receive any federal, any financial assistance from the Northern Territory government and the distribution of Commonwealth financial assistance grants for road grants. Inevitably, this results in higher rates and charges. Normal state government functions such as the fire service are currently directly funded out of the rates.

For the year 1998-99, the following municipal-type charges as budgeted, apply: general services cost for Nhulunbuy cost \$975 981, giving a UCV of \$349 748. The normal state government costs, the additional costs that would cover normal state functions like the fire service, are \$614 946, which is equivalent to a UCV rate of \$220 369. In Nhulunbuy therefore, a normal 3-bedroom house, for example, has a UCV of \$26 000, and for those above charges, the owner would pay general rates of approximately \$1482.39. That is a fair bit higher, and also relates to commercial and industrial properties as well as residential properties.

**Dr LIM:** That's fairly high compared to even Darwin or Alice Springs in the way of general household rate.

**Mr HINDLE:** It is because of there is no federal assistant grants, and the corporation, the ratepayers, have to pay for specific services that are normally funded through the Northern Territory government. In actual fact, the situation, if you looked at the cost directly attributable to a normal local authority, which we're not - but if, taken on the functions that we did, we would actually be very comparative. If you took into account the government functions, such as the fire services, building control, vet control, which in most of the centres are paid for by government, it would be a reduction of .022¢. \$614 were there, \$615 - \$614 000 for that.

Further, if we receive federal assistant grants, that would be a further \$350 000 which again, is approximately 10% or 11% of the actual rates. If you actually deduct down from what the person pays, the \$615 000, which is probably 20% of the rate, and then the federal assistant grants which is another 10% or 11%, the actual rate would reduce by virtually one-third, to be closer to \$1000, which is getting much closer to than some of the other NT centres.

The additional fees that are charged in Nhulunbuy are garbage fee, \$173.40; sewerage fee, \$167.40 per connection; water, which the corporation provides to the town, is provided on a paid consumption basis of 61¢ per kL.

**Mr MITCHELL:** 61¢ or 41¢?

**Mr HINDLE:** Sorry, 41¢ per kL. Sorry, Phil. I should probably point out that that 41¢ a kL is one of the good side of living in Nhulunbuy because the rest of the Territory pays about 60¢ a kL. So it is the one thing that is much cheaper in Nhulunbuy.

Power charges do vary over the year, and these are based upon Nabalco's costs. That associates in with maintenance and generation. Providing an example, I give that example as a fairly average sort of figure, where domestic is charged at 11.03¢ per kilowatt hour, government at 12.88¢ per kilowatt hour, and commercial at different rate so tariff - the first 6000 kilowatt hours, 18¢ to 24 000 kilowatt hours at 16.50¢; and the remainder at 12.52¢ per kilowatt hour.

I also said on my board's behalf that in relation to Nhulunbuy other costs which need to be considered are freight; collection from the barge - which obviously if you live in a normal centre you don't have to actually go out and collect goods from a barge; high rentals, because we have a very small private market; and certain elements of government tax office-type situation have accepted that there really is not a true market rent for Nhulunbuy, because there are only about 40 properties up for private rental.

Because of the size of the town, people do have to carry fairly high levels of stock, and because you have to wait for a week for the next barge to come in, again, fairly high levels of stock for the size of the actual town. I think the points that I've made do actually show some of the reasons why in Nhulunbuy there are some additional costs that retailers and companies do have to put up with.

**Dr LIM:** Not being in private business myself, I wonder whether the stock that's carried in Darwin, being isolated from major centres such as Adelaide where the supplies come from, would be in the same sort of ratio as what somebody in Nhulunbuy would carry for Nhulunbuy?

**Mr HINDLE:** Dr Lim, I couldn't answer that. I really don't know. I'm not actually in commercial sort of an enterprise as a retailer, so I really honestly don't know. You'd certainly need somebody to answer that.

But I'm more than happy to answer anything else that I can in relation to the figures. The bottom line - I mean, we've done our latest figures for the week ending for our rates for the new year, and certainly the same sort of points, sure, that if NT government were actually paying for the services that they carry in other centres, and we got the federal assistant grants - taking those into account plus the garbage, the sewerage and an average water cost, we would actually be very comparable to Darwin. But without those, we are probably in excess of 35% more for our rates and municipal charges for both residential and for businesses.

Of course, from a food cost point of view, businesses such as Foodland or Woolworths, they would have to pay in the case of Foodland, rates, so they have actually direct cost. Woolworths, the rental would presumably take into account those rates. But they all actually have employees in rented accommodation. Or own the accommodation, which again, actually take on that encumbrance of those extra costs.

**Mr STIRLING:** Can I just add one thing to what Mike was saying in relation to the Commonwealth Grants Commission, or the financial assistance grants. That \$300 000 to \$350 000, which our population would warrant on a per capita basis, which is what the Commonwealth provides, is in the bucket of money that the Commonwealth gives to the Northern Territory government, but it's distributed on our behalf to every other local government in the Northern Territory, compliments of the ... So every other local government body in the Northern Territory goes 'Oh, I'll give the vote of thanks to the residents of Nhulunbuy', because that's ...

**Dr LIM:** Well, of course we know that.

**Mr STIRLING:** But we do not get that \$300 000.

**Dr LIM:** Yes, I know.

**Mr STIRLING:** Now, if you add up, if you look at that in historical perspective, that's an awful lot of money that this town is not ...

**Mr HINDLE:** Can I just ask Dr Lim ...

**Mr STIRLING:** ... which has to be picked up out of rates.

**Mr HINDLE:** What Syd is actually saying is definitely true, that the money is shared. The corporation is a member of LGANT, Local Government Association of the Northern Territory, and there is a minute of their book that they support that the corporation should be recognised as a local government body, so that it would actually receive the federal assistant grants.

**Dr LIM:** I served on the Alice Springs Town Council for 8 years and was deputy mayor of that for 4 of those 8 years, so I'm aware of the ...

**Mr HINDLE:** It's a political determination that needs to be made to bring our costs down, but that's only obviously one element of it.

**Dr LIM:** That's right. And what Syd said is very much a political statement that he just made. That's fine. And I'm also aware that the town board has been in negotiation off and on with the NTG about getting formal status. I wish you well to continue on with your negotiations, that we take your comments on board.

**Mr HINDLE:** Can I say that the negotiations have been on the basis of local government body status, not local government status, and there is substantial difference. There are differences, and I believe, from the corporation's perspective, a local governing body should be somebody who is carrying out the functions, the normal municipal functions, which the corporation clearly does.

But we seem to be losing the battle because we don't have a fully-elected council, and that seems to be the only argument against us being recognised. We are recognised by federal government in terms of our sales tax exemption and all that, but not from the Northern Territory government for that perspective.

**Dr LIM:** Now, what you're suggesting is that the food outlets in town necessarily have to pass on these costs to the consumer.

**Mr HINDLE:** I make the point purely and simply because their additional costs in Nhulunbuy, and I don't think there's very many people in Nhulunbuy that are going to be able to comment on food prices in Katherine or Tennant Creek or Alice Springs. But I think it's reasonable to expect that businesses that have extra costs over and above the normal sort of municipal costs that you expect to, would have to pass that cost on. I'm not saying that that justifies the cost - well, it doesn't justify the cost - I'm saying it needs to be considered.

**Dr LIM:** As the town board, do you receive complaints from the residents of Nhulunbuy about the quality, the range of goods that are available?

**Mr HINDLE:** No, I don't think the town board is perceived as the sort of body that you would complain about that sort of point, I guess. I don't know. We look after the assets of the town, parking and sort of normal municipal functions. I've been in the position 4 years and I don't think I've ever had a complaint in terms of those come direct to the corporation.

**Dr LIM:** So where would residents of Nhulunbuy go to, to make their views known to a lobby group or whatever?

**Mr HINDLE:** Well, I'd presume they'd either go to the retailer or a commercial enterprise that's charging them too much. If they are charging too much, go to the local member.

**Dr LIM:** So, it's more one-on-one basis?

**Mr HINDLE:** And possibly, in writing in the paper in letters to try and find support for themselves, to get a lobby group to do that.

**Mr MITCHELL:** Just as a resident, Mike, that's been there a while, what do you feel of the prices? I know it's late for this submission here, but just on a personal level. Do you do much of the shopping, or does the boss go and do it, or what?

**Mr HINDLE:** I do enough of the shopping to know the charges, Phil, to be quite honest. And certainly, if I make a comment on that, it's not as a town administrator, or ...

**Mr MITCHELL:** Oh no, that's what I'm saying.

**Mr HINDLE:** ... individual. Of course, it's Mike Hindle, individual resident. I think that we have ...

**Mr MITCHELL:** You don't have to answer that, mate, if you don't want to. I'm just ...

**Mr HINDLE:** Oh, I think that having recently compared prices between Katherine and Nhulunbuy, in Woolworths for example - this was actually done this weekend by friends of mine - the costs of virtually all the goods was very, very similar. What is of doubt in our case is the quality of the goods is nowhere near as good. Now, I'm not going to say that the cost in Katherine is reasonable either. It may well be that the cost in Katherine, because it is more remote or further down the track than Darwin or Alice, is probably much higher than Darwin.

**Mr AH KIT:** Would you say the quality, is that because it's got further to come to Nhulunbuy?

**Mr HINDLE:** Yes, I think a lot of the - again, John, I'm not ... I can't swear to the fact that Woolworths or Foodland, exactly where they bring them, but I think that the general fruit and veg comes more often than not from Adelaide. I know there are certain air freighted goods, but I think generally the majority of stuff comes from Adelaide. And obviously it's going to come across in a barge, and that's not because Klaus is here. I personally think the barge service is excellent. But the fact is that it does take that extra 5 days to get from Darwin to the shelves on the supermarket. And if you're buying whatever product, whatever vegetable or fruit, it's going to be of a lesser quality if it's been in a container for 5 days or 6 days.

And I said, bearing in mind that you've got to bring it not just into the wharf, but somebody's got to go and collect it, and then put it into storage, or into warehousing, and then on into the store when they're ready to sell it.

**Mr STIRLING:** Mike, you've been here long enough to get a view. Do you think quality and range has improved over the time, even if you might have questions about quality now. Do you see it as better than 5 years, 8 years ago.

**Mr HINDLE:** I'd have to say that I think in the 10 years I've been here, the quality has improved. I think action from some of the retailers have made an improvement necessary. On a personal point of view, I still think the costs of our food in Nhulunbuy are higher than what they should be. I mean, if you compare it to major cities - Brisbane and the like - certainly they certainly seem much higher. And if companies from outside the town, butchers or vegetable shops, can advertise to actually provide you with produce delivered into the wharf, cheaper than what you can buy them here, then I think most residents would feel that we are paying more than we should be. If you can get it in one way, why can't you get it in another way. That's ...

**Dr LIM:** Yes, I saw that ad in last week's local newspaper here, and did think about it during the afternoon. I suppose a shop that's based in, say, Darwin exporting goods into Nhulunbuy on a direct sale, has a shop that's only rent paid in Darwin supplying Darwin residents. What it does outside that is an extra, so there's no added 'cost'. A shop here in Nhulunbuy has to put up with the cost of rental, accommodation and living expenses in Nhulunbuy to then, the goods to supply Nhulunbuy residents, and so this person in Nhulunbuy would have added costs which the Darwin person would not have. I think that's the difference.

**Mr HINDLE:** I agree. But as I said, as an individual - and I'm talking in this latter part of my submission as an individual - I still feel that there are problem some costs in Nhulunbuy that do make our choices a little bit higher. Whether it's because there is the excuse of being so remote, that the retailers can add-on, I don't know. But that's my personal opinion.

**Dr LIM:** Well, this is the exercise we're trying to establish, whether the difference between the wholesale price and retail price is warranted, or whether the oncosts, but the profit margin is unduly high. And that's something that we have been trying to establish.

**Mr HINDLE:** Certainly the submission from the board - that I made for the board - I think justifies why there should be some additional costs. And there are reasons why there are additional costs involved in that. I don't know whether those additional costs go to the difference between interstate costs, or even intrastate costs, in Nhulunbuy. I don't know whether that gives a fair profit margin, or an increased profit margin, or an excuse for an increased profit margin.

**Dr LIM:** Well, we compared the prices of Woolworths here with Katherine where we were yesterday, and I personally noticed that the margin was quite significant. I mean, for instance, with just milk alone, there was nearly \$1 difference in 2 L of milk. And that's a substantial difference. I think the way I see it now, if Woolworths can justify it, then hopefully when they see us on Thursday this week, they can justify that for us. Until then, I still hold - I'm still reserving my judgment, which is \$1 for 2 L is a lot of difference, a huge difference.

I wonder how, or whether you are aware, the people who are on welfare in Nhulunbuy, how do they manage?

**Mr HINDLE:** I would suggest, Dr, there's very, very few people on welfare in Nhulunbuy.

**Dr LIM:** Okay.

**Mr HINDLE:** It's not the sort of town that has a huge unemployment problem. Maybe a number of younger people, but it's not - I honestly don't know. I mean, the answer - those few that are here, I don't know. But it is - unemployment is not a major problem in the town.

**Mr STIRLING:** I think at the upper end, when you're talking about low fixed incomes, there's probably as many as 67 ...

**Mr HINDLE:** Pensioners.

**Mr STIRLING:** .... pensioners now, which is a significant group in a small town. And I'd have to say that it's pretty much a constant battle, even though they get some assistance ...

**Mr HINDLE:** They probably struggle, but they obviously feel that to live in Nhulunbuy there's advantages from doing it, that the lifestyle's worthwhile to spend that extra term.

**Mr STIRLING:** Yes, it's true.

**Dr LIM:** Yes, a pensioner choosing to retire in Nhulunbuy knowing what the costs are, they make their choice with their eyes wide open.

**Mr STIRLING:** Yes, I'm not suggesting otherwise.

**Dr LIM:** Any other questions of Mr Hindle, gentlemen?

**Mr STIRLING:** No.

**Mr MITCHELL:** Not that I think you can help us with, mate, at the moment, in that. But we do appreciate your input here, because it does throw a little bit of extra light on some of the things that we need to know.

**Dr LIM:** And I wish you well in your continued negotiations with the government.

**Mr MITCHELL:** Yes.

**Dr LIM:** Thank you very much. I know that there are 2 young ladies in the audience this afternoon ...

**Mr MITCHELL:** Where?

**Dr LIM:** Early this afternoon, Phil Mitchell and I had the pleasure of having a talk to them while we

were browsing the shelves at Woolworths, and we invited them to come to the hearing to share with us what information they have already gleaned over the several weeks that you've been in the Territory looking at food prices, and if you're prepared to do that, I invite you up to the front table, and speak to us. Before you start, I don't know whether you heard me talking about the issue of confidentiality, privileged information and all that. If you have, then I will not repeat myself. But for the record, if you could introduce yourselves and state your position, or where you're coming from and then continue.

**Mr MITCHELL:** I was going to say, it's probably fair to let you know that we're actually scheduled to start at 7 this evening, and that's why a lot of the people who have put in submissions from Nhulunbuy aren't actually here at the moment. But I think there's a lot more interest in this town than what we actually see in here. But it would be great to hear ...

**Ms CHILLER:** They're probably a bit scared to do it.

**Mr MITCHELL:** ... some of what you've observed since you've been here. It would be great.

**Ms CHILLER:** Okay. Well, I'm Michelle Chiller, and I'm doing my honors project at the moment at La Trobe Uni in Melbourne. So we're just up here looking, sort of to get information for our thesis.

**Ms LEHMANN:** And I'm Heidi Lehmann, and I'm doing the same as Michelle. I'm doing mine as a nutritionist at La Trobe University. I don't know how much we're going to be able to help you on this, but pretty much, the aim of our project is to assess what is available in the way, in relation to the remoter Aboriginal communities, how they can get access to food, the prices that may influence their food choices, etc, and how that may influence nutritional status.

So far, we've spent one week in Raymingirr. There we've gone foraging and done some bush work with the ladies, and we've also been involved in some shopping trips. While we were there we went to Doppia (?) at Lake Evella, and we assessed the store situation there. And we've been in Nhulunbuy now for about 4 days, 5 days, and that's when you saw us this afternoon. We were comparing the prices of the same products that we saw in Lake Evella, to the prices here in Nhulunbuy.

Some we found to be quite reasonably matched. Others were considerably cheaper here. For example - I've got my notebook here, which you might be interested in looking at later on.

**Mr MITCHELL:** Yes, that's be good. We'd appreciate that.

**Ms LEHMANN:** The costs of fresh fruit and vegetables - there can be at least a \$2 difference per kilogram in the fresh fruit and vegetables depending on type. Others, for example, watermelon was over \$1 dearer here per kilogram.

**Mr MITCHELL:** Dearer here in Nhulunbuy than Lake Evella?

**Ms LEHMANN:** Yes. But generally speaking, most of the fresh fruit and vegetables were cheaper here, much cheaper here.

**Mr AH KIT:** Are they growing their watermelons, at - was it bringing in from Darwin?

**Ms CHILLER:** See, we're not sure. We didn't actually get to speak to the manager of the store, so we don't know where they're getting any of their resources from, or how they're getting it. We presume that they would possibly charter flight them in, but that may be one of the reasons for the added costs. Still,



you know, an extra \$2 a kilo per fruit seems quite a substantial increase.

**Ms LEHMANN:** I must also note, the gentleman that spoke before, I think he mentioned about the quality of the foods being quite different. Their quality of the foods probably in Gapuwiyak were much less than here. They were already, like, in packages, sort of, so you couldn't, like, choose your own fruits. So the quality of food, even though the price - I mean the prices were more expensive as well, but the quality was probably less also.

**Ms CHILLER:** Yes, I'm sure if we did nutrient analysis, we would find that they were quite depleted which ...

**Mr STIRLING:** So they were pre-packed in small ...

**Ms LEHMANN:** Yes, in like a polystyrene tray covered in ...

**Mr STIRLING:** Two apples, 2 oranges ...

**Ms LEHMANN:** About 6. They were sort of packed in half a dozen.

**Ms CHILLER:** Or there was mixed package as well. There wasn't a great deal of variety, but ...

**Mr STIRLING:** What sort of product - can you ...

**Ms LEHMANN:** \$7.35 for 6 oranges, 6 small oranges. I think it was about \$7 for the apples as well, the 6 apples.

**Ms CHILLER:** You could get a fruit pack with 4 apples, 1 pear and 1 orange, and that was around \$7.26.

**Mr AH KIT:** I'd have to suggest that would be out of the reach of most.

**Ms LEHMANN:** Exactly.

**Ms CHILLER:** Exactly.

**Mr AH KIT:** Most people.

**Ms CHILLER:** That's right.

**Ms LEHMANN:** No, the fruit and vegetables was very expensive.

**Dr LIM:** When you went shopping, how did you work out what the average family food basket is, or a basket of food is?

**Ms LEHMANN:** We observed one particular lady from Raymingirr, and, as we explained to you, they had money troubles on that day. It didn't come through. So we suspected they bought less than what they probably would have if everything had turned out right. It was quite a small amount that they did buy. Not very many fresh fruit and vegetables at all, probably because of the cost price. What did they ...

**Ms CHILLER:** A lot of the staples like your flour, sugar ...

**Mr MITCHELL:** Tea.

**Ms LEHMANN:** Tea - large amounts of tea, evaporated milk. And also in Gapuwiyak they had a lot larger sizes - like, I think it was a 3 kg tin of sugar, where that wasn't available here. So a lot more bulk ...

**Mr MITCHELL:** Bulky sort of stuff, yes.

**Ms LEHMANN:** ... bulky sort of things.

**Ms CHILLER:** What else did they buy?

**Ms LEHMANN:** They did buy some pears, a packet of pears, fresh pears. That was about the only fruit that the lady actually bought.

**Dr LIM:** I'm going to ask you 2 to look at this list. I'm not at the liberty to give you a copy at this stage, but when we finish our report, I'm happy to send one to you to ...

**Ms LEHMANN:** Wonderful.

**Dr LIM:** ... to assist in your project, if you like. But look through this and if you can comment for us, whether you think this is an appropriate list of food that somebody would purchase?

**Mr MITCHELL:** This is the list of town basket stuff, yes.

**Ms LEHMANN:** Well, a lot of this they wouldn't have bought. Eggs, they actually bought by the large amount of eggs. They had 2 dozen eggs ...

**Dr LIM:** What, 2 cartons of a dozen eggs?

**Ms LEHMANN:** 2 cartons yes, dozen eggs.

**Ms CHILLER:** Fresh fruit and vegetables, like we've already said. Half of that list could just be scrapped straight away, or more than half. Baked beans and spaghetti, yes. Tea bags, of course, sugar, soft drinks ...

**Dr LIM:** We need to ask you to speak up a little bit. The microphone's having trouble picking you up.

**Ms LEHMANN:** Oh, sorry. So, I don't know whether you got that bit, but baked beans and spaghetti, yes, they did buy. Tea bags and sugar they did buy, and soft drink they did buy. But otherwise ...

**Mr STIRLING:** Soft drink, no.

**Ms LEHMANN:** Soft drink, yes.

**Ms CHILLER:** Soft drink, yes.

**Mr STIRLING:** Coke or ...

**Ms CHILLER:** Fanta.

**Ms LEHMANN:** Fanta, yes, Fanta was very popular.

**Ms CHILLER:** They bought quite a bit of that.

**Ms LEHMANN:** And a bit of washing aid.

**Ms CHILLER:** And that was about it that day.

**Dr LIM:** Okay. Looking at that list in an objective sense from your nutritionist point of view, is that what you would consider an average basket?

**Ms LEHMANN:** An average basket? Are we talking about, like the Yolgnu people or just ...

**Mr MITCHELL:** You mean town or bush?

**Dr LIM:** Yes. Well, make a comment if you think the Yolgnu people buy that as an average basket, or would you think that would be a ...

**Ms LEHMANN:** No.

**Dr LIM:** Okay.

**Ms LEHMANN:** That's our opinion of what we've observed.

**Mr STIRLING:** It wouldn't be available for a start, some of those.

**Ms LEHMANN:** That's right.

**Mr STIRLING:** In terms of fruit and veg in the store at Lake Evella, was there much? Was it well stocked and looking okay ...

**Ms CHILLER:** No.

**Mr STIRLING:** ... or very limited.

**Ms CHILLER:** Very limited.

**Ms LEHMANN:** There was like a, if you go into a milk bar where they display the drinks. A fridge that you open.

**Mr STIRLING:** Yes, very small.

**Ms LEHMANN:** It was one of those.

**Ms CHILLER:** And that wasn't even completely stocked.

**Mr STIRLING:** So even if it was a slow day for the store because, you know, maybe it's the end of the pay, whatever, you'd have to say that it wasn't a big mover in the store, fresh fruit and veg?

**Ms LEHMANN:** No.

**Ms CHILLER:** No, definitely not.

**Ms LEHMANN:** It didn't look appealing or so, which - and the price, which probably is a great, you know, the reason.

**Mr STIRLING:** A big disincentive.

**Ms LEHMANN:** Yes, exactly. It doesn't look appealing, why buy it?

**Ms CHILLER:** It wasn't exactly a centre point of the store either. It was kind of around the corner. So it's not as if they were aiming to sell. That wasn't their main.

**Ms LEHMANN:** But as soon as you walked into the store, at the front of every aisle, there was big boxes of cans of soft drink. So that was obviously a big thing that they were ...

**Mr STIRLING:** Right at the front, that's unfortunate.

**Ms LEHMANN:** ... looking to sell.

**Mr STIRLING:** Is your research confined to this area, to this north-east Arnhem Land?

**Ms CHILLER:** Unfortunately, we don't have much time to look anywhere else.

**Mr STIRLING:** So Lake Evella, Nhulunbuy ...

**Ms CHILLER:** Yirrkala. That will be ...

**Mr STIRLING:** This committee needs - what would our cut-off be for information?

**Dr LIM:** Unfortunately for us ...

**Mr STIRLING:** They've already talked through that.

**Dr LIM:** Unfortunately for us they don't finish their report until November this year.

**Ms CHILLER:** It's due in November. But as soon as we get back from our field trip, we'll be putting tables together and lists together, so within ...

**Dr LIM:** If you can provide us with what you have ...

**Ms LEHMANN:** Yes, definitely.

**Dr LIM:** ... well before ...

**Ms CHILLER:** When would you need it by?

**Dr LIM:** Well, by no later than early July. Say, within the next 2 or 3 weeks if you have time to do that, because by that stage, we will be compiling our report, and we want to have at least the first draft by the end of July.

**Ms CHILLER:** The only problem, we don't have a computer with us. But if we could write maybe, do it just handwritten and send it to you. I mean, that's probably the best we could do, because we don't have access to a computer while we're here.

**Ms LEHMANN:** And we wouldn't be getting back until the middle of July. So ...

**Dr LIM:** Oh right. And are you going to be staying here?

**Ms LEHMANN:** Not here. After here we're going out to Gurindji (?) for a little while ...

**Dr LIM:** To where?

**Ms LEHMANN:** Gurindji (?).

**Dr LIM:** Okay.

**Ms CHILLER:** Then we're off to Katherine, Alice Springs, and then we're off home.

**Dr LIM:** Okay.

**Ms LEHMANN:** So, we won't get home until ...

**Dr LIM:** So you're both, Bachelor of ...

**Ms CHILLER:** Bachelor of Science.

**Dr LIM:** Bachelor of Science in nutrition, or ...

**Ms CHILLER:** Yes, majoring in nutrition and biochem.

**Dr LIM:** Okay. Good luck in your endeavours ...

**Ms CHILLER:** Thank you very much.

**Ms LEHMANN:** Thank you very much.

**Dr LIM:** ... and hope you do well. Thank you very much for coming to speak to us.

**Ms LEHMANN:** No problem.

**Mr MITCHELL:** Please feel free to stay here because the other people are coming.

**Dr LIM:** Yes, as they come through. And I'll take that list back off you.

**Mr STIRLING:** Bruce, can I introduce you?

**Dr LIM:** How you going, Bruce?

**Mr STIRLING:** Bruce McCleary.

**Mr MITCHELL:** How you going mate. Richard Lim.

**Mr McCLEARY:** G'day, Richard.

**Dr LIM:** Thank you for coming to speak with the committee. We received your written submission, which we all have read with great interest, and thank you for doing that. Normally, with public hearings, what I need to let you know is that whatever you say is privileged, so you know, you are protected from what you say, and because your submission was written to us in the first instance, that information is also privileged, so nobody can sue you for whatever you say. Obviously, we don't ask you, expect you to slag anybody like that, but this is privileged information.

**Mr McCLEARY:** Okay.

**Dr LIM:** If there's any part of your submission that you wish to have remain confidential, tell us that, and we can actually do that for you, and keep it *In Camera*. Or any part of your oral submission you wish to keep *In Camera*, we can also do that, if you let us know beforehand.

**Mr McCLEARY:** Okay.

**Dr LIM:** Normally, we don't expect witness to swear and oath or make an affirmation for the information they're going to provide, but we expect witness to be truthful in their information to the committee. On that basis, I'll ask you to introduce yourself first, formally, for the recording. A transcript of the recording will be sent back to you for you to check through for any factual inaccuracies that you may correct, and then send back to us. That will then be tabled with our report on 19 August of this year.

**Mr McCLEARY:** Okay. Right. Thank you, Doc. My name's Bruce McCleary. I'm the Supply Manager at Nabalco, and Nabalco has put up a submission to the Select Committee on Territory Food Prices. So I am representing, I suppose, Nabalco in talking off this report.

My actual verbal presentation really was almost going to just take a lot of the information here. If everyone has read that, then in some respects, I think it's a fairly comprehensive document. I think an important point that we've tried to get across at the start is that there is a real need to have some objectivity in relation to food pricing, or in relation to pricing, because we can all get upset about a specific item being far too expensive, but I think there has to be some analysis to make it, as we've tried to do, is to make it a consumer price index, based on that index. Because then you've got a basket of goods and you're representing what a normal household would consume as the basket of goods, rather than a lettuce at \$4 when you can buy it at 20¢ down in Brisbane. That's an emotive point, but we don't all buy 40 lettuces a week. Whereas we all buy cartons of milk every week, so there's a bigger relationship in relation to pricing, which needs to be considered.

So I suppose that's an important point which Nabalco is trying to put across. For ourselves we do this analysis every 3 months, for our own operation, and it's really to assist our people to get an understanding of - for new recruits - to get an understanding of the differential in pricing. And it's taken us some time to come to the conclusion that we have to use a modified CPI index to get a weighted index to be more relevant to the individuals.

**Dr LIM:** On that point, may I ask whether you - if Nabalco is prepared to share your survey that you've done 3-monthly with us, because I think that you will find the information quite useful and relevant to what we're doing currently?

**Mr McCLEARY:** Sure, that's okay.

**Dr LIM:** I mean, your comparison with Casuarina, Beaumont and Indooroopilly for us may not be ...

**Mr McCLEARY:** Appropriate.

**Dr LIM:** ... appropriate, but what you've done in Nhulunbuy itself will be very useful for us.

**Mr McCLEARY:** Yes, okay.

**Dr LIM:** Thank you.

**Mr McCLEARY:** And obviously, what we've done here too, Richard, is we've tried to look at a couple of different options. One is, do we use Perth as a base, or do we use Brisbane as a base? A lot of that's only because of our recruiting, where we end up getting a lot of our recruits. And that's why we've gone to that level as well.

**Dr LIM:** Okay.

**Mr McCLEARY:** The other part - so I think that really does need to get pointed out, because I'm convinced that people don't - or we're convinced - that people don't look at that consumer price index as the basis of analysis.

The other thing which you need to be aware, is whilst we use the consumer price index as the basis, the consumer price index covers a number of activities such as motor transport, fuel and cigarettes and clothing. We've taken those out of the analysis. And so we've got our percentage, taking those percentages out. Does that make sense? We haven't - there's a mathematical process. We're not trying to change the stats for the purpose of statistics. But we thought that a lot of those activities were not relevant to the analysis on food for individuals. Okay.

Then the only other points I'd just like to make a really the issues that came out of our analysis. And those are as documented really. One is that the price of alcohol sold at Woolworths, Nhulunbuy appears very low given the high freight component associated, or just given the high freight component that we have to operate ...

**Mr MITCHELL:** In general.

**Mr McCLEARY:** ... here in the Territory. The pricing appears closely aligned with prices at the Arnhem Club, and other organisations based and located in Nhulunbuy, and freight costs do not appear to be fully applied to alcohol. Now, if that is the case, other foodstuffs would appear to then subsidise a significant portion of the freight costs associated with alcohol.

Now, that's only without full knowledge or information. We haven't got that information from Woolworths. We haven't had that confirmed from Woolworths, so there may very well be that that's not the case, that they may actually apply all their freight to alcohol, all the freight appropriate or associated with alcohol, but we're not aware of that.

**Dr LIM:** Not so much in Nhulunbuy, but in other areas that we have come across evidence that because Woolworths has such a high buying power, strong buying power, it can easily go and say, 'We want 10 pallets or one barge full of cartons of beer', whatever, and that sort of purchasing impacts significantly on the freight costs. In fact, you can actually get that sort of bulk reduction in price for freight because of the large quantities.

**Mr McCLEARY:** Sure.

**Dr LIM:** That may impact on the prices. I mean, I don't know either, and it's something we'll ask Woolworths about, when we see them this week.

**Mr McCLEARY:** Okay. But our numbers, the results showed that across - just the numbers for that 3 months there. They're pretty indicative, because we've been through, we've done it a lot. That's why we know there's differentials this month this time, which were not typical. But there's a differential of 30% between Darwin and Nhulunbuy across the board as an average. But for alcohol it's only 14% across the board.

The other thing, generally, for the liquor prices here, they end up being a Liquorland-type operation, rather than Woolworths. Because not all Woolworths sell alcohol, and obviously they have Liquorlands as their selling outlets in the Indooroopilly Shopping Centre etc. So that uses the basis of review.

**Mr STIRLING:** So based on that, whether in fact they bought alcohol at super special rates because of

quantity or whatever, it would still reasonably - you'd still reasonably expect a differential to be around the same, certainly not half. Because that doesn't justify - that doesn't change the fact from Darwin to here only 14%.

**Mr McCLEARY:** Well, it doesn't - well, it may not have justified everything. I think we also have to recognise there are different freight components for the items that they are bringing in. You know, a fresh goods frozen item is a higher cost for transportation than a dry bulk pallet stored item. I don't know to what level that's different. You'd need to talk to the shipping people, I think.

**Dr LIM:** It's getting ...

**Mr STIRLING:** But we're trying to.

**Mr McCLEARY:** I don't know.

**Dr LIM:** We definitely go - we'll definitely make time for you, Klaus.

**Mr STIRLING:** It's not the first time that this perception has been made, and been made public. But we're meeting with Woolworths in the next day or so, and there's a number of issues, obviously, we'll be going through with them, and that will certainly be one of them.

**Mr McCLEARY:** Yes, they may be able to prove they might have a better buying power, and they may have a good freight rate. So therefore ...

**Mr STIRLING:** It still doesn't really answer that difference there. Bruce, in terms of - I'm sorry, I don't want to interrupt you going through the submission - but in terms of the years of data that you've been collecting, and you're saying there's 30% roughly, 26%, 30%. Has that increased, stayed the same, or gone down over the time you've been doing the survey?

**Mr McCLEARY:** Syd, I think one of the problems we've had is, up to about 9 months ago, we didn't use the CPI weighted average, and therefore the numbers were different. But they were similar. But once you put the weighted average in, the numbers came out to be about the same. So there hasn't been much of a change. It's only the analysis that we are using is different. Does that make sense?

**Mr STIRLING:** Sure. So you don't think that we're getting further out of kilter? It's always been around that 25%, 30%, whatever?

**Mr McCLEARY:** I think so.

**Mr STIRLING:** The common perception was - and I think based possibly on Snowden used to do price watch in previous term of office. Which I think my office used to cooperate in that. But it seemed to be we're 18% - 20%. But again, it would depend on the basket of goods and what you're picking up in the survey. But that seemed to be the common understanding that we were about 18% to 20% higher than Darwin. You're suggesting, of course, that it's way over that.

**Mr McCLEARY:** Well, it depends. If you weight the fruit and vegetables, the fruit and vegetables are - looking at our numbers - are much higher. They are the 305 to 40% type numbers. So it depends on how you weight your basket of goods.

**Mr STIRLING:** Sure.



**Mr McCLEARY:** That's the concern.

**Dr LIM:** Well, this is calling for an opinion. Do you think that because Woolworths feels that the people living in Nhulunbuy are employed in a high-paying industry, that they are reasonably well off, and therefore they can tolerate the higher prices?

**Mr McCLEARY:** No, I don't. My own opinion, I don't think so, Richard. I think the public outcry about prices, they are sensitive - Woolworths would be sensitive to that. It's a small community. The little letters we get in the newspaper can be quite damaging to Woolworths and to others, so I ...

**Dr LIM:** So where else would people go? I mean, it might be damaging to Woolworths, but where do people go to shop otherwise?

**Mr McCLEARY:** I order in. Yes, they order in. They just buy it from fly-ins. That's why the Marty's one is an important issue, because they're losing business, I would suggest, to some extent by people ordering their food and bringing it in. So there are options now. More and more, there are options. People bring their food in and pick it up at Perkins. So those options exist if people are really against Woolworths.

I don't think Woolworths - I've had discussions with Woolworths - I don't believe Woolworths are making - they're not making an obscene profit in Gove. That's similar to what we've talked about, Syd.

**Mr STIRLING:** Sure, I ...

**Mr McCLEARY:** So it's not. It's not in there, even if you look at their operations, Woolworths are moving from small little shops like this, to big super centres. They're closing down those little shops and giving them to the Bi-rights, and all those sort of chains. So I think it's probably an enigma in the old system, that they're still trying to support an operation against their super centres. So, no, I don't think they would be doing that, in an effort to take the pricing up, because they thought we could support it.

**Mr MITCHELL:** Just on that 30%-odd price difference that you've surveyed. Were they also looking at the difference in the quality of, particularly the fresh fruit and vegies? What I'm suggesting is that if you pay \$10 for a tomato here, and it might be second or third grade, you pay \$7 for the tomato in Brisbane or Darwin or whatever, but you're getting top grade which actually makes the gap a little bit bigger again. Was that part of what your survey was for, or ...

**Mr McCLEARY:** No, but it was one of the issues ...

**Mr MITCHELL:** It was just the basic item?

**Mr McCLEARY:** It was one of the issues that we were trying to look at in some of the work we've done in this, is to establish and determine, or get a feel for the level of quality against the level of quality elsewhere. It's certainly not coming through in the pricing. If you look at Marty's as an option - now, I'm not saying Marty's - Marty's is just one of the options for air freight from Darwin. If you look at that, Marty's can supply fruit and vegetables by air freight, delivered to your door, basically at the same price or lower than what you can get at Woolies here.

So that quality, if there is a quality issue, you get one more week's value out of that gear, because it hasn't gone through the barge service. Not knocking the barge service. That takes time to do that. So you've got one week's more life of the vegetable or the fruit, at the same price. So that's an interesting

issue.

However, not everybody has moved to Marty's. So that means the quality of Marty's against the quality of Woolworths is not so far different that there is a need to go to Marty's for all people. Does that answer ...

**Mr MITCHELL:** Yes, yes. I think so. But, so a lot of Marty's stuff is thrown - oh, sorry ...

**Mr McCLEARY:** Marty's is, yes. But I don't buy from Marty's, I buy from Woolworths, so I don't know. But I'm sure people do go to Marty's or to other Darwin fresh fruit places, who deliver to Gove, just like they do for meat. We know that. There's butchers, you know, a lot of meat operations ...

**Mr MITCHELL:** Yes, we saw the ad in the paper there.

**Mr McCLEARY:** Certainly. A new supplier and all that sort of stuff. So that sort of stuff happens. But I think if the quality is up to speed, then you'll keep getting turnover here. And I think there is still turnover here, through Woolworths, or through the butchers for that matter.

**Mr STIRLING:** It's not a new trend, to buy out. It's been going on for as long as the town's existed. But it does come in cycles, I think. And people think, 'Oh, Woolies are having a go at us', and then it's up. But it gets damned inconvenient, as you might imagine.

**Mr McCLEARY:** That's correct.

**Mr STIRLING:** I've never bothered with it, but you've got to meet it, you've got to be there, you've got to pick it up. It's in bulk, you've got to stack it away. It's awfully inconvenient, and you come across something in the middle that's totally off, you can't trot back down to Woolworths ...

**Mr McCLEARY:** That's right.

**Mr STIRLING:** ... and say, 'This is crook'. So, for varied reasons, I think people do get involved as a protest. They think, 'Oh, well, buggar this', you know. But I don't know how large that is. It comes and goes, but it will always be there.

**Mr McCLEARY:** That's right. I think there's always going to be an element, no matter what we do.

**Mr STIRLING:** Yes.

**Dr LIM:** I note your spoilage rates, you're quoting about 15%, 20% for Woolworths in Nhulunbuy, versus a normal store amount of 5%. In our hearings elsewhere, some people are quoting up to 20% spoilage per carton per consignment of any one product, particularly fresh fruit and vegetables. You have obviously not noticed it, or you - where did you get this difference in the statistics from?

**Mr McCLEARY:** I think that's come out from some discussions that have been held with Woolworths management, either here or in Adelaide - Tim Waters, the General Manager for the Northern Territory, when I spoke to him about some issues that Nabalco had. And I can't remember who gave me that information, but there is certainly, there is a belief rightly or wrongly, that there would be a higher spoilage rate here. Only because it's another week in the cycle, to get the fresh fruit and vegetables. So if you've got one more week in the cycle, it naturally means that at the end of that cycle, there's a big chance that you've got a higher spoilage rate, that's all. But I think that's an issue, because it ends up being apportioned back onto the costs of the goods.

**Dr LIM:** Yes, yes.

**Mr McCLEARY:** Okay. Freight costs are a factor for any remote location, as we all know. Certainly, from - I'm just putting Nabalco's perspective here, and we are different to everybody else. I'm sure Syd would always say that. But our freight costs, we work out at around 10% of the cost of our goods that we purchase.

However, we buy - against that also, we do buy a lot of expensive items. So, for instance, we might buy 20 computers, and we might buy 10 Laptop computers. They're only small, and so the actual freight is actually quite small, against the cost of the sales price of goods that are sold by Woolworths or other sources.

But certainly from Nabalco's perspective, our freight and our associated oncosts in warehousing, end up being costed out at 10%. So from us, that's an important indicator for what others could or should not be paying up, I think.

**Mr MITCHELL:** Like, so that's just about spot on with what we found all around the place. That freight factor is roughly 10% in just about anywhere you go, particularly in the ...

**Mr McCLEARY:** Okay. See, that means - well, if that is the case, well then that begs that issue of, if that's 10%, where is the other 10% or 20% of costs coming through from actually?

**Mr STIRLING:** But Nabalco aren't buying frozen goods, for example ...

**Mr McCLEARY:** That's correct.

**Mr STIRLING:** ... which are going to be much more expensive to freight?

**Mr McCLEARY:** That's correct. That's correct.

**Mr STIRLING:** So, Nabalco's 10% is not a fair comparison.

**Mr McCLEARY:** Syd, I said that at the start. I think that's why I made those comments at the start. I agree with you. Because you're right, we don't buy fruit and veg, so we don't have the hard heavy double handling that would occur as part of that quote. Our logistics are probably better in that we have containers going straight to our operation. Woolworths have to download to 2 locations, to get to the - so there is that. I agree with you, Syd.

We've also said electricity costs represent about 0.6% of Woolworth's sales revenue. That's again, an estimate. But we believe that Nhulunbuy electricity costs are similar to the other electricity costs elsewhere within the Territory. And we talked about that.

**Mr STIRLING:** Sure, in the Territory.

**Mr McCLEARY:** In the Territory.

**Mr STIRLING:** But a significant factor when comparing interstate. Well, I think Woolworths make that point themselves. They claim that power prices, electricity costs in the Northern Territory, are close to the top of the expensive range across Australia. For example, a store in Adelaide - not that you could probably find a similar size store in Adelaide compared to our own here - but if you could, the power, the electricity bill for that store in Adelaide would be significantly cheaper than the store here.

**Mr McCLEARY:** Okay.

**Dr LIM:** But then you've got 6 months of winter, which you don't have here. I can tell you this place is hot, and you could tell me it's cold. So you've got to expect their refrigeration to be more expensive here, because you're living in the tropics. Adelaide probably turn their fridges off at least a couple of months of the year probably, because of the cold down there.

**Mr STIRLING:** In terms of differential to Darwin, it shouldn't affect ...

**Mr McCLEARY:** That's correct.

**Mr STIRLING:** ... on the basis that ...

**Mr McCLEARY:** On the basis if they are the same electricity.

**Mr MITCHELL:** The interesting thing here in Gove was the - what Mike was saying before, that the electricity prices varies depending on generation costs. So, I suppose that - is that correct?

**Mr HINDLE:** Maintenance costs, sorry.

**Mr MITCHELL:** Oh, well, I'm just ...

**Mr McCLEARY:** Yes, I don't know that. I don't know that detail, to be able to speak on the record on that. I don't know.

**Mr MITCHELL:** Okay. It was just part of the detail of what we're told in here.

**Mr McCLEARY:** Mike might know because he's the one who sends us the bills.

**Dr LIM:** Bruce, I notice your survey list of food items here as well. Two separate forms - one is 17 March, the other I don't have a date on, and annexe B. But I invite you to look at a list that we've compiled ourselves. I can't give you this list for the time being, because we're still dealing with it, but once our report's tabled, be more than happy to share this list with you, or even send you a copy. But would you care to look at that and give us your appraisal as to whether you think that is a fair list of what you would call the average basket of food?

**Mr McCLEARY:** If I just look at the dairy products component, can I just ask, where ours are line up with the CPI ...

**Dr LIM:** The CPI, okay.

**Mr McCLEARY:** ... basket of goods, bang on.

**Dr LIM:** You worked off this ...

**Mr McCLEARY:** We built it off that.

**Mr STIRLING:** The ABS.

**Mr McCLEARY:** ABS. Only to try and get that objectivity in it. It doesn't come through very well on your photostat, but I've got the book ...

**Dr LIM:** We've got a copy of this ourselves.

**Mr McCLEARY:** ... and it comes in very closely. Well, it is that. Basically, it's the same unit, the same litres, and everything else. Because then, some of the analysis is done for you. Because once a year, ABS produces - or a couple of times a year - they produce where they are in their costs against each of the capital cities.

**Dr LIM:** Yes.

**Mr McCLEARY:** And you've got that as an indicator then, to work out your cost for a profile. That's ...

**Mr STIRLING:** If you're following the same.

**Mr McCLEARY:** If you're following the same. So from our perspective, that's why we've jumped across to there. If you look at yours, I think yours covers the things appropriately, and it has the Territory flavour, because you've got Pauls against Rowlands ...

**Dr LIM:** Yes.

**Mr McCLEARY:** ... and things like that, and things which are actually bought. I just hasten to add that it's not - ours is just the ABS. If you want to do it differently, then that's fine. I think it's, yes, a Yowie chocolate. You wouldn't get the Yowie chocolate in the ABS information. And, I don't know, does that - do you see that that represents a better basket?

**Dr LIM:** That list was compiled following a study of the top 250 to 500 fastest moving items in Woolworths and Coles in the Territory.

**Mr McCLEARY:** Okay. That's interesting, isn't it?

**Mr STIRLING:** Well, you'd hope it would be pretty representative.

**Dr LIM:** Fairly representative, that's right, yes.

**Mr McCLEARY:** And I think it probably is, when you look at it. If you look at a lot of these items, they are on the ABS list, aren't they? Very similar. The bread is, the steaks, the 1 kg of mince, or ½ kilo of mince. The fruit is the same. We just don't have Yowie chocolates.

**Dr LIM:** Tim Tams instead.

**Mr McCLEARY:** We don't have the Tim Tams. We've got just, all the other things are on there, actually. We also don't have soft drinks here, I don't think. I don't think we have soft drinks, the ABS don't have soft drinks, if my memory serves me correctly.

**Dr LIM:** It's not in there.

**Mr McCLEARY:** And you haven't got our product beverages in there.

**Dr LIM:** No.

**Mr STIRLING:** Bruce, at what point did you get to the ABS CPI basket? For how many - oh, 3 months?

**Mr McCLEARY:** I think it's only about 6 or 9 months, Syd. I'd have to check that.

**Mr STIRLING:** Well, it might be useful for the committee from the historical aspect.

**Dr LIM:** I did ask earlier, whether they could share all that information with us.

**Mr McCLEARY:** We can show all our ...

**Dr LIM:** If you give us those surveys, it will be good, yes.

**Mr McCLEARY:** Yes, we can do that.

**Dr LIM:** How long have you been in Nhulunbuy yourself?

**Mr McCLEARY:** I've been at Nhulunbuy for 6½ years.

**Dr LIM:** 6½ years. I've made ...

**Mr McCLEARY:** Came from Katherine before that.

**Dr LIM:** Okay. I made an observation some time ago that when we live in an area long enough, things start to dull a bit, and you don't quite feel the impact. You might say, 'Oh, it's high, but we live with it', sort of thing. If somebody comes from Brisbane or Perth, with their very much cheaper shopping, lands in Nhulunbuy for the first 3 months, it hurts, really hurts.

You know, when normally you can do your weekly shopping with a \$100 bill and get change, suddenly you find that you're forking out \$150 to \$180 to do the same shopping. You know, it really starts to impact on your personal income. Do you sense that, that people who are here a while start to say, 'Oh, well, this is the way it is. What the heck!', and you live on. Whereas, as a new employee who lobs here ...

**Mr McCLEARY:** I think that's true and that's why we've tried to address that with our recruiting to say there is a high cost of living, and you have to be ready for a higher cost of living. And still that - and that's why we're doing that now ...

**Mr MITCHELL:** Hence the survey.

**Mr McCLEARY:** ... to improve that. But I think, no, I would suggest that all of us, when we go out, remind ourselves again ...

**Dr LIM:** You get reminded, yes.

**Mr McCLEARY:** ... on how the cost is so different when we are out. Like, we know that we can go to the fresh fruit shops in Cairns or Darwin or Melbourne or Sydney, and see fruit and vegetables to a different standard, and at a different price than what we're used to seeing here. I think that's quite evident. You know, my wife, the first day out, always spends half a day at bloody fruit and vegetables at a supermarket, and I just think, okay, well, but that's life.

That's how we live and you're right. I think we do get to get to that situation that we live and accept that as part of our being here, in the end. But that doesn't mean that you get complacent about it. I think it's just a recognition and realisation that you can't do anything about it.

**Dr LIM:** Do you lose staff as a result of this, as a result of high cost of living?

**Mr McCLEARY:** I don't have the information on that, but I don't believe so, because there are other

benefits for working at Nabalco.

**Mr MITCHELL:** Accommodation and things like that are a little bit, such a good employer, reasonable. I don't know what the rental would be, but ...

**Mr McCLEARY:** I think I would argue that we're a very reasonable employer. Wouldn't you, Syd?

**Dr LIM:** He's trying to win votes now.

**Mr STIRLING:** It's such a good ...

**Mr McCLEARY:** No, we are. We're a good employer, so our intention is to ...

**Mr STIRLING:** And acknowledged as such.

**Mr McCLEARY:** So our intention is to keep the people, not to lose them because of other factors like this. That's why we take the interest that we do in reporting to you and to getting involved in many activities.

**Mr MITCHELL:** Is there a subsidised rental on the housing?

**Mr McCLEARY:** Yes there is, but there's no subsidies on food. There were subsidies on food some - gee, I'd have to correct my figures on that - probably 8, 9 years ago.

**Mr STIRLING:** Probably Mike would know - 10 years since it went?

**Mr HINDLE:** It's about 9 years.

**Mr STIRLING:** Nine years.

**Mr McCLEARY:** Nine years? And that was before Foodland came in, and once Foodland came in, those subsidies were removed. And in fact, I forgot to say that. I think we have to recognise if the quality of food, at fruit and vegetables at Woolworths, is circumspect, then people will also move to Foodland. And they may stay at Foodland where the prices are higher. They are higher than Woolworths, but people still have that choice and may want fresher fruit, which a lot of their fruit is air - some of it is ... A lot of it is sea freight, but a lot of it is air freight too.

**Dr LIM:** Obviously Foodland continues to survive because it makes adequate, you know, sufficient profit to survive here. Why do people still shop there if the food's more expensive there than in Woolworths - better quality?

**Mr McCLEARY:** No, I think sometimes it's a quality issue, sometimes it's a physical location, sometimes it's their trading hours are different. Although Woolworths have very similar trading hours, it's just part of that. The other thing is I think, Foodland caters for special items, and therefore they've got, if you want excellent exotic Asian items for meals, well, Foodland will always have the niche type items as well, and they're catering in part for different things.

**Mr STIRLING:** They have a very loyal Aboriginal client base, based on the fact that they supply the homelands, but also the grog outlet here puts Aboriginal people off outside Woolworths, which doesn't apply up there. And it's not often I'd be in Foodland when there wouldn't be Aboriginal people shopping.

**Mr McCLEARY:** Yes, it's true.

**Mr STIRLING:** And they're tremendously loyal shoppers.

**Dr LIM:** Not because they don't understand the value of their dollar?

**Mr STIRLING:** Oh, I think it works both ways. They get good service there, they're understood. I think the store has gone out of its way to cater for Aboriginal people over the years, so it's a 2-way thing. But I buy fruit and veg there, even though ...

**Dr LIM:** It's not effective competition between Woolworths and Foodland in other words?

**Mr STIRLING:** Not across the board, no.

**Mr McCLEARY:** No, I don't see that, you know, I don't think they are effective competition. If there is some competition, quality of the fruit and vegetables, certainly, Foodland will pride themselves on having better quality of fruit and vegetables.

**Mr STIRLING:** They're very competitive at 7.55 at night, when they're still open and Woolies is closed.

**Dr LIM:** Oh, okay.

**Mr McCLEARY:** That's right, yes.

**Dr LIM:** What, Woolworths closes here at 5 o'clock?

**Mr STIRLING:** Six.

**Mr McCLEARY:** Six, or sometimes 7 pm, depending on the season, I think, doesn't it?

**Mr STIRLING:** 8 o'clock now.

**Mr McCLEARY:** 8 o'clock now, is it?

**Mr STIRLING:** How often do you do the shopping?

**Mr McCLEARY:** Oh, I'm just coming home at that stage, from work, Syd.

**Mr STIRLING:** Yes, me too.

**Dr LIM:** Well, gentlemen, any other questions of Bruce? Well, thank you very much, Bruce for coming to share your information with us. I look forward to receiving your last three-quarters at least of ...

**Mr McCLEARY:** Or the 2, the other 2.

**Dr LIM:** The other 2, sorry. We've got the first, we've got one here.

**Mr McCLEARY:** And we've had another one done last week, which we'll send through too.

**Dr LIM:** What, you've just - yes, that'll be good.

**Mr STIRLING:** We appreciate that. It'll help us, particularly this historic, the background stuff as well.

**Mr McCLEARY:** Do you want some of that older stuff which isn't in the basket of goods?



**Mr STIRLING:** I think it would be useful.

**Dr LIM:** Maybe, we'll look at it. Send it to us if you have it, and we can always quickly look through it, and if it's not useful to us, we'll put it aside and still look at ...

**Mr STIRLING:** You can't have too much data in this exercise.

**Mr McCLEARY:** Yes, that certainly, okay.

**Mr STIRLING:** You've got to have the information. Thank you.

**Dr LIM:** Thank you.

**Mr MITCHELL:** Yes, Bruce, there's a lot of stuff you've got in here, mate. It's given us quite a few question for other people, so thanks very much.

**Dr LIM:** Klaus we have, and welcome Sue-Ellen McClean, who has come to speak to us, and thank you very much for your written submission also, Sue-Ellen. On my left you've met Phil Mitchell ...

**Ms McLEAN:** Hi, Phil.

**Dr LIM:** ... Syd Stirling and John Ah Kit on the far right. We are members of the select committee and Steve Balch, member for Jingili is unable to attend tonight. As you are fully aware, we were elected by parliament to do a review on Territory food prices, to look at why our prices are higher than the other states and if there's anything that we can find out, to work out the difference between the wholesale price and retail price of food and other consumables in the Territory.

Normally, when witnesses come to speak with the committee, we do not expect them to swear an oath or make an affirmation, but we expect witnesses to be truthful with the information that they deliver to us. Your oral evidence will be recorded and be transcribed and a copy will be sent to you for you to check for any inaccuracies. If there are any, please change what you need to and then send it back to us. Your written and oral submissions will then be incorporated into our report, which will be tabled in parliament on 19 august this year. All right?

**Ms McLEAN:** Very well.

**Dr LIM:** Now, before you start, I'd like you to reintroduce yourself, your full name and the position or body that you represent, or as an individual, and then we'll go from there.

**Ms McLEAN:** Okay. My name's Sue-Ellen McLean. I'm a resident of Gove. I'm representing myself as an individual. This all started - we're talking about the prices of heavy beers - specifically Victoria Bitter in the township of Nhulunbuy. It all started - my husband drinks Victoria Bitter and he's charged \$37 to \$38 for one carton in town.

The other prices for heavy beer are also quite high. I'll show you my submission. The prices are written. I actually have made an error in my submission. The Yacht Club prices are actually \$37 and not \$38. I'm very sorry about that. It's a terrible way to start, isn't it?

**Dr LIM:** And Melbourne Bitter is the same price?

**Ms McLEAN:** And it's the same price of \$37.

**Dr LIM:** All right.

**Ms McLEAN:** Okay. I started that, so it was \$38 for a carton of VB, but most people drink Melbourne Bitter, because it's actually discounted in town quite regularly. And when I mean regularly, I've also shown that. It's weekly, it's constantly. I've just got old copies of the *Arnhem Courier* ...

**Dr LIM:** Yes, we got that, yes.

**Ms McLEAN:** ... here. I only looked up a month. That's what I have at home. It is constantly on special, which is \$10 off the carton. Now, if you had \$10 off the carton in Darwin, a carton of VB would be \$20. That is just a huge discount when Victoria Bitter is never discounted. I've been told by many people that there's not discounting of VB in town because of the Yolgnu communities didn't want it discounted. But even so, I feel that at \$38, it is just an horrendous amount to be charged for a carton of VB.

**Dr LIM:** So why would the Yolgnu people not want a discount?

**Ms McLEAN:** Drinking problems within the community.

**Dr LIM:** So charge high and they drink less?

**Ms McLEAN:** I don't think they wanted a pricing set so high. I just think they just didn't want it discounted. So I don't think it's the Yolgnu people actually having the price at \$38. They didn't say, 'Let's charge \$38 and nobody will drink it'. They chose not to have it discounted. But I feel that all heavy beers at \$38 is just an horrendous amount to begin with, when in actual fact they're discounting the other heavy beers at the \$26, \$27 anyway.

**Mr AH KIT:** When you say, Sue-Ellen, 'they', who do you mean, 'they' didn't want it discounted?

**Ms McLEAN:** I've been told - I've spoken to a few people, mostly from the liquor outlets, and they said they have an agreement with the elders, the Yolgnu elders, in town, that they don't discount Victoria Bitter, because it's the choice of drink of most Yolgnu people. Just to try and curb drinking problems within the community.

**Mr AH KIT:** And have you confirmed that with people like Galarrwuy Yunupingu?

**Ms McLEAN:** No, I've actually spoken, like Syd has actually spoken about that to me as well, and confirmed that that's correct. And the sergeant of police as well. And I spoke to the senior ranger at Dimarru, and he said they didn't have a policy on pricing, but they did have a policy that there was no discounting of Victoria Bitter in town.

**Dr LIM:** That sort of suggests that if it's discounted, they'll buy more.

**Ms McLEAN:** Yes, yes. But, the actual normal price isn't a good price to begin with, I feel.

**Mr STIRLING:** I think that's the wrong ...

**Dr LIM:** Conclusion?

**Mr STIRLING:** ... basis on which to draw off. I think it comes from the basis of they've got \$50 and it's \$38 a carton, you buy one and a bit cartons. If it's \$25 a carton, you buy 2 cartons. You don't buy more or less, depending on price, you get less, you know, depending on the price. That is, if you've got \$50, it gets one at that price.

**Mr MITCHELL:** The sort of rationale ...

**Mr AH KIT:** Or a carton and a packet of cigarettes and that's it, your \$50 is gone.

**Mr STIRLING:** Yes.

**Dr LIM:** Yes.

**Ms McLEAN:** Well, I've sat out the front of Woolworths too, and just watched for a little while, and it's amazing the amount of Yolgnu people and white people that are coming out with just a 6-pack of VB as well. So that doesn't even come into the equation of a carton. They're even paying more for a 6-pack or for half a carton of Victoria Bitter. It is just huge, a huge amount. And the people that are drinking VB, because that's your choice of drink that you like, they've been discriminated against. I feel that the Yolgnu people are being discriminated against first, as an easy target to make a profit out of. I shall go on.

The Arnhem Club have also changed their price on their Melbourne Bitter since I put in my submission. When I first spoke to them on 18 June, the price was \$35 a carton.

**Mr STIRLING:** Sorry, Sue-Ellen, who?

**Ms McLEAN:** The Arnhem Club.

**Mr STIRLING:** The Arnhem Club.

**Ms McLEAN:** Now, a price is now the same price as a carton of VB. I put up an issue that 'Perhaps you're selling Victoria Bitter at a higher price for whatever reason, could you please put the price of Victoria Bitter down to the price of Melbourne Bitter?', and that's not discounting, just a couple of dollars. And then I rang up to get, just to find out, to confirm, to see if they've put the price of Victoria Bitter down, and they've put the price of Melbourne Bitter up. So that's just backfired on me!

And so here I am trying to good for beer drinkers of the town, and now the price of Melbourne Bitter is \$37.45 as well at the Arnhem Club.

**Mr STIRLING:** Thanks very much.

**Ms McLEAN:** I feel like a right fool. And they wouldn't actually give me a confirmed figure of a price of Melbourne Bitter. They would just say that it was the same price as VB, and got quite irate and hung up on me, when I kept saying, 'Could you please give me a specific price'. I was very - I wasn't rude at all, I can assure you.

Consumer Affairs rang me again this week, after I'd done my submission, and they're doing inquiries in Gove this week to see if there's any way, in a legal sense, that they can do anything about it. They're very interested, but they're not sure whether, legally, they have an avenue to pursue.

**Dr LIM:** Another avenue you could pursue is with the ACCC, the Australian Competition and Consumer Commission.

**Ms McLEAN:** Right.

**Dr LIM:** If there is any suggestion of anti-competitive behaviour where everybody is charging the same price, then it's - they're all ringing each other or checking each other's price and charging the same price

- the ACCC will come down on them like a ton of bricks.

**Ms McLEAN:** Yes, I haven't heard of them.

**Dr LIM:** More strongly than Consumer Affairs can.

**Ms McLEAN:** Very interesting. The cost of a carton in Darwin, not discounted, is \$30.25. I rang up about 5 different hotels. That's a specific price from Parap Hotel, and it's all about that price. At the moment, it's discounted in Darwin at \$26.99, and it's regularly discounted in Darwin, a carton of VB, for \$26.99. I can have it freighted over here with Perkins at around \$5 a carton. So here, picking up, I can have it for \$32, which is \$5 cheaper than what I can buy it in town for. If I can do that as an individual with one carton of Victoria Bitter, what excuse has the liquor outlets got for the price of \$38 a carton in town?

**Mr STIRLING:** Sue-Ellen, what's the Darwin standard normal price?

**Ms McLEAN:** \$30.25. So even so at full price, I can still get it cheaper here than what I can pay for it here.

**Mr STIRLING:** And where did you check the Darwin normal and specials?

**Ms McLEAN:** That was at the Parap Hotel. It's actually cheaper at some of the clubs. I just took that. That was actually my highest price that I got from the places that I rang around.

**Mr MITCHELL:** Yes, a lot of them are cheaper than \$30.

**Mr STIRLING:** You save on getting them ...

**Ms McLEAN:** Also, a man rang me this morning and heard what I was doing. I haven't spoken really, to any of the community, much about this, only my husband and his friends over the years. People have said - my husband drinks VB and they go, 'Oh, you must be rich, drinking VB'. You know, it's like a standard joke, because everybody drinks the Melbourne Bitter because it's \$26.99 and the VB is \$38. But he likes his VB, and a gentleman - I've got another submission here. I see his name - sorry, I won't be a moment. Jim Lee had found out what I was doing, and this morning he typed this up and got ...

**Mr STIRLING:** A petition.

**Ms McLEAN:** ... 60 signatures in 2 hours from the Nabalco office. That was this morning. So imagine what I could get if I went around the town in a day. I couldn't - I was going to, but I've got 2 little ones in nappies, so I'm quite busy, and I didn't have. But it just goes to show the whole community feels we're being ripped off. And I'm sure the Yolgnu community - I haven't spoken to them - but I feel they feel the same. I can't imagine that they would think that this is fair.

And that's about all I really have to say, I think. The rest is mostly in the submission..

**Dr LIM:** While this committee hasn't got the legislative power to do anything about the price of VB in Nhulunbuy, the information is useful for us. If you want to have anything done, I recommend that you report this to the Australian Competition and Consumer Commission, and that's in the phone book - ACCC - and it's in Darwin. There's a Darwin office, and if you lodge a formal complaint, they're obliged to investigate.

**Ms McLEAN:** Right. In doing all this, I don't want to make any enemies in town, you know.

**Dr LIM:** Well, that's the problem with living in a small community.

**Mr STIRLING:** I think you're going to make a lot of friends.

**Ms McLEAN:** Over the price of a carton of Victoria Bitter, it's just ridiculous, it really is.

**Dr LIM:** You might find that 95% of Nhulunbuy would cheer and carry you on their shoulders.

**Ms McLEAN:** Not when the price of Melbourne Bitter's gone up to \$37.45, I don't think they will be.

**Dr LIM:** Any other questions for Sue-Ellen, gentlemen?

**Mr AH KIT:** Is that - just in your submission on page 3 - comments on the Walkabout Hotel, the highest in town. It went on to say that if people continue to pay those prices, they would continue to charge them. Is that your feeling that that's the normal attitude?

**Ms McLEAN:** That was her exact words.

**Mr AH KIT:** Just there or elsewhere?

**Ms McLEAN:** No, that was mostly from herself. I just found the Walkabout, all they cared about was profits. And that's mostly where the Yolgnu people drink too, is at the Walkabout. And I found it just ironic for her to say that they hardly sell any VB. I just can't believe that.

**Mr AH KIT:** No worries.

**Dr LIM:** Now, all these clubs, including the Gove Yacht Club and the Golf Club, they have takeaway licences as well?

**Mr STIRLING:** The Yacht Club, Golf Club do, the Surf Club doesn't. The Golf Club's takeaway, isn't it? Yes.

**Ms McLEAN:** Yes.

**Mr STIRLING:** And I've spoken with Sue-Ellen on this as a constituent. There's no doubt regular meetings between the licensees, but there are good reasons for it. And the police have been involved with the Aboriginal community at Yirrkala, and seen the people there, from the point of view of coming to grips with alcohol-induced anti-social behaviour problems in town. I think that there have been understandings reached between the licensees and I don't sort of resile from that. I don't suggest evil intent either. I think it's done from a community of interest, and trying to do the right thing.

Of course, the ACCC, or Consumer Affairs, may take a very different view, and say, 'Well, look, you're price fixing. That is against the law, and we've got you'. I must admit too, to a minor conflict of interest. That is as Vice President of the Arnhem Club in this matter, and it's a matter I've discussed at committee from the point of view, in raising the very point that Sue-Ellen made. And I was unable to get support at committee level for anything to be done about it, because well, I guess, for a number of reasons.

But one of those reasons would have been that, you know, the requirement for the licensee at the Arnhem Club to speak with other licensees, which does suggest that at least a strong gentleman's agreement, which I think is a problem for them all. Even if they're acting in what they consider to be the best

interests of town and community.

So I was unable to sort of take it anywhere with the only organisation that I have any sort of clout with. I have one more meeting before my term of office runs out and I won't be standing for the Arnhem Club committee again. But I do want to put that on record that ...

**Dr LIM:** If I may suggest thought, in fact, if an Aboriginal community wishes for a particular so-called discriminative behaviour to be acted upon themselves, they can in fact apply to the ...

**Mr STIRLING:** Ombudsman.

**Dr LIM:** ... Human Equal Rights and Opportunities Commission for that to be put in place, so that in fact alcohol can be sold to certain groups of people at a particular price. And this is done on agreement within all parties. That's permissible, whereas this is more a gentleman's agreement which may or may not have all party agreement. We don't know. Whereas, the HEROC permit is in fact, issued to groups after complete and open hearings, so everybody's aware of what the others are doing. So that might be the avenue you can pursue there, Syd.

**Mr STIRLING:** I mean, the whole question of problem drinking, problem behaviour, is not going to go away, and I think the whole community's got to be drawn in the debate along the way. And the community would be rightly incensed if there are agreements made with say, the Aboriginal community, where no one else has had any input into the debate at any time.

And one of the things that has been thrown around recently is the question of restrictions on takeaway, either for certain days or for certain hours. Now, that's not been a question for debate for the community overall. And at any time that licensees or the Liquor Commission wanted to move that way, there would, and the Liquor Commission are bound by it themselves, that there's a need then to include the whole community in debate by way of public meetings, so that everyone has an opportunity to put their views forward.

That's a little bit further on from what Sue-Ellen's putting before us today. But I just raise that because this is a part of, I guess, a much bigger picture, one that we should all be concerned about.

**Ms McLEAN:** I'm just amazed that nobody has actually turned around and asked why we've been charged \$38 for a carton of beer. Like, how many years has this been going on? People I've spoken to, they've been paying that price for 7 years. Everybody whinges ...

**Mr MITCHELL:** The same price.

**Ms McLEAN:** ... whinges about it, but nobody questions it or says anything about it.

**Mr AH KIT:** How come, how can the non-Aboriginal people pay the same price? If that's what elders have said, and I understand that it's supposed to be in the community's interest. I can understand why non-Aboriginal people have to ...

**Ms McLEAN:** Go along for the ride.

**Mr AH KIT:** ... pay the same if that's something that the Aboriginal elders are happy with.

**Mr STIRLING:** Well, then you do run into discrimination problems.

**Ms McLEAN:** Yes, I think that's discrimination too. I think there should be a fair price for everybody, and I don't think \$38 is a fair price.

**Mr AH KIT:** I suppose it would be interesting to see what follow-up the ACCC is going to have and what the outcome of that is. But, yes, certainly, they'd need to formalise what's happening around here in regards to how they fix their prices, otherwise they could find themselves in hot water.

**Ms McLEAN:** I'm sure they're all very clever gentlemen and women though. I'm sure they've got all their little avenues covered and checked, and I'm sure they know what they're all up to and what they're all about. And they're all making a very nice little profit on a carton of beer at the moment, from everybody.

**Dr LIM:** In some ways, it is private enterprise, and we've got to allow private enterprise to do what it thinks best. We are not retailers, they are, and they know their business, and so they do the best they can. Now, again, if there are grounds, then the ACCC will set that right.

As an individual also, may I pose to you the question about food prices in Nhulunbuy?

**Ms McLEAN:** You certainly may.

**Dr LIM:** Would you care to tell me then, how you feel about food prices in Nhulunbuy and what do you do for yourself to adjust or to deal with it.

**Ms McLEAN:** Right. I am pleased that we have Woolworths here. I think we'd be lost without them. Firstly, I'd like to say that. I think a lot of their prices are quite fair. What I don't choose to pay the price for here, I just order in by bulk from Darwin. I get my fruit and vegetables from Darwin, flown over from Marty's.

They work out probably about 5¢ cheaper per item per kilo. Some things are cheaper here - snow peas are cheaper here, for instance. But I find the freshness is much better from Darwin. And also, it's only been the last few months that I found that the prices have been competitive. Before that you'd be saving \$5 to \$8 an order at least, getting your fruit from out of town. But recently their prices have improved.

I buy all my chicken from out of town. I don't eat much red meat. The red meat I do eat I buy here, because the quality is wonderful. So I don't mind paying the prices that we pay here. But anything I want I just generally get from out of town, thank you to Perkins, as well. It's quite a very good service that they give.

And if you do buy things in Darwin, I find I buy them when they're on special, which Woolies here could never compare to anyway.

**Dr LIM:** So how do you find out they're on special.

**Ms McLEAN:** Coles fax you through their specials, and also Bi-Lo can fax you through their specials. Coles have a deal where they'll go to the chemist for you at Casuarina as well, and pick up your Lenard's chicken. And they'll put it all together in one little order and bring it over. Or I just ring Big W on their 1800 number and find out their washing powders, their detergents, and all those sort of things - nappies, baby wipes. Baby wipes you get a huge saving on. And all those sort of things.

So I just bulk buy generally, when I can. I know some women who don't really buy anything in town

much. They do everything by bulk buy, but I sort of, I like to support the local business as well, and I don't have any great qualms with Woolies.

**Dr LIM:** Got a big pantry and big storeroom for all the stuff you get?

**Ms McLEAN:** Yes, yes. And an air-conditioned house, which is a huge difference for a lot of people. And probably having the money to be able to afford to buy in bulk too. I find you get a lot of people that are new to town, or don't work for Nabalco - I'm lucky my husband does - and the people that don't probably couldn't afford - or I personally can afford to buy in bulk, which works out a lot cheaper.

Just your muesli bars, your Weetbix, all that sort of thing. If you can get it on a special price, you can be saving \$2 for a pack of Weetbix. Huge amounts.

**Dr LIM:** I was not aware that Coles and Bi-Lo and all those ...

**Ms McLEAN:** Anybody in Darwin will help you out.

**Dr LIM:** ... they fax you all that information.

**Ms McLEAN:** Yes, anybody in Darwin. The businesses in Darwin are just fabulous to Gove people. You could ring up any business in Darwin and they'll go out of their way to get you anything you want. Target has a special where - this is Australia-wide, not just the Target store in Darwin - they sell nappies and all those sorts of things as well, where I think it's 30 kg for \$9.99. So you can - I ordered my child a big play gym, and that only cost me \$9.95 to get it freighted over.

So you just work it all out. I think, me, I haven't really got that many complaints there. I know, your toothpaste, all those sort of things, your perishables, you have to pay for, like your milk and things like that.

**Dr LIM:** Do you find milk expensive in Nhulunbuy?

**Ms McLEAN:** I haven't noticed, to be honest, I haven't noticed. I love living here, and I'm prepared to pay the price for things like that as well.

**Dr LIM:** How long have you lived ...

**Ms McLEAN:** I first came here in 1990, and then I went to Darwin for 2 years and Katherine for 2 years, and then I've been back here now for a bit over 4 years.

**Dr LIM:** Good. I asked Bruce earlier about whether people who have lived in Nhulunbuy for a while, get used to the prices, and cope - adjust and cope - with the higher prices. Whereas people who moved into town recently from - especially the eastern seaboard, where their shopping is perhaps a lot cheaper, that first impact on them is quite severe, and they just reel from the cost ...

**Ms McLEAN:** The cost.

**Dr LIM:** And then as time passes by, it gets easier and ... Is that how you feel?

**Ms McLEAN:** Well, I was in Darwin and Katherine previously to coming here, and before then I was in Tom Price, so I've lived in isolated communities for a long time, in that sense. So, I hadn't any children or a family when I first came here, so that was all quite new too. But, no, I didn't. I found that it was, but then again, working for Nabalco, you're getting quite good money, and I think it all ... At first when you



start to earn that sort of money, the money's not such a big issue until you start to get serious and sit down and think where all your money's going. Then you realise it's all going to Woolies. That's no joke, it's quite serious. I'd spend - I've got 2 little ones so nappies are quite expensive, but at the supermarket, we spend \$650 a fortnight on our food, chicken and everything freighted in on top of that. And my fruit and vegies - that's not your fruit and vegies either. That's quite a lot, isn't it?

**Dr LIM:** Gee, that's high.

**Ms McLEAN:** It is.

**Dr LIM:** Do you entertain much with that?

**Ms McLEAN:** That's without my alcohol, and that's about that carton of VB. It's quite a large amount and I know people who spend a lot more than that. I've been watching where the money's going a bit more than others by buying bulk and stuff. People are paying a lot more than that with more children, and teenage children. I've got little babies. Granted, that's nappies and baby wipes and all the things that come with babies, but it's a huge amount.

**Dr LIM:** Well, thank you very much Sue-Ellen, for coming to share your information with us ...

**Ms McLEAN:** Thank you for listening.

**Dr LIM:** ... and appreciate your taking time to write the submission for us, and doing all that leg work, getting all of it together. It was great.

**Ms McLEAN:** Oh, that's no trouble. It was only weeks of running around.

**Dr LIM:** Thank you.

**Ms McLEAN:** I don't know where it's all going to lead. I hope it leads to something happier.

**Mr STIRLING:** Cheaper VB.

**Dr LIM:** I think you'll win.

**Ms McLEAN:** I don't think. I don't know.

**Dr LIM:** I think you'll win.

**Mr MITCHELL:** Another Nhulunbuy resident who wrote to us wants to send his submission to Mr Alan Fells of the Australian Competition Consumer Commission.

**Dr LIM:** Yes, that's right. There you go.

**Mr MITCHELL:** I don't know if that person's going to be here tonight. He wasn't only talking about VB.

**Ms McLEAN:** Yes, I said I haven't gone to the wider community about the VB yet, but I know that ever you did, it'd be very interested. Thank you.

**Dr LIM:** Thank you.

**Mr MITCHELL:** Thank you very much, much appreciated.

**Mr STIRLING:** Thanks Sue-Ellen.

**Dr LIM:** I resume the committee and welcome Colin Lane, who has requested to speak to the committee. Colin, with witnesses, we don't expect witnesses to swear an oath or make an affirmation before they give their submission, but we ask that witnesses be truthful to the committee. Whatever you say is privileged. You are protected the normal parliamentary process. Of course, we don't expect you to start defaming people or anything like that. Be truthful.

**Mr LANE:** No, that's fine.

**Dr LIM:** Whatever you say, your oral submission will be recorded, as you can see from there ...

**Mr LANE:** Yes, fine.

**Dr LIM:** ... and a transcript of that recording will be sent back to you for your correction. After that your report, your submission, will be tabled in parliament with our report on 19 August of this year. On that note, as you start, I ask you to reintroduce yourself and the position that you're coming from, or group; that you represent, and we'll proceed from there.

**Mr LANE:** My name is Colin Lane. I'm the Project Officer at Yirrkala Dhanbul. I work for a department that is in the Yirrkala Dhanbul Council, and that department is the Landcare Department. In the Landcare Department, we have approximately 35 people that are on CDEP, the ATSIC-run CDEP scheme. And when we first heard about the parliamentary committee - my coordinator, is Bundup Marika. She can't be with us tonight, but we rang your office, Syd, with some concerns we had about making Aboriginal people aware of the implications of getting feedback to you, and possible implications in the food pricing arrangements in Nhulunbuy itself.

So we telephoned those interested - yourself, Syd - we telephoned those interested we had through to Department, and I suppose tonight, I've been, unfortunately I was in Victoria for most of April, beginning of May, and I felt I'd missed out on a bit. But when I saw the advertisement, I thought, okay, now I can make a representation of behalf of the CDEP workers of some of the concerns that we have on the community. Okay.

Those concerns, although tonight I will speak, I suppose, on behalf of members of the community at large, I feel that there are also, that members in Nhulunbuy have reflected much the same sentiments. Now, given that we're speaking about 2 different cultures and 2 obvious socio-economic patterns that exist from one community to the other, one of the things that I'll say is that at Landcare, CDEP workers are trying to gain skills. So they're normally at the bottom end of training and personal development. So we're trying to get them into the work-a-day ethic of our society.

And one of the things we have to do, is we have to help to feed them. That may seem a bit odd, but one of the things that keep people at work is a full belly. And what we've been doing is we've been actually supplying them with food during the lunch break. And the reason for that is, is because they're on a reasonably low wage - I think they're on about \$9 an hour and they're guaranteed 20 hours. So it's \$180.

After \$180, the stories that we get back are that most people can't afford to buy fruit and veg and meat, and some people blow their money on grog. The problems I have here in Nhulunbuy is that the drink prices are remarkably low, compared to the food prices. Now, I've brought in an advertisement for the Arnhem Club, and there is another advertisement for, I think, Mac's Liquor. Now, the point I'm making

here is that the prices that are shown for the alcohol that you can buy locally, is remarkably low, when it's held up against the prices for food and vegetables in the town.

And one of the problems that we've found is that people don't eat. They really don't. They will buy meat as a staple, but they won't buy the vegetables. And generally, you have to have balanced diet. And so it reflects on the health issues that we have in town - some of the nutritional imbalances that exist - and we find that it's a real problem. It is an actual problem at Yirrkala.

**Mr STIRLING:** I don't want to interrupt your submission, but the comments that you made on the observation of alcohol prices being low in comparison to food. On what basis have you drawn that?

**Mr LANE:** On the basis that comparative prices, say, for - I've used a staple, say, chicken, as an indication here, at \$8.99 per kilogram, given Meatworld, which can be flown in from somewhere in Queensland, I think it is, to a price here, \$15 to \$16 per kilo. And I think - I'm not a great meat eater myself - but I use the stuff that may be bought readily. The chicken fillets are supplied here and there's obviously a price there that I've marked.

And on some of these staples here, the fresh fruit and vegie, it charges it out at somewhere between \$15 and \$16 per kilogram. That people in Nhulunbuy do use a fruit and vegetable shop in Darwin for their vegetables, not only because they're slightly cheaper, but also because the freshness of the product is supposedly a higher standard than the product supplied here at Woolworths.

That has been happening across the town, but you'll find that Aboriginal people don't have that luxury. They don't have the money to spend on freight. And I suppose my submission tonight is to draw to the attention of the committee the fact that with this socio-economic group Aboriginal people fit into, that there is a real problem where they don't have a balanced diet. A lot of the boys come to me and say to me, 'We don't have enough money for food to eat well', and that's how we've ended up, if you like, perhaps a little bit too leniently, in some people eyes. But we're a community group, we're about getting people to work, within a community, that acts as a community.

Now, some of the things that I've found in Nhulunbuy are questionable to the point where I was charged to take one nut out of my car and drain the oil. Because I arrived without any of my tools - they were still coming up on the barge, and I asked for an oil change. Now, I supplied the oil, and it was one that I was charged almost \$100.

That's just, again, by example, that we are an isolated community. The world is a big place. That community is now shrinking because of communications, and we're finding out that these people are prepared to supply products to the community at a reasonable level.

And the only reason that I gave the alcohol as an indication, was because they do reflect prices outside of the community that are a lot lower. Whereas, the general - I think it's held in general acceptance within the town of Nhulunbuy that the food and vegetable prices are a lot dearer, and the product itself isn't perhaps as good, because it comes over by barge and is frozen. And it generally doesn't last as long.

There are a number of ways that people have tried to get around that problem, by holding a fresh food market up at the Captain Cook Centre, because those fears of - let's say of buying inferior products are borne out by the traders themselves.

I suppose the sense of community that we have here in Gove reflects the fact that Aboriginal people

don't own a lot of money, and the community there do come into town to do their shopping. And I believe that it's a real issue, not just in Nhulunbuy, but for - I don't know how the outstations get along. I hope that someone from the outstations comes to talk to you about the comparative costs of supplying a good diet to - and I don't believe that Yirrkala is a remote community, not being as close to town.

So those are my concerns based on the facts that I've compared prices both in alcohol and in meat and fruit and veg products.

**Dr LIM:** Does Yirrkala have a store of its own?

**Mr LANE:** Does Yirrkala - yes, it does. I think that the store manager's here, yes.

**Dr LIM:** And so people shop there as well as the shop in Nhulunbuy?

**Mr LANE:** Yes, I'm not - the store manager would be able to give you a better indication than I can, because don't shop there, I shop in town. But I'm led to believe that because of the commercial venture, there has to be a mark-up price. So generally, the cost of some things are slightly higher. But I wouldn't be able to speak on that with expertise.

**Mr AH KIT:** You say, Colin, the \$180, is that gross or net?

**Mr LANE:** That's a gross amount.

**Mr AH KIT:** And that's a week?

**Mr LANE:** Generally, they are paid the \$9 for the first 20 hours, and then if they work beyond that, the community can make their money up. But out of the 30 or so workers, I would say that we had probably 10 or 12 that would work more than that. And that's because they've developed skills, and we're looking to those people to pass the skills on to the less developed people.

But generally, the majority don't do the full 20 hours. And it's the - I suppose my position there is about generating the enthusiasm to come to work. And part of that is the ability to feed them. We now provide their lunch for them during the dinner hour, because we realise that some health problems that were existing between the CDEP workers, were because they had said that they didn't have enough money to have a staple diet.

And I know that's a matter of personal choice that they may choose to drink rather than eat, but that was coming from some members that had families. And it wasn't only coming from the male members, it was coming from female members too.

**Dr LIM:** When you mentioned earlier that alcohol is cheaper than food, are you ...

**Mr LANE:** Comparatively.

**Dr LIM:** Yes. Are you trying to lead to a particular point that perhaps it's the deliberate pricing of retailers that alcohol is cheaper than food, or ...

**Mr LANE:** On the surface, that certainly has been raised. I've read it in the newsletter before I went down south. It was one of the issues that were raised, I think, in April, when people were reading about the issues in Darwin about freight, the costs of freight.

And certainly it was alluded to by a number of letters in the paper. And I think that if you're going to

look at freight as an issue, then it's questionable how the lower prices that are indicative in alcohol, perhaps are not flowing on to food products. I think it's an assumption, and it's certainly one that I've raised here tonight, because it has been raised as an assumption in town.

**Dr LIM:** Allow me to be the devil's advocate, and pose this other option to you, that with alcohol you're buying a lot of one kind of product, whereas you might buy 2 or 3 cartons of baked beans, you can buy hundreds of cartons of alcohol, or particular beer. So your freight component for that particularly the cost, how people quote that, would be smaller, because of the quantities that you purchase. And maybe that might offset or lower the unit cost of the alcohol, the carton of alcohol, compared to a carton of baked beans.

**Mr LANE:** I suppose it comes down to the fact that people see, yes, that it's supply and demand and it's about the extent of the supply, as opposed to the demand. But when - say people's comments that have been given to me personally about medical goods in the pharmacy here. A \$12 tube of some Savlon cream or a child's antiseptic cream here is \$29. And people have problems with that comparison directly, that the mark-up seems to be extremely high.

And because we rely on Perkins barge for a lot of the income. Whether that's deemed as a monopoly, I don't know, because I haven't been here long enough to work out what other options are available. Certainly the road isn't an option, and air freight is extremely expensive. But I think that for isolated communities throughout the Northern Territory, it's a big issue.

**Dr LIM:** We had a submission that suggested that, in fact, alcohol, some type of alcohol can be fairly expensive in this town, and that does not reflect or does not match what you're trying to reflect, that alcohol is cheaper than food.

**Mr LANE:** I don't think if I can say that it's wrong to say that alcohol is cheaper than food. I'm suggesting that is it the freight component that the committee should be looking at, if that is the reality. And certainly the suggestion is that that possibly is the reality. But when you can see that chicken provided by someone in Townsville can get it here, cost price for \$9, and it's \$16 off the shelf in here, that people are buying from this competition - they realise there's a market. And that exists in the meat market, in the vegetable market. And obviously, people are there to make a buck, otherwise they wouldn't do it. And it shows, when you're talking about 100% mark-up on that price from Townsville, as opposed to the price here at Woolworths, I think it raises a valid question.

**Dr LIM:** May I also give you an observation that I've made on that particular issue, with mail order stuff versus what you buy locally? That store, whether it be in Darwin or Townsville, caters to a resident population in the town that it operates from, and the mail order stuff is cream to the business. Okay? And that store pays rent, staffing, and all that, in that particular town it operates from. When it sends stuff to you it has very little oncosts, apart from the postage or the freight, whereas a store in this town, selling the same product, still has to pay the rent, the staff, accommodation, etc. So the oncosts for this store selling the same produce is higher ...

**Mr LANE:** I realise that, but also the store represented here, is represented in almost every capital city, and their oncosts, I believe, could be economically viable. And that it seems to be a disparity in the percentage of costs that are passed on to this community. And that, yes, Woolworths has a number of other outlets, that they could be cost constructive.

And in a community of this size, the Aboriginal community and white community are of the same

community. They use the same resources to buy and feed their families. If there is a disparity with freight costs, then I think that it's shown up in the way that the provisions of food outside this community, is it fair if that provision of food is done at remarkably low cost compared to what we have in this community.

I think you should be asking the question of what is the impact. What is the impact, (a) to the lower income earners, and that's my main concern here tonight, is that I think that I wanted to make sure that people heard about the issues that CDEP workers have, and is it a fair thing as a community. A community looks after, intrinsically, a community should look after each of their members within that community. They should be self-serving.

And if there's a better way, I think we should look at it. I know that people do make - Syd's probably heard all this before because the papers have been full of it. I've just picked up and I've come from down south. I've only been here since January, and so it's a remarkably new experience for me. But there do seem to be inconsistencies in the pricing. And especially when you look at pharmacy products. And people will shop outside of the town to make that advantage.

Now, I know that I've come across remarkably high prices. I was charged \$100 to work on a computer that - I don't know what it would have cost me outside, but it's like you're in a seller's market here, that people know that if you want to take your business elsewhere. And I think that does nothing for the sense of community, that you have in town. That people, I think, because we're a mining town - basically we've started as a mining town - and that people understand that the miners earn a good wage, and that, I feel, in some ways people do realistically they feel, as if they're being impacted upon because the expectation is that the towns people can afford those levels.

**Dr LIM:** Don't get me wrong, I'm just being the devil's advocate.

**Mr LANE:** No, that's fine, yes. You go for it. Not a problem

**Dr LIM:** Let me assure you that the committee's going to be looking at the freight, particularly to the freight component, particularly to Nhulunbuy, and we'll be investigating that probably Friday of this week, to have a look at that aspect of the whole issue. Any other questions of Colin, gentlemen?

**Mr AH KIT:** No.

**Mr STIRLING:** I'd just like to thank him. You know, the job before us, Colin, is we entered this process knowing that - and we've always known - that prices are higher here in the Northern Territory, and the more remote you get the higher they are ...

**Mr LANE:** Yes, sure.

**Mr STIRLING:** The question for the committee is: is it justified; is it fair; what are the components that make up the shelf price of that item; the question of quality; are there inefficiencies - you know, even though it's a very competitive business, as we know. And so that's where we're coming from, and they're the sort of questions that we need to answer and have in the form of a report before parliament by 17 August ...

**Dr LIM:** 19 August.

**Mr STIRLING:** 19 August, yes. But I want to thank you for taking the time to come in.

**Dr LIM:** Appreciate that, yes. We do appreciate the fixed income of low-income earners, particularly those on welfare, and the more remote you go, the less food you buy with that fixed income. A person with the same Centrelink payment in Sydney lives better than a person living in the middle of nowhere.

**Mr LANE:** That's right.

**Dr LIM:** And because the income is exactly the same, and we understand that.

**Mr LANE:** But with all due respect to the committee, how many of - you see, there's no Aboriginal people here. And I would have preferred that the Aboriginal people would come and tell you in their own words. But I know from experience that - and this is why the phone call to your secretary, Syd, is that we felt at the outset of the parliamentary hearings that Aboriginal people in this forum were not really comfortable in operating in the forum. Some members are. Some members of Dhanbul council would be happy to operate within the forum, but from my experience, the CDEP people ...

**Mr MITCHELL:** We've had a mixed bag from all the different communities ...

**Dr LIM:** We have been to communities, all right?

**Mr LANE:** Yes, I can see on your itinerary.

**Dr LIM:** Yes, we have been to communities, and we've made that a deliberate decision of the committee to visit those communities. We also chose communities that were some 300 km to 400 km away from a regional centre. Also again, deliberately, because those communities could not buy from a regional centre. We chose not to go to Yirrkala, because we felt that Yirrkala's too close to Nhulunbuy to make a clear assessment. They can go and shop anywhere they want, whereas if you're living in Ngukurr or Port Keats, you are really a fair way from the regional centre. Then you are forced to buy locally. And that's how we ...

**Mr LANE:** I think what we discussed, Bundup Marika and I. Bundup is the coordinator at Landcare. When we first read of the parliamentary hearings, we discussed the fact that the awareness factor to Aboriginal people to get the point across of the committee and the issues that were up there for consideration. Maybe, we felt it was worth the phone call, let's say, to try and get that across. And that, asking people to become involved to put that point across, was very important that Aboriginal people should be included in this process. But I don't know why that there's no one here from Yirrkala Dhanbul. But certainly I can only speak for the CDEP workers that have reiterated points I've made today.

**Dr LIM:** You were at a meeting, I think, yesterday where, in fact, three-quarters of the room were Aboriginal people. So there - a higher percentage than that. We are talking about over 20 people there. And so there are occasions when we do get input in other occasions. I understand that forums like this are not comfortable for Aboriginal people.

**Mr LANE:** Well, I suppose the valid point is that there is no consultation without feedback from the community, and that's the point. I suppose I decided to come tonight and make sure ...

**Dr LIM:** Well, thanks for taking the effort.

**Mr STIRLING:** We appreciate it.

**Mr LANE:** Okay, thanks guys.

**Dr LIM:** Now, I see quite a few new faces in the room ...

**Mr STIRLING:** Stuart was due ...

**Dr LIM:** Yes, Stuart Blair. You were due to come to us at 7 o'clock. Sorry, we put somebody in front of you. But if you'd like to come and take a seat up here, Stuart Let me welcome Stuart Blair, representing Yirrkala Dhanbul community store.

**Mr BLAIR:** I'm not.

**Dr LIM:** You're not?

**Mr BLAIR:** No. I put this report in to the select committee. I presented it to council after I sent it, and they actually referred back to me and said that I shouldn't have used the letterhead because the letter had not been approved by the council.

**Dr LIM:** All right. Stuart, before you proceed any further, let me say a few words on behalf of the committee, first for those who were not here when I made my introductory remarks. The committee was selected by parliament in February this year to review Territory food prices, following a report that was published by the *Business Review Weekly*, comparing food prices around the country. The report stated that in the Northern Territory had the highest food prices in the country. That caused a fairly loud uproar, particularly in Darwin.

As a result of that this committee was formed to look at the prices, to try to come to some sort of understanding as to why our prices are higher, what components produce the different between the shelf price and the wholesale price. Now, we've done hearings in central Australia. We're now doing hearings in the Top End, really trying to learn from individuals and businesses as to how regional prices are arrived at.

Normally, we don't expect witnesses to take an oath or make an affirmation on the evidence they're going to give us, but we expect witnesses to be truthful in the evidence. Whatever you say to us is privileged, whatever you write to us is privileged, so feel safe in what you have to say. You are protected by parliamentary privilege. As you start your oral submission, I ask you to reintroduce yourself with your name and the position that you're coming from, whether you're representing a community group or yourself as an individual, is also fine. And then we proceed from there. All right?

**Mr BLAIR:** Good, thank you. Okay. My name's Stuart Blair. I'm currently employed as the manager of the Yirrkala Dhanbul community store. I've been working in community stores across the Northern Territory for 15 years, and also in the Kimberley in Western Australia.

As I said previously, I'm not able to - the report I'm going to talk about is not representative - I'm not representing Yirrkala Dhanbul. I didn't get authority to do that.

**Dr LIM:** Sure.

**Mr BLAIR:** So, in that case, I'm actually representing myself. Really, I'm after information as well through this committee. This letter I sent to you guys was - I tried to give you a bit of a history lesson. I'll try to give everyone a bit of a history lesson. The fact that in the development of the Northern Territory, I can only go back - my history only goes back as far as 1869. And the major, the opening up of the Northern Territory, the cost involved through many mistakes that have been made in the Northern



Territory. Because of its distance from southern states and Adelaide and other states, there's a big cost to the Territory to get established.

And in this report, I even put that the overland telegraph, and it should have gone to Burketown, not to Darwin. In fact, if it had not gone to Darwin, we probably wouldn't be here now discussing this. We'd probably be in Queensland discussing the prices. And that was one of the first things I put in my submission, was that I just hope the committee has undertaken the patterns in communities and townships in Cape York and also the Kimberley in Western Australia as a comparison. Just bear with me as I go through this. I won't read it verbatim.

Okay. In any new land like the Territory, opening up, you'll always find an entrepreneur or 2 or 3, looking to make his fortune. And the risks in developing a business in any area, or any field, is very high. But the greater the risk, of course, probably usually the greater the profits. I go back to, I quote Vestey's early in the 19th century, when actually the federal government came to an arrangement with that company re the building and operating of the Bullocky Point meatworks. And the beef market in Darwin should have assisted the cattle stations in the Territory in the meat export markets, but Vestey's bought all the cattle stations they could and then processed that in their own meat. That's not a bad. They then closed in 1919. They failed, but, as I said, the federal government attempted to help them too.

Another failed enterprise, but not before it sent many parties bankrupt, the rail link is another area that has dogged politicians and businesses in the Territory. Many, many times it has tried to go ahead, failed contracts and lack of understanding between Territory people and the people down south. We're at the same stage now. Whether it goes ahead or not, who knows.

So there's always been snags on the way to development of the Territory, and of course, the costs involved, of setting up the businesses. And another problem we have in the Territory that I see, is a lack of population. Lack of population restricts development and large populations increase that development. And this is the problem with the Territory today as I see it. Not only have we a low population, but we're also a long way from major centres, distribution centres - Brisbane, Sydney, Melbourne etc.

Manufacturers need the turnover to survive, the retailer needs to make the profit. But when you have - I'm quoting Darwin here at the moment, not so much - I'll get there in a minute. But when you have many small retailers with a low turnover like you have in Darwin - I believe there's more retail outlets per head in Darwin than there are in any other capital city in Australia - they don't have the buying power of businesses in large populated areas. They cannot negotiate the rates for transport, or purchase the stock the way the big companies can.

This then gives the small business operator a reason to charge higher prices. Not a reason to charge higher prices, his benchmark is already higher. So he's just not competitive. And in smaller towns such as we've got here, where you haven't got the purchasing power, even smaller, your costs are going to be greater.

I can take it nationally. G & R Wills is a large hardware, clothing wholesaler in Darwin, and a couple of years ago they could not get a specific brand of TV from China for 3 months. There's one firm in the USA placed an order for one million sets, so they had to go and buy a dearer TV. People obviously would say, 'Well, why can't we have those TVs?' Well, one firm from America went and bought a million. It took them 3 months to make a million TV sets, so we had to buy dearer TV sets than we could get before.

I put in there, it's a pity that Hong Kong was actually handed back to the Chinese and that a special trading status was not given to Darwin, or on a larger scale to the NT. It was a perfect place, also, for offshore banking. I know we had the TDZ, but that hasn't exactly worked out either. So I think there was an opportunity there for importing our foodstuffs as well.

Just for the benefit of the committee, I will state, of course, the distances to the Asian markets. A lot of people would not be aware that in fact, as the jets fly, Darwin's closer to Jakarta than Brisbane, it's closer to Manila than Sydney, and closer to Sydney than Melbourne. And Hong Kong is closer than Hobart. The TDZ didn't work. I'm not a polished - I wasn't around when, or studying much. I don't know why it didn't go ahead, but ...

So I'm saying here that the lack of population and the distance from major markets on the Australian mainland would be a main contributor to the higher than average prices in the Territory, I think. The committee may come to that decision.

I think a tribunal set up to investigate individual claims of excess pricing could be formed. The tribunal could not necessarily be restricted to food prices, but for all retail commodities. So I think anybody who makes a complaint about excessive pricing, that could then be put to a tribunal and that could be investigated.

I don't think fair trading is operating in the Territory. Then again, as I said, we are the Territory. A lot of things aren't pretty fair in the Territory in some way or another. Bigger companies do work together to make profits, leaving the small operator high and dry. I used the word protectionism there. I think protectionism is happening outside of Darwin, and I believe it's happening in Gove. Perkins Shipping has the sole market for Gove. I may be wrong in this, and I don't have proof on this, but I have the understanding that Nabalco and Northern Land Council maybe have some arrangements with Perkins.

A Brisbane company has tried continually to sell freight to Gove direct from Brisbane. The name of the company is Gulf Freight Services. I would believe that the freight service coming direct from Brisbane, would see retail prices, or at least the cost of goods delivered into Gove, cheaper. And also, of course, the freshness of the goods. when you consider that most goods either come from Brisbane - perishable goods come from Brisbane or Adelaide - they don't have to be handled again and then shipped across on the barge. I think the timing from Brisbane would make the difference. I don't know the reason that Gulf Freight Services have not been let into Gove and opened up better freight arrangements and fresher stock.

While I'm touching on fresher stock, up to 12 months ago - and this is major communities throughout, and I've worked on Elcho Island, Goulburn, Croker, Milingimbi - most of my fruit and veg either came from Perth or from Adelaide, and then was changed ... Sorry, it didn't come from - I'll rephrase that. It actually came from the southern markets to a wholesaler in Darwin. They were stored in Darwin and then shipped across.

Generally speaking, the fruit and vegetables would not last longer than 2 or 3 days, and of course, it was fairly expensive. Then I did some work and looked at some freight rates with a couple of the airlines - local airlines that jet in from Cairns and Darwin - looked at the rates. And I found some very interesting things. I got a very good rate with them. I was able to get fruit and vegetables from wholesalers in Cairns at a competitive price. It allowed me to fly them in and retail them with the same margin, cheaper than I was getting. And also, of course, I was getting a lot longer shelf life. They were a lot fresher fruit and

vegetables.

I'm also doing that with eggs now. My eggs come from Victoria. I fly them for Cairns. They're \$10 a carton cheaper in Cairns than the Victorian eggs in Darwin. And the reason I can fly those in because they come from the same company as the fruit and vegetables, so I'm not paying consignment fee for the eggs. You'd have to take that into consideration as well. And there's no worries with the shelf life on them. \$10 a carton cheaper from Cairns than Darwin, and they come from Melbourne - well, Victoria, shall we say. I find that the fruit and vegetables out at the Yirrkala store are probably as fresh, if not fresher than a lot of outlets around, and very price competitive.

Before this, I was approached to make a submission to the committee. I'd actually gone out myself and did a price comparison with Yirrkala store, the Captain Cook Foodland and Woolworths on major - what I consider to be the major products that would affect the Aboriginal people. Now, I'm not saying that these are everyday prices. They were just done at random. Permission was got from Captain Cook Foodland and from Woolworths to do this.

Some places could have had specials on that day, there could have been reasons. But I'm quite happy to present these prices to the committee for their ...

**Dr LIM:** We'd like to get a copy of that.

**Mr BLAIR:** I've also actually totaled up. Quite interesting, the bottom. If you were to buy each one of those at the bottom price.

There's a gentleman present at the moment - I hope he doesn't take this too personally - but I think I need to mention this. It also transpires that one of the owners of Perkins is also a committee member of the local Chamber of Commerce, and regularly chairs meetings in Gove, yet isn't a member of the local - doesn't live locally.

Once again, I feel that there could be - what's the word ...

**Dr LIM:** Conflict.

**Mr BLAIR:** ... conflict of interest there.

We have the Arnhem Highway. There's weight restrictions on the Arnhem Highway as well. I'm not sure if this would make for any cheaper. I somehow doubt it. I think there's been actually inquests or committees raised to look at using that as well. A lot of people thought, but I really don't think that the Arnhem Highway is the way to bring goods in, that's going to make it cheaper or even fresher. I think, really, you're looking at maybe cheaper for items that we're not talking about here. We're only sort of talking about food items, but I ...

I'm summarising now. I'd like to thank you for taking time out to read my ramblings. As I said, I took you into a bit of history in the beginning. In summary, I think the lack of population that creates the prices, or it is the population that creates the prices. I think we're fortunate to have the K-Marts and the Woolworths in the Northern Territory, in the various places. I think they don't only bring a better price, but they bring a larger range of goods, and better business standards. I think there's nothing better for business than competition.

I know I feel it particularly out at Yirrkala. We now have a regular bus service bringing people in and

out, and they have a lot larger range of goods they can get from Woolworths, they can't at the Yirrkala store. And they also have the choice to shop, so I'm not saying that Woolworths or any of these people are not doing the right thing. But I know Woolworths is very competitive.

I think there are areas of protectionism or certain areas that the public should be told as to why certain things are the way they are, particularly in Nhulunbuy, particularly with the freight, with Gulf Freight Services trying to get in here for some time. I'm not speaking on behalf of anyone else, but I have spoken generally around town, and different opinion seems to think that that could be a way. And if that is not the right way to go - and people have done sums to work out why it's not - then maybe that should be brought in the open.

I don't think the railway will have an affect on Darwin - this is my own personal feeling - because of the cost of setting it up anyway. You really, you've got to spend the money on the port and further develop the international trade. I think the cheapness of getting the goods in have got to come to an international trade because of the closeness.

I think people should be educated more about the history of the Territory, too, because as I said, you know, it's a pretty new place, and it's cost a lot of money for some of these bigger companies to set up, and some of them are still setting up. They've been here 50, 60 years, and they've got these long-term plans.

As I said, I think they should establish a tribunal to investigate unfair price allegations by individuals, and have the select committee meet every 5 years and receive reports and make comparisons as the population increases. I don't think this should be the end-all of it. I think it would be good to see you guys here in 5 years and make comparisons. And keep promoting tourism. I think if we can get the tourists over in Nhulunbuy, then you're going to get the turnover and maybe, maybe we can get the prices down by buying more.

I also think to further develop industry through incentives through export and import throughout the Asian markets. Not only importing, but exporting. And maybe having a look at the Trade Development Zone for this.

In finalisation, I'd like to congratulate the committee, but I think what we're looking at here goes deeper than just the cost of food on the shelves. That's it, yes.

**Dr LIM:** Thank you very much for doing that. I tried to summarise your submission in a brief, couple of statements. Would you say that - are you saying that because we live in the Northern Territory, a frontier place, it's still very, very young in terms of development and population, that we should put up with the higher prices that we have?

**Mr BLAIR:** I don't think we should put up with it, but I think there's got to be some sort of level there. I think we should expect it and maybe not - and if people have got complaints about prices and that, then once again, that's why I think we should set up a tribunal. But I think because it is new, and the newness of it, the population ... I think it's not just one or 2 things, it's a whole host of things that have to be looked at. And I think once those things have been looked at, if someone's complaining about the individual, then there should be some questions asked, and you know ...

**Dr LIM:** So do you come from Brisbane, or ...

**Mr BLAIR:** Myself?

**Dr LIM:** Yourself, yes.

**Mr BLAIR:** No, I've been working in community stores since - okay, I trained with Safeways, Coles and Woolworths in Melbourne and Sydney. I went to Mudgee in New South Wales in supermarket before 1984. I first started in Balga Hills in Western Australia. So I've seen both sides of ...

**Dr LIM:** Assuming you've been back to Sydney or Melbourne for holidays and all that, and you buy your food there, and now you buy your food in the Territory, what do you feel is the percentage extra you are happy to put up with?

**Mr BLAIR:** It varies on the products, because I know the costs of related things, and I know once again, the gentleman before me mentioned about depending on the products. For instance, you know, milk and milk powder, which are mass produced things and the factories produce that much they end up dumping it. I'm quite prepared to pay maybe 10% more or the difference in the freight for a product like that. But imported food lines or slower selling products, I'd say I'd be looking at 25%. But no more than 25%.

**Dr LIM:** So is your mark-up in Yirrkala store compared to Darwin and Nhulunbuy around that sort of percentage?

**Mr BLAIR:** No, it is higher. I would say it varies from about 20% to 25%, yes, on some things. Some things - that's on dry goods. My fruit and vegetables would be on a par or slightly less. Some things I actually subsidise. For instance, my fruit and vegetables, I subsidise. I put a slightly higher margin on my cigarettes to compensate for that.

**Mr MITCHELL:** Does that come from the community? Who actually runs the store? I mean, you're the manager of the store, but is there a committee?

**Mr BLAIR:** Yes, I have a committee. I work with a committee. They work, I could say, fairly closely with me. Any major changes that I want to do, obviously has to go through the store committee. But usually I present it to committee, that I want to this or that ...

**Dr LIM:** You initiate it.

**Mr BLAIR:** Yes, initiate it, yes.

**Mr MITCHELL:** And what - you don't have to answer it unless you want it to go into confidentiality or whatever - but what sort of turnover would you have out there in a year? Just on the food.

**Mr BLAIR:** Yes, that's not a problem at all, I don't think. Although maybe, as I'm not representing the Yirrkala Dhanbul store, probably I'll speak to you confidentially on that.

**Mr MITCHELL:** Yes, no, no, that's good. And while what we want to ask you too, is just roughly what your freight component is and the percentage of that?

**Mr BLAIR:** Percentage, I work on 12%.

**Mr MITCHELL:** Right, okay.

**Mr BLAIR:** That's for the barge and - obviously, it's slightly higher - I work out about 18% on my air freight.

**Mr MITCHELL:** Okay. We might take that other one up with you after.

**Mr BLAIR:** Yes.

**Dr LIM:** Any other questions of Stuart?

**Mr STIRLING:** I'd just like just one statement in relation to Gulf Freight Services. I mean, as a company trying to come in here, if they were unable to secure long-term contracts either with Gemco down at Groote or with Nabalco here, either of which would have been necessary for them to make a go of it in this region, they have no one, really, to blame, but themselves. I mean, I don't think you can point, legitimately, the finger at anybody else, companies or the existing, or Perkins or anyone. I mean, these are commercial decisions, and for a shipping company to survive in this region, has to have a major long-term contract. And in the event that they failed to do it, they couldn't get in ...

**Mr BLAIR:** See, I wasn't aware of anything. All I knew was that they were trying ...

**Mr STIRLING:** That's all I'm sure it is, as far as I'm concerned.

**Mr BLAIR:** ... to get in. I didn't know and I've tried to find out, and I've just ...

**Mr STIRLING:** I think you've ... I mean, I don't think any secret.

**Mr BLAIR:** Yes. Well, I wasn't aware of that.

**Mr D. MITCHELL:** Can I ask a question from the floor?

**Dr LIM:** Of us or of ...

**Mr D. MITCHELL:** Probably of you, yes.

**Dr LIM:** Of us you can, yes.

**Mr D. MITCHELL:** Is there any intention to investigate the recent attempt of Gulf Freight Services to gain a foothold in Nhulunbuy?

**Dr LIM:** No. That's not in our brief.

**Mr D. MITCHELL:** You only see it as an issue of freight or ...

**Dr LIM:** The issue of freight is. The issue of freight will be looked at, but the issue of another company moving in ...

**Mr D. MITCHELL:** No, no, no. the route. You were talking about the route being opened up.

**Mr BLAIR:** Yes, could Perkins be looked at and maybe approach the ..

**Mr D. MITCHELL:** Okay. I've got a submission. I'd just ask you in that context if you'd consider that maybe giving your answer later on.

**Dr LIM:** All right. Further questions of Mr Blair?

**Mr MITCHELL:** No.

**Dr LIM:** Thank you very much, Stuart. Thanks for coming in and taking the time to do this.

**Mr STIRLING:** Thanks, Stuart.

**Dr LIM:** David did write to us also, and thank you for his efforts and look forward to hear from you also. Now, David, you were here when I made the introductory ...

**Mr D. MITCHELL:** Yes.

**Dr LIM:** ... remarks, and I don't want to repeat myself, except perhaps to say one extra thing. That the recording will be transcribed and a copy of what you say will be sent to you for your correction. Any factual information that you might feel you need to change, please do so and send it back to us. Your oral submission will be attached to our report, which will be tabled in parliament on 19 August.

On that note, please re-introduce yourself for the record and the position you're coming from, whether you're an individual or representing a community group.

**Mr D. MITCHELL:** My name's Dave Mitchell, and I'm coming as an individual tonight. I first came to Nhulunbuy in 1971. When I first came to Gove, I was 12 years old, and I remember the Aboriginal people here as being strong and big and fit and everyone was playing sport. It was a really active society in those days.

But, now, I'm sorry to say, that the young people aren't as fit as that. They've not got the commitment to the sporting that they used to have. There's no real interaction of Yolgnu people in town in sport anymore, apart from Australian Rules. And that, to me, signifies the whole, the problems that we've had. The Yolgnu people, they've moved from bush tucker to being well fed with healthy food. Out there at Yirrkala, there's bush tucker in the dry season and also in the wet around Yirrkala and the fish, and everyone did really well out of it.

But now, it's not the same. We've got diseases from kava, as I'm sure you're well aware, which is another issue that sucks up a hell of a lot of money in the East Arnhem region, even now with the radical prohibition that's been introduced.

So, that's the first point I'd like to make, that there is anecdotal evidence around that people aren't as fit, they aren't as healthy as they were in the early 1970s when people first came - Europeans first came in.

So we need to look at the reasons for that. One of the main reasons, I feel, is this issue of the difficulty of getting fresh food out to people who are living in traditional lifestyles in the bush. And I have to concur with the gentleman who spoke before about the - while I might not agree with some of the things he said - the route needs to be opened up to service East Arnhem land from that Normanton area. I believe that we can deliver better outcomes as far as health and fitness of Aboriginal people, as well as better economic outcomes for the people that live out here, much better.

We had a ship called the *John Bourke*, that used to dock here, that came from Brisbane every month. And that provided relief from the high prices of going through Darwin. Now, I believe, you know, that this Darwin areas as a distribution point, is purely fostered by the fact that the railway - this mythical railway that we keep hearing about, that I personally believe will ever be built. I'm happy to put that on record. So, what I feel is that the infrastructure's all in Darwin to ship out to the bush. And I think that it is hindering the growth of East Arnhem, and certainly the growth of ports within the Gulf, the part of the Northern Territory.

With regard to Perkins and comments made that the other one might be better, I really don't see how it would be possible to be better than Perkins Shipping. They have serviced this area with integrity for many, many years, and I believe that their costs are high for themselves to run the business, and they're all sorts of reasons - government taxes might be one of them, but there are all sorts of reasons why it's a high-cost operation to run out here.

I actually sit on a couple of Trades and Labour Council positions in the communities in town, and have spent quite a deal of time with Mr Helms, and I've found his - I was actually secretary to him at one stage where he was a Darwin-based chairperson. Not only do we find his experience in Darwin valuable, we also, you know, found his experience in Gove invaluable. So, you know, no, I couldn't agree, I couldn't agree that anybody could do better than Perkins Shipping.

But what I would like to see opened up by this committee, is the barriers to Perkins Shipping, obviously operating out of Normanton as well as the coast of the Northern Territory. Because if there are economic reasons why it can't be done, then it's only fair that the community knows them, and then any stigma from what I've had to say with regard to what I believe is a conspiracy onto ship everything through Darwin and that's it, then if there's real economic reasons why we can't operate that route, then I'd like to hear so.

**Dr LIM:** Well, at this point, I might just interrupt. I wasn't aware of that, if that's the case, and perhaps Klaus, when you talk to us on Friday, you can perhaps think about it now and tell us about it on Friday.

**Mr D. MITCHELL:** And that's why I'm keen for it to be an issue, rather than just something, that I'll look as a committee, when I'm going to look at it. Because, if it was going to contribute to East Arnhem becoming the centre of the universe out here, then it's got to be good for the Northern Territory. Whether that's good for Darwin or not, might be another issue. But I think we sacrifice to that ourselves, to that great funding black hole that we like to call Darwin far too often, you know.

**Dr LIM:** Hey, I come from Alice Springs, so ...

**Mr MITCHELL:** He's a Mexican.

**Mr D. MITCHELL:** I realise that.

**Dr LIM:** I don't live in Darwin.

**Mr D. MITCHELL:** I just don't think we need that. As far as tourism goes, as a way of curing our economic ills, I think that as soon as we start talking about tourism and large-scale tourism in Nhulunbuy and as it grows and as it becomes more and more a reality, then the relationship between people who we call locals here, and the Yolgnu people, steadily deteriorates. Because the Yolgnu people, in my opinion, do not want large-scale tourism in East Arnhem. And so therefore, this cure-all that we call tourism, I don't believe it is appropriate.

One thing that the committee, I hope, will look at and that is Woolworths have got the cheapest grog and the cheapest smokes in town. Now, that's okay, but when they've got the dearest and only place that you can buy good wholesome fresh fruit and vegetables, then I have to wonder whether the cheapest grog in town and the cheapest smokes in town aren't in some way being subsidised by the high cost of food and fresh food.

So, I guess, like I've had a go at you, Dr Lim ...



**Dr LIM:** Yes, you did.

**Mr D. MITCHELL:** ... about, on the radio, when you said that you believed your inquiry might not be the cure-all that we all hope it will be, and that issue is, I believe, taken to task by the Opposition Leader.

**Mr AH KIT:** David, can I ask you why you made those comments. Like, not so much in the chairperson on the radio, but you say, 'I now believe that your inquiry will be a cover-up'. What makes you sort of feel that strong?

**Mr D. MITCHELL:** Well, admittedly, my - Syd's busy and our conversations have been fairly - we haven't had a conversation for quite a while ...

**Mr STIRLING:** We're ...

**Mr D. MITCHELL:** ... but I believe that Syd's made up his mind on this issue. I believe a couple of you might have already made up your mind that all right - well, you in particular when you said on the radio that you couldn't, Dr Lim, that you couldn't guarantee that this was going to cure anything ...

**Dr LIM:** Let me explain that in a minute, but you can finish.

**Mr D. MITCHELL:** Okay. So I would have thought from those comments and from other conversations that I've had, that people have really made up their minds that, look, this is just the way the Territory is, we're just going to have to put up with it, and that's it. And Aboriginal people aren't going to get the diet that they need and the education they need to get that diet ...

**Mr AH KIT:** The reason I asked that, David, is that I certainly will be quite happy to put my position clear here, that I haven't made my mind up on it. And if you read the debates and the discussion about the committee, and the formation of it in *Hansard*, at the time we were concerned that the terms of reference weren't as broad as we would have liked. And so, at the end of the day, we don't have the numbers. The committee's in place that has a narrow terms of reference, which we have to conduct our inquiry and discover the inquiry in. We can't step outside of that.

**Mr D. MITCHELL:** I realise that.

**Mr AH KIT:** So, I can understand people's concerns out there if they think that, if they're formulating this opinion that we're not going to be able to deliver all the answers, because at the end of the day, we will put together a report, and we will have debate amongst ourselves on what the recommendations that are going to be in that report that we take back and table in parliament.

It is then in the parliamentary process that whoever agrees with those recommendations, can either support or not support. That then gives some direction on whether this inquiry has some teeth and is going to provide strong recommendations to parliament. But it could be on party lines that some of the recommendations don't get a look-in.

We have to follow that through the process and see what we end up with. But you know, I want to make it clear that I for one - and members on my side - have criticised the terms of reference and the narrowness of it. But it's something that we have to, as I said, use it in the scope of the inquiry, where it's got parameters.

**Mr D. MITCHELL:** Well, I agree with you, John.

**Mr AH KIT:** But can I also say, David, in that same paragraph, I agree with you in regards to - and I'm interested about you say: 'We will never be a cohesive society until the remote area's interests are given equal consideration and attention of those of ...

**Mr D. MITCHELL:** That's right.

**Mr AH KIT:** ... and the members of the Silver Circle. Well, I can leave that out, but I'd certainly wholeheartedly agree with you. I agree with you in the lack of infrastructure that places like East Arnhem, Tennant Creek, Borroloola and other areas. And it's something that I would continue to push with government, that we need to start providing infrastructure for remote Territorians, so that they can contribute and benefit equally, as well as everyone else. And let's not continue to just - whilst Darwin's important and it's the hub, Palmerston is getting a fair go with infrastructure, Katherine to a certain extent and Alice Springs to a certain extent. But I think we've got to be careful that we don't cut off our nose to spite our faces, as such.

**Mr D. MITCHELL:** Thanks for those comments I do appreciate that ...

**Mr MITCHELL:** There were the comments yesterday, probably just to add a little bit more to that, that someone said it's all right looking after the front yard, but we've got to make sure the backyard doesn't get too bloody big, because we won't be able to look after that too. So, that probably comes within the same scope. But you probably should just go back a little bit too.

The committee, when it was first set up, was started, kicked off by the Chief when this ABS report came out - sorry, not ABS, yes. A report came out and it said that prices were a lot higher in the Territory. And there's not one single person in the Northern Territory that doesn't agree that prices are high up here. And we know that. But we're trying to find out, okay, firstly why they are so high and then, is that justifiable. And you know, we can't really make any comment as to what we're going, what our recommendations are going to be, until we've been right through the process and we've had the chance to - like, Thursday, Friday of this week we'll be talking with quite a lot of different senior - oh, not different, but certainly ...

**Dr LIM:** The big chains.

**Mr MITCHELL:** Certainly, the big chains and things like that. We have probably not a million questions, but not far off it, about prices and how they're reached and all that sort of stuff, why there is so much of a discrepancy from place to place.

And we'll certainly be reporting all that. If, at the end of the day, I can assure everyone in this room, that is we think that there is a bit of a rorting of the system, that we'll certainly be reporting that.

**Mr D. MITCHELL:** Absolutely.

**Mr MITCHELL:** But we will not be able to say, then you go out and make a law. What we will do is be making recommendations, and then it goes through the processes from there. So, if there is anything not ...

**Mr D. MITCHELL:** What about inefficiency? Will you be looking at inefficiency as well as your ...

**Mr MITCHELL:** All that.

**Mr D. MITCHELL:** ... because I don't think there's a lot of ...

**Mr MITCHELL:** All that sort of stuff. I mean, if there is a problem where food being delivered to Nhulunbuy, for instance, could be delivered a lot cheaper from another area, and there is some restriction in place stopping it from happening, then we should be reporting that. We won't be saying, don't do it, but we will be saying, 'This is the reason why, and that is because there is a restriction there'. And that's what we will be reporting.

**Mr D. MITCHELL:** And with respect to those comments about Darwin and the country, we hear mostly in our press reporting, and all the things that we hear, is totally Darwin centred, you know. And so, being a small town, what we think of is Darwin's getting all the attention, Darwin's getting the money. But when you look at the contribution that a place like Nhulunbuy makes, you know, I mean the dollars are just uncountable in my mind. So if you look at that contribution that Nhulunbuy makes to the rest of the Northern Territory, is Darwin and the rest of the Territory just going to continue to take ...

**Dr LIM:** Ask the people in Alice Springs, they'll say exactly the same thing that people in Nhulunbuy say. And ask the people in Newcastle they'll say exactly the same thing about Sydney, and ask somebody in Geelong, they'll talk about Melbourne. And that happens, that happens here.

**Mr D. MITCHELL:** Well, I think we've got a different demographic here, too, you know. We've got 2 cultures that started out here side-by-side and have got the best relationship of any black and white community in Australia, right here. This is where it starts. This is where the best has already been. All we're doing now is just getting worse, and these problems of cost to Aboriginal people, cost for them just to live basic lives, are contributing to that. So poverty is spreading, poverty and just - what we didn't have it to start with, now we've got it. And I think Nhulunbuy's in a position where we can pull that back from the brink, and maybe say, well, you know, we've got the ideal community, the ideal relationship, let's make a better Nhulunbuy, not just watch it get worse.

**Dr LIM:** With regards to that ABC interview that I did, what it was about was, see, the committee actually agree, all right, that we are not out there to tell business how to do business. All right? And that's not our role. Our role is to show the shortfalls in the system, identify the shortfalls and then it's up to parliament and government to enact laws to fix up the faults ...

**Mr MITCHELL:** To address the problem.

**Dr LIM:** ... and address the shortfalls. But for business, business has got to operate the best way they know how. It's not for us to tell them how to do it. We believe that we should not be out there to regulate hours, or to regulate price. Because once you start that, where the hell do you stop? You know, you start with your food, then you go to petrol prices, you go to your taxis, you go to schools, you got to books and newspapers, suddenly you control everything. You might as well live in places like Russia.

So you don't want to do that. We are not in the business of regulating prices, trade, trading hours, or trade methods of operation. That's up to business to decide. It's up to the market to convince the business that if they do it wrong, they won't shop at a particular place, you go somewhere else. And the market pressure would turn them around.

That was what I was talking about. And yes, the committee has made up its mind on that issue, that we are not there to regulate business, okay? Otherwise, we are very open about it all, and we are going through the Top End right now. We did the central Australian region about a month ago, to try and get

information from people, for people to tell us what's going on. I really am sorry that there are not very many Aboriginal people here to tell us their difficulties, because I think that's also important. But those communities that we've been to, some have been well represented, others have been very poorly represented, to the extent that not one black face showed up at all. A pity.

**Mr D. MITCHELL:** I think to a certain degree, I mean, it's that issue that you've just raised, is that there's a lot of people in Nhulunbuy that talked to me about high prices, and they're not here tonight. Because they find these sorts of forums just totally foreign to them.

**Dr LIM:** How else do you do it?

**Mr D. MITCHELL:** Well, I don't know how you do it, but you have to at least find some way of gauging public opinion. And we've talked about questionnaires and things like that, that they all take funding, they take money, you've got plenty of money. So you know, it's just an issue where, if you want to find out people's opinions, I really don't think that this is the forum that's going to do it. Anyway ...

**Dr LIM:** Okay. Any further questions?

**Mr AH KIT:** Have you got a response to your last, the question in your last paragraph, about seeking permission to ...

**Mr D. MITCHELL:** No, I haven't actually.

**Mr AH KIT:** I'll let the chairman answer that.

**Mr D. MITCHELL:** But acquiring permission doesn't really mean ...

**Mr MITCHELL:** No, actually ...

**Mr D. MITCHELL:** ... that that's what I want to do either.

**Dr LIM:** No.

**Mr D. MITCHELL:** But thanks for asking.

**Mr MITCHELL:** You feel free to just send that in.

**Mr D. MITCHELL:** Is that right?

**Mr MITCHELL:** Oh, yes. You just go for it.

**Dr LIM:** Well, no, no, no, no, no.

**Mr D. MITCHELL:** Well, I hope you ...

**Mr MITCHELL:** It doesn't have to go through us. No, it doesn't have to go through us.

**Dr LIM:** No, we don't have ...

**Mr MITCHELL:** It doesn't come from us.

**Dr LIM:** A submission to the committee belongs to committee. All right? That was stated very, very early in the piece.

**Mr D. MITCHELL:** Yes, but it didn't say about the ...

**Dr LIM:** And this is a submission to the committee, that's right. The reason why we said don't make it public until, unless the committee gives you permission, is because right now this gives you parliamentary privilege. All right? It protects you from any issue that you raise. If there was a paragraph in there that you got stuck into company A, B, C, that parliamentary privilege protects you. Otherwise, it exposes you to being sued by the company for wrongful accusation. All right? Now that you've provided a submission, it's got parliamentary privilege and protection. The committee can resolve formally, and that needs to come through a formal committee meeting and a minute. We will write to you, say, yes, it's okay, you go ahead and send it. And then, that's the process.

**Mr D. MITCHELL:** That's how I understood in the first instance.

**Mr MITCHELL:** Yes. No, what I was suggesting was that you can approach them yourself and put in your own submission to them. You don't have to do it through the committee. I'm not saying send this ...

**Dr LIM:** This one.

**Mr MITCHELL:** ... exact one. But you're ...

**Mr AH KIT:** You might want to remove the whinging from ...

**Mr MITCHELL:** Oh, no, leave it in. But you know, even don't think for a minute that if we do come across any question that we're not satisfied with the answers to, that we won't be reporting on that. And I can assure everyone too, that every single person on this committee, I believe, given that we're from different parties, if we do come across those problems, we've got no hesitation whatsoever in making sure that that's made public.

**Mr D. MITCHELL:** Well, thanks for ..

**Dr LIM:** We're all not hard-nosed right-wingers, you know.

**Mr STIRLING:** Thanks, Dave.

**Dr LIM:** Well, thank you very much David.

**Unidentified witness:** Can I ask you 2 a question? I'm wondering ...

**Dr LIM:** Well, no, not within the forum. I don't think that would be - not at the hearing itself.

**Mr MITCHELL:** Just Mitchell, you can. But you can talk to him privately.

**Dr LIM:** Yes, you can talk to him privately, but ... Okay. Well, thank you very much David. Are you asking a question, or ...

**Ms NEIL:** I'm just waiting to be given my turn.

**Mr MITCHELL:** Okay.

**Dr LIM:** Oh, okay.

**Mr MITCHELL:** Thanks, Dave.

**Mr AH KIT:** Thank you.

**Dr LIM:** Okay, and I'll invite you to be the last public submitter, and ...

**Mr MITCHELL:** Well, there may be others.

**Ms NEIL:** I just want to reply to a comment that was made here tonight.

**Dr LIM:** Well, come on up and just make ...

**Mr MITCHELL:** Yes, sure.

**Dr LIM:** ... your response then.

**Ms NEIL:** I want to ask a question of you.

**Dr LIM:** Please introduce yourself, and position you're coming from and go from there.

**Ms NEIL:** My name's Maureen Neil. I'm just here out of interest. I'm also a member of the executive of the Chamber of Commerce, of which Klaus is the President. But I'd just like to say that in the almost 12 months I've been there, there's never been conflict of interest between Perkins and the Chamber. And that's from one who doesn't agree with the President living in Darwin.

However, I want to ask you, are you meeting with Perkins?

**Dr LIM:** Yes, we will be.

**Ms NEIL:** You will be. Can you ask them, have they ever tried to educate the businesses in this area, how to pack their freight more economically?

**Dr LIM:** We'll take that on board, yes, we will.

**Ms NEIL:** I know it'll affect their profit.

**Dr LIM:** Yes.

**Ms NEIL:** However, it might just put a lot of ...

**Mr AH KIT:** All we can do is ask.

**Dr LIM:** Yes, that's right. The thing is ...

**Mr MITCHELL:** They're better efficiency into their ...

**Ms NEIL:** Yes, efficiency in their ...

**Dr LIM:** Yes, that's right, yes.

**Ms NEIL:** Especially with the consumables.

**Mr MITCHELL:** Okay.

**Ms NEIL:** That was all I wanted to ask.

**Dr LIM:** Okay, thank you. Thanks a lot. Well, on that note, I'm going to close the meeting. Okay,

there's a member here nudging me says he's hungry.

**Mr MITCHELL:** Not me.

**Dr LIM:** Not you, okay.

**Mr AH KIT:** Not me, must be yourself.

**Mr MITCHELL:** Is there anybody here that, if you don't want to speak now in this forum, please feel free to talk to any one of us, or Rick over here, and we'll be quite happy to talk to you privately, if you wish. That's about all.

**Dr LIM:** Well, thank you very much for coming, everybody. We appreciate all your hard work and your time. Better places to go to than sitting here on a Tuesday night, I'm sure.

**Mr LANE:** Can I just say something? As a thing that's got nothing to do with the inquiry ...

**Dr LIM:** Okay, tape off.

---

## Chapter 6

# HANSARD TRANSCRIPTS OF PUBLIC HEARINGS

## *KATHERINE REGION*

---

**Katherine**

### SELECT COMMITTEE ON TERRITORY FOOD PRICES

#### PUBLIC HEARING

KATHERINE – Monday, 21 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA (absent)

Mr Syd Stirling, MLA

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Teresa Cumming,

Steve Duke,

Di Leo,

Tracey Chavasse,

Janenne Brown,

Kate Finlayson

## **NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** Ladies and gentlemen, thank you for coming this afternoon to the hearing of the Territory Food Price Committee meeting in Katherine. While we have 2 people who have made a promise to come and talk to the committee, this essentially is an open meeting, so anybody who wishes to speak to the committee may do so. There's no restriction as to what you can say or what you want to say, or who you are that wants to have a chat to the committee.

Normally, under parliamentary rules, hearings of the committee have privilege, so whatever you say, you can say with reasonable impunity. We don't expect witnesses to swear or take an oath or an affirmation to the information you're going to provide the committee. However, we expect that witnesses will be truthful to the committee.

On my right here is Syd Stirling, member for Nhulunbuy. On my left is Phil Mitchell, member for Millner, and on the far left is Steve Balch, member for Jingili. The member for Arnhem, Mr John Ah Kit, sends his apologies. He will join us, the committee, tomorrow in Nhulunbuy.

While I have the 2 formal submissions from this area. One is from Mr Jeffrey Lemoir. Is that you? No, he's not here yet. And the other is from Di Leo. Not here? Not here either. Well, in their absence, would any of you like to say anything to committee? We're here to have a listen.

Perhaps I can go a little bit to why the committee was established. Back in January this year, *Business Review Weekly* published an article that was based on the research that was commissioned by the Life Be In It program. Life Be In It wanted to find out what it costs for an average Australian to buy a healthy basket of food. The article in *Business Review Weekly* suggested, or stated that food in the Northern Territory was the most expensive, compared to the other states and territory.

As a result of that article, there was a fair bit of media coverage, and also quite, I must say, an amount of community protest. Parliament then established this committee to look in to the prices in the Territory, to work out whether in fact, the higher prices in the Territory are justified or not. It's a given that prices are higher, so nobody disputes that. It's whether the prices that we pay are justifiable or not justifiable.

And so that's the function that the committee has been going around the Territory, at public hearings and also getting information in writing. At this stage, the committee hasn't come up with any suggestions,



recommendations, or conclusions. We still have about 2 months to go before our deliberations are over, and there is still a substantial amount of submissions to be heard over the next 4 days.

So here we are in Katherine and hope to get some input from the community here. And you 4 obviously represent the community. Would you like to tell us something about how you feel. Your personal experiences, your personal impressions will be helpful, so don't be reluctant. Before anybody speaks, though, I would like you to come up to the front here, because we need to record what you have to say. We need to ask you to state your name and position you're coming from, whether you represent a community group or yourself.

Again, as I said, the information that you provide is privileged. A transcript of what you say will be sent back to you for you to correct, if there's any factual information that's given incorrectly, before we then compile that information together with our report, which will be tabled in parliament on 19 August.

Now, you look as if you want to say something madam. If you do, please come forward. Don't be shy.

**Ms CHAVASSE:** I'm not shy at all.

**Dr LIM:** You're not shy. Good.

**Ms CHAVASSE:** Seats a long way away.

**Dr LIM:** Well, pull forward if you like. Phil can do that?

**Mr MITCHELL:** There you go, no problem.

**Ms CHAVASSE:** My name's Tracey Chavasse, and I am the NCGSF rep for the RAAF Base, Tindal.

**Dr LIM:** N?

**Ms CHAVASSE:** NCGSF - National Consultative Group for Service Families. We represent all tri-service families. Mainly due to the fact that there's a RAAF base here, my loyalties lie there. I answer direct to Canberra myself, to a lady by the name of Di Biggs, who answers then to General Dunn.

We are very concerned about the cost of living here.

**Mr MITCHELL:** Just answer that call. My fault.

**Dr LIM:** Yes, you're concerned?

**Ms CHAVASSE:** We're very concerned about the cost of living here, due to the fact that with the Defence Force, yes we get allowances to live here, and Canberra are under the belief that because Tindal, being an isolated base, has the allowances, therefore that covers it quite adequately, the living expenses. And it doesn't. Especially the families are hit in the fruit and veg area, and also the general groceries.

We, normally RAAF people buy fortnightly, and they're finding that since coming up here, you can't afford to buy fortnightly ie, because the fruit and veg, they just don't last a fortnight. So therefore, you find that they're going to the Woolworths more often, and the costs of living is just a lot higher here. And a lot of families are having trouble coming to terms with your basic - I'm talking about your bread, your basic grocery items.

And on approaching Canberra previously, Canberra under the belief that there's not a problem, and it's

not so. Yet, whereas it is. And a lot of the service families - I'm speaking of the service families - are very dissatisfied with the cost of living, so therefore that leads onto productivity, marriage break-ups, it's just an ongoing ...

**Mr MITCHELL:** Morale.

**Ms CHAVASSE:** ... effect. Yes, absolutely. Because everyone's under the belief that if you come to Tindal, you get all these allowances, and they're all just going into the cost of food. Just your basic weekly shopping, fortnightly shopping.

**Mr MITCHELL:** Tracey, have you got some sort of an idea on how much extra they think, or they believe that they're actually paying compared to other places?

**Ms CHAVASSE:** There's some - I've actually only got a lot of this today. Some ladies are very detailed ...

**Mr MITCHELL:** Or put it another way, how much out of whack do they believe the allowances ...

**Ms CHAVASSE:** One lady here is 40% higher. That's from Canberra, and that's quite a substantial. One lady is \$50 worse off. Another lady is \$100 to \$200. And this is all factual and it's all here. And yes, so a lot of them, the families are getting it in the hip pocket.

**Mr MITCHELL:** So that is based on, like a standard food basket, so to speak?

**Ms CHAVASSE:** This is just your basics. This is no essential, luxury items.

**Dr LIM:** No frills.

**Ms CHAVASSE:** This is your basic shop to get the family fed, and it's really hit hard in the fruit and veg and the meat, it really does.

**Mr MITCHELL:** You mentioned allowances that they receive. What's the shortfall there? Is that \$40, \$50 a basket, or ...

**Ms CHAVASSE:** I couldn't say off-hand the exact allowances. Janenne Brown is more to helping you out on that one, because she's been researching it a lot more in depth. But I'm here as from the family's point of view.

**Dr LIM:** The allowances that are provided by the federal government for tri-service, how far would that go to covering the ...

**Ms CHAVASSE:** It doesn't.

**Dr LIM:** No, it would to a certain extent, or doesn't cover anything at all? It's got to cover something.

**Ms CHAVASSE:** Yes. Yes, we have an electricity allowance. They have that and they have isolation. Most people are finding that because of - and this is where it gets a bit more involved - is because the allowances are being added onto it, then you find that the Social Security, the Centrelink issue, the family allowances, are being deducted. So what they're getting on one hand is being taken away from them in the other. And that's added. Do you understand what I mean?

**Dr LIM:** I see. So the allowances are increasing their income. So based on their income, the Centrelink

contributions decrease because of the higher income? Yes.

**Ms CHAVASSE:** Yes. And so therefore, you're finding that a lot of people are having a shortfall because most of their money is going into food, just to food.

**Mr STIRLING:** Tracey, from the personal perspective, how long have you been here?

**Ms CHAVASSE:** August 1997.

**Mr STIRLING:** What's your own view?

**Ms CHAVASSE:** I think it's disgusting. I really do, because you try and come up here, because that was one of the incentives. You know, to post people to Tindal because it's a very, very isolated spot. And you could save money. Everyone's of the opinion that you get all these allowances from the Defence Force, so you can go up and save a bit of money, spend a couple of years here, and then go back down south.

But now, what you're finding is you can't save at all, because you're just spending it on your milk, your bread, your meat, your vegies. Because they're not lasting like they should, you're going to the shop every second day, every third day. You can't shop from fortnight to fortnight, so some people are now, instead of whereas most service families tend to shop fortnightly, they're now having to shop weekly.

**Dr LIM:** You said they don't last. You mean the shelf life, so the food goes off, is that what you're saying.

**Ms CHAVASSE:** Well, the food's not - a lot of the fresh food is not the freshest when it gets here in the first place, and you're still paying the same costs as what - or even more - than what Darwin's paying. You know, broccoli's been up to \$7.99 kilo. And that's just outrageous.

**Mr MITCHELL:** And that's what - in the major supermarket chains, or ...

**Ms CHAVASSE:** Well, we've only got one here.

**Mr MITCHELL:** Yes, well ...

**Ms CHAVASSE:** We've got 2 supermarkets. Yes, but this is in Woolworths. And ...

**Mr MITCHELL:** But without mentioning any names, that's the main store?

**Mr STIRLING:** What's wrong with mentioning it?

**Mr MITCHELL:** Well, I'm just being subtle there.

**Dr LIM:** All right. So that when you say that you are having to shop more than once a fortnight, or even sometimes more than once a week, it is because the food that you buy does not stay fresh for the week? That's why ...

**Ms CHAVASSE:** Oh, no.

**Dr LIM:** Okay, right.

**Ms CHAVASSE:** And then you find that on top of that you've got the cost of how much that food is, so therefore that's compounding the problem because you've got to buy more of it because it's not lasting. So you get in and you have to really work out your meals of what you're having. I know that some

ladies, they can't even afford to buy the bread as much as they can, so they try and go other means - bake their own or other avenues to do that.

A lot of the people here don't have as much fruit and veg as what they used to down south. You know, they're just - yes.

**Mr MITCHELL:** Do you know is there's much of a difference between, I think Katherine Store is the other one, and Woolies, in their prices? Has anyone made comparison there?

**Ms CHAVASSE:** No, I honestly can't say that, no. I think, no, I can't. I know that some ladies, they can't even afford to buy the bread as much as they can, so they try and go other means - bake their own or other avenues to do that.

A lot of the people here don't have as much fruit and veg as what they used to down south. You know, they're just - yes.

**Mr MITCHELL:** Do you know is there's much of a difference between - I think Katherine Store is the other one - and Woolies, in their prices? Has anyone made comparison there?

**Ms CHAVASSE:** No, I honestly can't say that, no. I think - no, I can't. That's all I have to say really.

**Dr LIM:** When you spoke to Canberra, to the federal government, about the problem, when you have your COs and all that here as well, obviously they are subject to the same problems as would be the enlisted men and women. What sort of response do they get?

**Ms CHAVASSE:** I haven't met one that has not been in agreeance on this. Yes, here in RAAF Tindal.

**Dr LIM:** And they are not able to convince Canberra that ...

**Ms CHAVASSE:** No, they've tried. Everyone's - yes. It's not an issue that's not going to go away, because it is always happening and you're getting a lot of - because you've got the backwash of cost of living up here, so that makes the budget very tight for the people. So then, upon other things, then you've got the Centrelink issue which is taking - giving with one hand, taking with the other - that's adding to the pressures at home. And then you've got the classic, the husband's not happy, so low productivity, and then, yes, it just ...

**Dr LIM:** So from the tri-services point of view, would you see a federal government that's more considerate - if that is the right word to use - to provide you with better allowances, would help that problem? What would you see is the solution to this difficulty for the tri-service?

**Ms CHAVASSE:** The solution? I would just - I don't really know the solution. I just think that it would be, if we got a fair go, if they looked at it honestly, instead of saying their best case scenario down in Victoria or they compare us with another base down south. If they just look at us by ourselves, just give us a fair go.

**Mr STIRLING:** Tracey, what's the Centrelink problem?

**Ms CHAVASSE:** Basically, because of the added allowances that the services get for being up here, that goes onto the wage.

**Mr BALCH:** So your income goes up, which puts your benefits down.

**Mr MITCHELL:** Yes, that's right.

**Mr BALCH:** A negative impact on your benefits.

**Dr LIM:** Centrelink provides what, in the old days we used to call child endowment, okay?

**Mr BALCH:** Based on your income.

**Dr LIM:** But it's based now - Centrelink will pay that based on your taxable income. The allowances that the federal government gives to the tri-service here is now put in with your salary, so you are in a higher salary bracket. They've got you in this higher salary bracket, your Centrelink payments decrease. Do you follow? If you're at \$25 000, your family, you get based on dollars.

**Mr STIRLING:** I just would have thought that that was set at such a high income level that it shouldn't matter, but ...

**Ms CUMMINGS:** The other aspect with the introduction of FBT ...

**Dr LIM:** Can I ask you to identify yourself please, if you don't mind.

**Ms CUMMINGS:** Teresa Cummings. The other aspect to that, is with introduction of FBT, appearing as a modified figure on the group certificates for next year, that particular situation will be compounded even more ...

**Ms CHAVASSE:** Yes.

**Ms CUMMINGS:** ... because things like air fares that as given FBT ...

**Ms CHAVASSE:** Are going onto it.

**Ms CUMMINGS:** ... rather than a direct salary contribution, will also affect Centrelink payments ...

**Ms CHAVASSE:** So you also find in a lot of the family members can't go out to meals, or go out and enjoy themselves like they used to because they are actually budgeting to such a strict budget just for food alone. A lot of them don't take takeaways, don't go out and buy takeaways as much as what they used to. So all that, their lifestyle has radically changed due just - a lot of it is also due to the fact that just your basic groceries, your basic day-to-day living, the cost is so astronomical.

**Mr MITCHELL:** So on a percentage, how much higher do people believe they are? You mentioned, \$40, \$50.

**Ms CHAVASSE:** It varies. See, that's all different scenarios, ie, if you've got 2 children, or 5 children, or whether you've got 1; 2 spouses working, 1 working ...

**Mr MITCHELL:** This is the food basket, say, the normal ...

**Ms CHAVASSE:** Some say \$100. I know one lady saying \$100. One lady with 1 child is \$50 more, costs more.

**Mr MITCHELL:** Yes, but out of what? \$200 a week or ...

**Ms CHAVASSE:** Yes. One budget's \$300. Down in Sydney they shopped at Franklins, budgeted for \$300. They found that that was ample, so they dropped their budget. Then coming up here, they had to

raise the budget back up to \$300. This is with one child, and plus buy extra during the week.

**Mr MITCHELL:** So it's \$300 a week?

**Ms CHAVASSE:** That was \$300 a fortnight, sorry. I work on a fortnight.

**Mr MITCHELL:** A fortnight, okay. So approximately 20% difference.

**Ms CHAVASSE:** Yes.

**Mr MITCHELL:** They're paying around about 20% approximately difference?

**Ms CHAVASSE:** Yes, that's right.

**Mr MITCHELL:** So I suppose you could put that across the board, because that would be 1 child, 2 children ...

**Ms CHAVASSE:** Yes, different. Yes, it varies a lot on ...

**Dr LIM:** I suppose for families to live, it's not only food but also consumables like toilet paper, to clothes and all stuff like that.

**Ms CHAVASSE:** Yes.

**Dr LIM:** Now, I'm putting a leading question to you, obviously. Living up here, where you don't need warm winter woolies for instance. Right now, we are in winter, and we are all walking around in summer shirts. That would be seen as a saving ...

**Ms CHAVASSE:** Offset cost.

**Dr LIM:** Yes, that's right. So how would that - how do you see that balancing the higher cost of food ...

**Ms CHAVASSE:** I don't.

**Dr LIM:** You don't?

**Ms CHAVASSE:** No.

**Dr LIM:** Why not?

**Ms CHAVASSE:** Because if you add up the amount of times that you would buy a jumper. Okay, for a child you'd buy - if this is a 12-year-old, you'd buy a size 14. So you'd get a couple of winters out of your jumper, so you buy larger clothes to last. Whereas, with food, no, because the amount of times that you have to go back to the shop and the amount of times that you buy it, and because the consumables don't last, yes. No, I don't.

**Mr STIRLING:** Tracey, what's the length of time of a posting out there at Tindal?

**Ms CHAVASSE:** I think that's changing. I think you still have to do a 2-year minimum. And then it's open after that. Some people - I know one lady that's just left and she's been here 10 years.

**Mr STIRLING:** True?

**Ms CHAVASSE:** I know some that have only been here a couple of years.

**Dr LIM:** Do people take the option of shopping in Darwin?

**Ms CHAVASSE:** Absolutely.

**Dr LIM:** Does it make a difference?

**Ms CHAVASSE:** The other week I went up to buy Chum. Chum's \$1.40 here. It was 90¢ up in Darwin. So, of course. A bag of Pal, 10 kg, is \$14 here. It was only \$9 something in K-Mart. So you'd go and buy, especially if it's on sale. You go up to Darwin and buy bulk and then you bring it down.

**Dr LIM:** And you don't add the cost of transport to Darwin and return, as part of the cost of the food, because you're going to Darwin for entertainment and other reasons?

**Ms CHAVASSE:** A lot of people make the visits as sparingly as they can. If there is a particular reason they go up, or you get friends that are going up, so you say, 'Can you get me this, or can you get me this', and that. Yes, there's normally a reason why they go up. Or that it's 6 months. The stores are getting down and buy, like you can goods. It was very hard when the fruit fly was on, because none of us could bring our vegies or that home. So it was hard in that respect. So you go and buy your canned foods or we stock up on dog food. Washing powder, we buy it in the 15 kg one because it's a lot cheaper over all. Because there's no 15 kg ones down here to buy. Yes, you definitely offset.

**Ms CUMMINGS:** I'd just interrupt with an answer to that.

**Dr LIM:** Yes. Actually, it's a bit hard to record you ...

**Ms CHAVASSE:** Teresa, come and sit next to me.

**Dr LIM:** Yes, come on.

**Ms CUMMINGS:** There's a perception - no, since the flood, this particular problem, of shopping in bulk in Darwin has compounded by a lot of families. The perception that were you saving money by the time you took in your fuel, accommodation costs and so forth in Darwin, prior to the flood, probably meant that shopping in Darwin wasn't any more economical.

With the prices that have been charged by the main supermarket post-flood, that is definitely a viable case now for going to Darwin doing bulk shopping, and finding some decent economies, taking into account your accommodation ...

**Dr LIM:** So what you're saying is that post-flood the costs have escalated.

**Ms CUMMINGS:** Yes.

**Dr LIM:** Have you had any information as to the reason why the price has been so much different to before the flood?

**Ms CUMMINGS:** Yes, basically, you've got to finance a new building, a new infrastructure and new fit-out of the new supermarket.

**Mr MITCHELL:** So it's your own speculation, Teresa, or what's your belief their case?

**Ms CUMMINGS:** Part of that's speculation, as part I guess, public knowledge by the supermarket, that

after the flood they fitted that - the fit-out I guess is state-of-the-art for Woolworths. It was one of a few supermarkets around nationally that actually has that state-of-the-art fit-out, and it came with a price tag. There were a lot of letters to the Editor immediately - once they moved down to the flood, Woolworths didn't open until April/May. If you go back through the newspaper for the first, probably 3 or 4 months after that, there was letters to and fro, and finished up Woolworths basically tried to respond, because there were price variations between the Woolworths stores in Darwin and in Katherine, and anything up to \$1 per item, and they were being noted and commented on.

**Dr LIM:** I assume that the state-of-the-art store put out by Woolworths is to minimise cost to Woolworths. That's - I'm making an assumption, right or wrong. If it is to minimise cost, then therefore, the savings should be passed onto Katherine community. What you're saying to me, is that their state-of-the-art technology in their store is in fact costing you more rather than saving you money.

**Ms CUMMINGS:** Yes. I'll give you back to Tracey.

**Ms CHAVASSE:** That's okay, Teresa.

**Dr LIM:** Now, people please feel free to come and join up the front, and talk to us.

**Ms CHAVASSE:** Come on, Janenne, come and sit next to me.

**Dr LIM:** You want to ask Teresa. Hang on. Phil, yes, you are going to ask Teresa ...

**Mr MITCHELL:** Yes, Teresa, just on that price escalation, do you have any sort of first-hand knowledge of prices before and what they are now? Are there any examples that you might be able to give us on what prices - say of a lettuce was, or something like that? Or is it just a general notice of an increase in the overall food basket?

**Ms CUMMINGS:** I'm a single income, no children. I have the luxury of not having to price watch that closely. Now I ...

**Dr LIM:** Come on up front.

**Ms CUMMINGS:** No, I don't ...

**Mr MITCHELL:** Sorry. I'm just trying to work back to how you're basing your ...

**Ms CUMMINGS:** A lot of it is based on comments amongst friends with children and how they now justify going to Darwin, whereas previously they couldn't.

**Mr MITCHELL:** All right, thank you.

**Ms CUMMINGS:** There would be some data on pre-flood prices, and price watch surveys could be compared with current prices. I'm reasonably confident that there would be a reasonable increase over and above CPI.

**Mr MITCHELL:** Okay. I'm just wondering how we'd go back and source the actual price before and after, but I think we know we can do that anyway, can't we, by ...

**Ms CUMMINGS:** Industries and Business have would be some data on pre-flood prices, and price watch surveys could be compared with current prices. I'm reasonably confident that there would be a reasonable increase over and above CPI.



**Mr MITCHELL:** Okay. I'm just wondering how we'd go back and source the actual price before and after, but I think we know we can do that anyway, can't we, by ...

**Ms CUMMINGS:** Industries and Business have done some surveys since, late last year. There would be possible, through different price watch groups to get hold of - it would be a bit of an exercise to get hold of them.

**Mr MITCHELL:** Yes. No, I'm sorry, there is that. I was just thinking of consumers, actual consumers that might have had a few examples for us. But that's fine. We can follow that back and find out for you.

**Dr LIM:** There is competition in Katherine for groceries. How does the food prices of the competition, compare to Woolworths?

**Ms CHAVASSE:** I couldn't answer that.

**Ms CUMMINGS:** Generally it's higher, because they don't have the buying power or the ...

**Dr LIM:** So Woolworths still has the lower price in the town, although it's a lot higher than pre-flood.

**Ms BROWN:** Not necessarily. My name's Janenne Brown and I'm here as a private citizen. Not necessarily in terms of fruit and vegetables. There's a fruit and vegetable place over in the industrial area, and they are under Woolworths most of the time.

**Dr LIM:** Right. Is the quality there better than Woolworths?

**Ms BROWN:** If you go on Monday afternoons, it's probably better.

**Dr LIM:** When the truck comes in.

**Ms CHAVASSE:** I was going to say I know of ladies who ...

**Ms BROWN:** Although you hear different stories, you know.

**Dr LIM:** Are the supplies from interstate, or are they from Darwin? Do you know?

**Ms BROWN:** I think they come from interstate, for the fruit and vegie fellow in the industrial area. I think they're interstate.

**Ms FINLAYSON:** And from Katherine when they're in season.

**Dr LIM:** Sorry?

**Ms FINLAYSON:** They come from Katherine when they're in season.

**Ms BROWN:** But you get different stories. Some people say they would never shop anywhere else except the fruit and veg on a Monday afternoon, but others wouldn't go there.

**Dr LIM:** Just your experience alone, when you buy say, a head of lettuce or other vegetables or fruit, do they normally stay reasonably fresh for a week?

**Ms BROWN:** No.

**Dr LIM:** They don't. What's the longest ...

**Ms BROWN:** Like, I bought beetroot last week. Beetroot, mind you, it's a root vegetable which should have a relatively long ...

**Mr MITCHELL:** This is a fresh one, not a ...

**Ms BROWN:** This is a fresh beetroot, relatively long shelf life. Today, it's mushy. Not mushy, soft. Now, that's less than a week. Now, that's fresh beetroot.

**Ms CHAVASSE:** And that's like your watermelon, your cantelope. You buy them on the day, you eat them on the day, because event the next day and the day after, they're starting to turn.

**Ms BROWN:** Yes.

**Dr LIM:** Are you aware whether the food comes via Darwin? I mean, obviously Darwin is going to be the end point for many, many things, and they would have come through ...

**Ms BROWN:** My understanding is that it comes on from Adelaide through to Darwin, then goes to Darwin and then gets unsorted and comes back to Katherine. It doesn't stop enroute. And I wasn't here in the flood, but my understanding is that they commandeered the trucks before they got up to Darwin and they've never had fresher fruit and vegetables.

**Ms CHAVASSE:** It was so good, the fruit and veg then.

**Dr LIM:** In fact ...

**Mr STIRLING:** Should have been holding them up ever since.

**Dr LIM:** There was a comment in fact, stated: 'that the ironical thing is that all of the fresh produce that goes into Darwin has to pass through our town on its way up to you up there, then we get the leftovers on its way back'.

**Ms CHAVASSE:** And still pay higher costs.

**Dr LIM:** 'This was really evident during the floods of last year as the trucks were stranded in Katherine, so we were treated to really fresh fruit and vegetables from the commandeered loads'.

**Ms CHAVASSE:** Very much so, very much so.

**Ms BROWN:** One of my things is milk, 2 L of milk. You can actually buy Malanda milk here, which is freighted across from Queensland, cheaper than what you can buy Northern Territory brand of milk.

**Dr LIM:** Because the milk is off-loaded here on the way through to Darwin?

**Ms BROWN:** No idea. It's cheaper. Malanda milk is cheaper in Katherine than Northern Territory milk.

**Dr LIM:** Now, it's hard to - I don't want to give a false impression by picking on particular foods, but what would a loaf of bread cost in Katherine, on average?

**Ms CHAVASSE:** \$2.40, \$2.50.

**Ms BROWN:** I only buy it on special and freeze it.

**Dr LIM:** Okay. Do you think people are compelled to bake their own, and is that cheaper?

**Ms BROWN:** Yes.

**Ms CHAVASSE:** When you're looking at a one income earner with 5 children, absolutely.

**Ms CUMMINGS:** You're already seen the strategy. Which average household would resort to freezing their bread that they've bought on special?

**Ms CHAVASSE:** I do. It's the only ...

**Dr LIM:** Well, let me assure you that many people in Alice Springs go to Coles or Woolworths at 5, 6, 7, 8 o'clock at night every day when they can buy the bread that night at giveaway prices, because next morning a new fresh batch is baked.

**Ms BROWN:** But what's giveaway prices?

**Mr MITCHELL:** \$1.70.

**Dr LIM:** Oh no, I've bought them a lot less than that. In Alice Springs, in the evening, you can buy them for less than \$1.60.

**Mr MITCHELL:** Bought them in Coles in Darwin. It's usually \$1.60, \$1.70.

**Dr LIM:** And then you actually do freeze the bread, which essentially was baked the same day, freeze it and use it as you want to.

**Ms FINLAYSON:** Are you saying that's what we should do?

**Dr LIM:** No, no, no. I'm not suggesting that's what you should. But that is what ...

**Ms BROWN:** This is what people do.

**Dr LIM:** ... judicious shopping that people can elect to do if they so wish. Over the inquiry so far, we've heard stories about people wanting to go to one place and do all their shopping, so they pay for the airconditioning, the parking, the convenience, the one-stop shop. Others would, in fact, drive around town and hunt for cheaper prices. Now, in places like Tennant Creek, Alice Springs and Katherine, where the town is not particularly big, driving around looking for the best buys - not specials but the best buys - is not a particularly hard chore nor an expensive one. Whereas, driving around Darwin, where the town's so much larger, you can actually chew up more petrol, tyre and car wear and tear than to do the shopping.

**Ms CHAVASSE:** But here you're saying an expensive one, because the ones that are on cheaper that you're saying are on sale, are probably the normal price up in Darwin.

**Dr LIM:** Well, we don't know that, yes.

**Ms CHAVASSE:** But what I'm saying is, yes, where do you, I used to down south. I used to shop at Payless, and it was cheaper and more economical for me to do my shopping at Payless, go do my vegie and meat shopping, than what it is to do it all here in the one.

**Dr LIM:** I'm not here to defend the bigger chains or whatever. The questions that you're asking us now we'll be putting to the bigger chains ourselves. But I anticipate some of the answers that they'll give us will be that we have a small population in Alice Springs, Tennant Creek, Katherine as compared to

Darwin, and Darwin as compared to Melbourne or Sydney. And that will be one of their answers.

**Ms CHAVASSE:** They use us as a tax write-off.

**Dr LIM:** Sorry?

**Ms BROWN:** I've actually heard from someone fairly knowledgeable in the town, that Katherine Woolworths is the most profitable in Australia. Now, I don't know whether that's true or not, but it's someone who has a public position. And I mean, those sorts of - I mean down south they've got much more competition and they have to compete with other places and other people. Here they don't. They seem to hold, you know ...

**Dr LIM:** A good market share.

**Ms BROWN:** ... the citizens to ransom.

**Dr LIM:** To ransom, yes.

**Ms BROWN:** You know? And I mean, if that's the case, that's immoral.

**Dr LIM:** Every town we've been to, or that I've been to, I hear that ...

**Ms BROWN:** I knew you'd say that.

**Dr LIM:** ... Coles or Woolworths whatever, has the best sales of anyone in Australia. That the same thing is said in Alice Springs. So I'm not sure whether it's right or wrong ...

**Ms BROWN:** Okay.

**Dr LIM:** It'd be good if we can get the statistics from the big chains themselves, that's right.

**Mr BALCH:** All we're hoping is this inquiry will bring to light a lot of those stories, because I can tell you it's long been said the same thing about Casuarina Square in Darwin. That the 2 big supermarkets there have got the highest turnover and some of the most profitable. And yet, on initial discussions with Coles and Woolies, they say in fact, they lose money there. Now, where does the truth lie? That's what we are attempting to find out, because we want to hear firstly what the community says, and then go and face the supermarkets with that and then require them to provide some hard evidence to back up just why they're charging what they're charging.

**Ms BROWN:** I sort of came up here to actually back up what Tracey was saying before. She talked about allowances that Defence Force have, there's 3 allowances that most people get. There's district allowance, and for a family, it's just over \$5000. But it's taxed at 48%, and so therefore it works out at about \$2500 per annum, which is about \$50 a week, which nowhere near covers the costs of the increased costs of living.

The other 2 allowances are RLLT, which is remote locality leave travel, and that's actually quite controversial. I guess every Commonwealth, and I think state, public servant gets that anyway. And it's for Defence Forces, it's actually not rolled over into salary. It's not given as a cash advance. You actually have to undertake the travel and tickets have to be purchased and proof of the purchase and all that sort of stuff. So it's actually trying to get the people out of here.

And the other one is electricity ...

**Mr STIRLING:** Is that, sorry, biennial.

**Ms BROWN:** It's annual.

**Mr STIRLING:** To nearest capital city? Capital city of choice?

**Ms BROWN:** To Adelaide.

**Mr STIRLING:** Adelaide?

**Ms BROWN:** Yes. The equivalent fare costs. You can choose where you want to go. But it's equivalent fare costs.

**Ms CHAVASSE:** But isn't it as of 1 July, isn't that not going on the group certificate?

**Ms BROWN:** It's going 1 April.

**Ms CHAVASSE:** 1 April, and in a cashed out figure and being taxed.

**Ms CUMMINGS:** It's not being taxed, it will make a difference to your gross income for calculation of ...

**Ms BROWN:** Fringe benefits tax. And that's where the Centrelink issue comes in as well. You know, they take district allowance, which you get over \$5000. You're taxed at 48¢ in the dollar, but they take the \$5000 otherwise ...

**Ms CHAVASSE:** And the reason why I bought that up is because if you, when people know that you've come to Katherine because Katherine has got a high Defence Force personnel here, you'll probably get, 'Oh, yes, but they get all these allowances'. But what I wanted to make you aware of, is the fact that yes, they do get those allowances, but because of the Centrelink issue, you're giving with one hand and taking with the other. And that is leaving them with nothing in the middle for the food costs.

**Ms BROWN:** And we've actually done the sums on those figures, and it's been ...

**Dr LIM:** Is there sort of a neutral balance, or a zero balance in a sense that with Centrelink and the allowances that you get, is that a neutral balance or is it that there is actually some extra, some extra money in the hand? You don't have to give me exact figures. But, the average family - whatever that means - getting all the allowances and a decrease in Centrelink allowances, is there some benefit at all, or is this just nothing.

**Ms BROWN:** Some there's a negative, and some there's a ...

**Mr BALCH:** It would depend on the family set-up.

**Ms BROWN:** It depends on the family structure, but some ...

**Ms CHAVASSE:** interjecting.

**Ms BROWN:** Some there's a negative, yes. Some it's negative and some there are ...

**Dr LIM:** So what you're saying, the net disposable income decreases ...

**Ms BROWN:** Decreases, yes. We have the figures, but not here, because ...

**Dr LIM:** You can even fax that information to us ...

**Ms CHAVASSE:** That is an issue we're still taking up. I know that is a separate one to the food, but that is an issue that we're still taking up with Canberra, because they believe something totally different.

**Ms BROWN:** And within the Defence Force, they are trying to do something about the allowances to make them ...

**Mr STIRLING:** What was the third allowance. Was that Centrelink you were talking about.

**Ms BROWN:** No, Defence ...

**Mr STIRLING:** You mentioned district allowance.

**Ms BROWN:** District allowance, RLLT, and electricity.

**Mr MITCHELL:** Electricity.

**Mr STIRLING:** What's the electricity one?

**Ms BROWN:** Electricity is - well, it's not electricity, it's airconditioning subsidy. And it's only a percentage of the airconditioning component of your electricity account. It's not, you know ... It's 30%, I think.

**Ms CHAVASSE:** But then you've got the civilians up here, they're still paying those high costs and then getting no allowances.

**Dr LIM:** Teresa, you've lived here a long while? I heard what you said about your disposable income and all that, but do you feel that the impact is not significant to you because you've lived here a long while and you're used to it, whereas the Defence Force people might have been here only a short time, having come from a place of low cost suddenly they see the impact. Would that be a fair comment?

**Ms CUMMINGS:** I don't know that you ever get used to it. You tolerate it as a fact of life in living up here. Like a lot of people I think I came with a perception that I would save some money, stay awhile and move. The reality is you don't save money and you end up staying here. And then you take heart with this great lifestyle. I certainly notice it when I go to southern states, both on interstate trips, but also on holidays, particularly to South Australia. I'm from a remote rural area in South Australia. The basic grocery items there, in particular meat, is considerably cheaper than it is there, and freight is still an issue to some degree in those areas, outlying areas, as well. And they are serviced by what you would call very small 5-star supermarket type arrangements. So they don't get access to the buying power that Woolworths do. Even in remote South Australia state regions, they are shopping considerably cheaper than we are.

**Dr LIM:** By remote South Australia you're talking about places like Ceduna or Port Lincoln or ...

**Ms CUMMINGS:** Half way actually. Yes out that far. So, but even for a single person, it's still considerably expensive to buy food, and then the added bit about the takeaways and the restaurants and all that sort of thing. I would, by comparison, yes, I've had some people come to stay with me, some young people come to stay, and they actually rang their friends in southern states to find out how much they pay for food, because they couldn't believe how much it was up here, and all those sorts of things. So anecdotally, yes, it's expensive. It's always been expensive. You accept it, but it's not something that

you're happy about.

**Ms BROWN:** I'm actually most of the time a single person, but my children go to boarding school in Brisbane, and they actually come up for the holidays. I've actually only been here since late October last year. When I was down south I never paid more than \$2 for a kilo of tomatoes, probably \$1.59 a kilo for tomatoes. Here, they're something like, you know, \$7.99 a kilo. When I'm on my own I have an average food bill of around about \$100 a week for me alone, because I eat a lot of fruit and vegetables.

Down south, when I had the children at home, I was paying fruit and vegetables for myself and 2 teenage children somewhere in the vicinity of about \$20, \$25 a week, which is extraordinarily different. And when they're here for the holidays, I'm paying, you know, \$170 and I probably go to the supermarket twice in a week. From k\$170 to probably about \$270 a week for food, just for 1 adult and 2 children. Sure, I don't - I'm probably not a wise shopper in terms of because I don't have to do it all the time. When they come it's, 'Oh, God, more food, and more vegetables'. So it is extraordinarily more expensive.

**Dr LIM:** Can a wise shopper in Katherine save costs, save on costs? Or because you are so isolated that ...

**Ms CHAVASSE:** I've got a lady - actually both of us know a lady that's an extremely wise shopper, and no, she can't.

**Ms CUMMINGS:** She can't, no.

**Dr LIM:** She can't. Not expected to save, but can she maximise her disposable income to buy more food than somebody else, say?

**Ms BROWN:** We could actually probably talk her into doing a written submission, because she actually has all the documents of when, of fortnightly shops from where she was down south to what she's spending here. And it's really quite extraordinarily different. And she came from Sydney, I think.

**Mr STIRLING:** But you don't pretend for a minute that that's a fair - I mean, the people that come from Canberra and Sydney, of course, there's a shock to it. But no one should pretend or believe for a minute that it should be the same.

**Ms BROWN:** No, not at all. But it shouldn't be so extraordinarily different.

**Ms CHAVASSE:** Especially when you're talking your fruit and veg for your children, you're expecting quality. You're paying the price, even if it is more expensive, you expect the quality to go with the expense. But here you are getting below quality fresh food at quite a high ...

**Mr STIRLING:** Well, for the same reason though, surely. I mean, it's going to be difficult to get a product 3000 km at optimum quality, compared to if you buy it in the markets this afternoon and put it in the supermarket shelf to sell tomorrow.

**Ms CHAVASSE:** Okay. Why can't the truck just stop at Katherine?

**Mr STIRLING:** No, I'm just saying, that's a different ...

**Ms CHAVASSE:** Why can't it stop on the way here?

**Mr STIRLING:** Good question.

**Ms CHAVASSE:** And that would cut out the time.

**Mr STIRLING:** It's a question we'll put to the big retail ...

**Ms CHAVASSE:** Why can't it just stop? And I think that's what a lot of people are asking. Why can't it just stop here first ...

**Ms LEO:** It's cheaper in Darwin, isn't it?

**Ms CHAVASSE:** Yes, why can't it just stop here first before coming down?

**Ms LEO:** Up there you can buy better stuff than down here.

**Ms CHAVASSE:** That's the main argument.

**Dr LIM:** Madam, I know you arrived late ...

**Ms LEO:** I'm sorry I arrived late.

**Dr LIM:** That's all right. I know you arrived late. We are recording the interchange, and we like to identify who the speaker is, so when you do speak - and please feel free to chip in - please identify yourself and the community group that you represent, or even yourself as an individual, come up to the front here and we can then record what you have to say.

**Ms LEO:** Di Leo.

**Dr LIM:** Oh, Di Leo.

**Mr MITCHELL:** We got your letter.

**Dr LIM:** We got your letter, thank you. Yes, this gentleman.

**Mr DUKE:** My name's Steve Duke. I'm a resident here and I've just recently come up to Katherine from South Australia. I must say that I was quite disgusted with the quality food up here. It was very poor standard. You're virtually buying off food from the supermarket. Why should they hike the prices up? I mean, the supermarket industry in Australia is a \$33m business, and that's profit that they make. There's no excuse as to why they should hike the prices up just because they say it's from ...

**Ms CHAVASSE:** Put it down to freight.

**Mr DUKE:** It's ridiculous. There's other ways, there's other means and ways and they don't charge near as much.

**Dr LIM:** If I can just share this information with you. Many national chains would say that they try to operate each unit as a stand alone profit unit - profit or loss making unit - and so the grand total profit for the organisation has no bearing on whether that unit in Katherine, Alice Springs, or wherever, makes a profit or makes a loss. It's up to the single unit itself.

**Mr DUKE:** Oh, I understand that.

**Mr MITCHELL:** But then the other argument to that is - sorry, the other side to that is, you will have



some of these same big organisations saying that if they run their stores at Casuarina at a loss because they're subsidising other stores in other areas. So, that's the flip side of what Richard is saying, yes. But this is what we're trying to get to the bottom of. We're trying ...

**Mr STIRLING:** We'll go with what you said.

**Mr DUKE:** The freshness, I mean the price in general, it's not just for fresh food. It's tinned stuff which has got a bit of longevity about it. It's dearer.

**Ms LEO:** Ys, long life stuff, yes.

**Mr DUKE:** And stuff like that can sit on their shelves and last a while, and it is a lot dearer. The cost of living generally up here is a lot dearer as well. I mean, coming from down south where I was living around about 60 km out of Adelaide and you were looking at a rental property of a 4-bedroom house for below \$150 a week, and you are paying that for a bedsit up here. Why? What's so great about Katherine?

**Dr LIM:** That's a very political question you've just asked me, and I can tell you, give you a few stories. I mean, you're talking about Murray Bridge compared to Katherine, Tennant Creek or Alice Springs. Adelaide properties - I mean, whatever you pay for a house in the Northern Territory, you buy a mansion in Adelaide. And that's the cost of living ...

**Ms CHAVASSE:** Freight.

**Dr LIM:** No, no, that's ...

**Mr DUKE:** The further that you get out of Adelaide, the further you get out of Adelaide, the cheaper the houses get. Whereas it seems the other way, the further you get away from Darwin, you've virtually got to be a millionaire by the time you get to Tennant Creek.

**Dr LIM:** No, not quite. But freight has been - what's the word for it?

**Ms LEO:** Blamed.

**Dr LIM:** Been blamed by many people, but the reality ...

**Ms CHAVASSE:** Used.

**Dr LIM:** ... is many business tell us, freight is not an issue. All right?

**Ms LEO:** That can't be. If all the groceries have to come through Katherine, up to Darwin and come back again, they've already passed us and in Darwin you can buy things so much cheaper. I know, I've lived up here about 13 years now, and I've sort of just accepted it, and I just put an embargo on tomatoes. I think, no they can keep them at \$7 a kilo or whatever they get to. If they come under \$4, I think, oh yes, I might buy some. But we're missing out. But what we do and what we really had to when the fruit fly thing was on, we shop in the markets in Darwin. And you can get a box full of nice fresh stuff and you don't have to pay the price down here.

And it's not really - I'm not really being bitchy against Woolworths, it's just that we are limited. And the quality is not there. Like, yesterday I went to get some mandarins. Half of them were rotten. You think, 'Oh, don't buy them today, come back on Tuesday, the trucks are coming in'. Like, we shouldn't have to put up with that, really.

**Ms CUMMINGS:** The other aspect of it is also the anomaly that essentially across the border, 500 km, we've got the Ord scheme going into a second development. It's a known fact that all of that produce goes straight on the truck to Melbourne, distributed through the markets and then even up to Sydney ...

**Ms CHAVASSE:** It's sent back.

**Ms CUMMINGS:** ... and straight back again. Some government intervention somewhere along the line should be able to alleviate that.

**Mr MITCHELL:** Part of the problem there - I think it's relevant to what we're talking about - but part of the problem there is the fact that a lot of those crops are pre-sold. If you have somebody who has put a crop in, it's sold years out and it could be to Woolies or Coles or whoever, and all the major chains ...

**Ms CUMMINGS:** That may be the case ...

**Mr MITCHELL:** ... so the person who's actually growing those particular crops, whatever it may be, they're not in a position to offload it in other places. But I'm just giving you that as a bit of an information.

**Mr STIRLING:** It's still not efficient though.

**Ms CUMMINGS:** The flip side to that is that there are situations ...

**Mr MITCHELL:** Oh, of course it's not efficient. I'm not saying I agree with that. I'm just saying that's part of their reasons behind it.

**Ms CUMMINGS:** But there are other situations where crops are actually ploughed in over there because they can't get the value in taking it down to Melbourne, so they'll just trash the crop. And we're still paying for stuff from other states to go down to Melbourne, Sydney and purchase back up ...

**Dr LIM:** And just take mangoes as an example. The mangoes that are grown prolifically in Darwin are all carted down to the Melbourne, Sydney markets where they are sold or auctioned off, and then returned back to the Territory to be sold to us. That's phenomenal ...

**Mr MITCHELL:** Same as bananas.

**Dr LIM:** Yes, bananas, it's just that ...

**Ms CUMMINGS:** And you meat's an absolute classic. We're the beef growing country and we probably pay some of the highest per kilo for our meat, getting ...

**Dr LIM:** Yes.

**Ms CUMMINGS:** We have an abattoir out here. Okay, they say, well, that's export quality beef or it's not prime beef that they're slaughtering and that sort of thing. But there could be some intervention and some measures and some strategies put in place to counterbalance both those issues.

**Mr MITCHELL:** But just ...

**Mr DUKE:** I was just going to say that you're talking about Darwin being able to cost them into drive around finding the bargains or whatever, the better costs and that sort of thing. Whereas, here, because - supporting what Tracey was saying about having to buy more frequently - that that is compounding on

your costs of running your vehicle, which compounds into tyres and servicing and all of those sort of things, plus that's infringing on your personal time, and quality of life.

**Ms CHAVASSE:** Especially if you've got a diesel 4-wheel-drive, and the stop and start, 5 minutes ...

**Ms LEO:** But we don't have the choice to go and shop around here.

**Ms BROWN:** But I live at Tindal which is 20 km out of town. So I mean, to come in to shop - I live and work out there, so I mean, I come into town to shop. And it's really quite expensive.

**Ms LEO:** I don't think it's a matter of a weekly cost factor though. It's been like 12 or 13 years cost factor to me, because things are always cheaper and sort of been brought to my attention more just lately. My daughter's living in Darwin now, and she came down and said, 'Oh, grab me some of this while you're in town, grab some'. And it's so - she came back and said, 'That's disgusting'. And she doesn't normally take any notice at all. She's not a good shopper at all. But, you know ...

**Mr STIRLING:** Di, are things worse since the flood?

**Ms LEO:** Oh, we noticed it since the flood, yes.

**Mr STIRLING:** You've noticed an increase?

**Ms LEO:** Yes, as soon as they opened the new doors, the prices seemed to go up. I mean, there's only John and I living at home and we have a few visitors, but we don't spend too much on groceries. But yes, definitely. My own outgoing is higher, markedly higher since the flood.

**Dr LIM:** You had a question in the back there.

**Ms FINLAYSON:** My name's Kate Finlayson. I'm just being myself for a moment. Just an extension of all this is the communities. I lived at Lajamanu for a very short time. By the time the fruit and vegies that come from the Katherine supermarket hit those communities, they're dead. You'd scavenge through and maybe find an apple. So they're actually getting the real bottom of the heap. And when we were out there, we thought that the Katherine supermarket, which is Woolies, must be sending through the scraps. But it probably is the case that it just loses its life on the trip out and ...

**Dr LIM:** Well, what you observe is correct. Let's say a crop of any food, say bananas, it leaves Darwin green in crates, processed. It goes to Melbourne. It's auctioned off there and it gets distributed around the country. And by the time it reaches back up to Darwin or Katherine, it's probably 3 weeks old from the time it was picked. And by then it goes out to Lajamanu. It's probably 4 weeks old. So the shelf life gets shorter at each location. Now, that is the problem with distance from any market that we live. And it's the fact that Australia is a bloody big country. Now, I'm not certain how - I'm not a businessman, I'm not a wholesaler or a retailer, I will not know the dynamics of how you would get crops or supplies to areas, you know, very quickly from the time it's harvested.

**Ms LEO:** But even taking the fresh fruit and vegies out of the question, the other dry goods and staples, they're all more expensive. They definitely are. Even soap powder which probably has a shelf life of 5 years. I don't know, but it is more expensive. I did some checking just on Saturday up in Darwin, and the price is phenomenal. A basic cost, non-special price, is \$2 cheaper up there than it is in Katherine. And on soap powder, which is really, really sad. Because we don't know unless we go and do this sort of thing, you don't really know. And you think, 'Oh, yes'. I'm usually very good. I shop about every 6

weeks in a cycle, and when things come on special I buy, and I buy 2 or 3, and then I wait until it comes on again. But not everyone can do that. If they've got big families and lots of kids and so on. But all the dry goods, Cornflakes and Weetbix and all that, that's more expensive. Long life milk, as in my letter, it's more expensive. Why? You don't even have to put it in the refrigerator.

**Mr MITCHELL:** Well, that's what we're trying to find out, is why.

**Dr LIM:** Can you just add something else ...

**Mr MITCHELL:** There's no doubt that it's expensive.

**Ms FINLAYSON:** I don't know if you take recommendations, but I think one of the recommendations I would like to see - especially because we do live, as Teresa was saying, in a beef, fruit growing country, I mean, we've got every crop growing right around us here in Katherine - is that Woolworths have to buy locally in the state. Not have to, but a recommendation that you may or may not be able to pass on. I don't know if would be then that some, yes.

**Ms LEO:** I recommend that they stop here first.

**Ms FINLAYSON:** I think the town has to take it on board as well a bit, to set up the competition, market gardens as well. I think that's a 2-way thing.

**Mr DUKE:** Maybe the town supermarket should be under the jurisdiction of the government departments and in fact if they can't get it from the local supply, then they have to go through a local supplier.

**Dr LIM:** So what you're suggesting is that government should regulate prices and regulate competition and all that.

**Mr DUKE:** I'm not saying that. That's not my field and I have no experience in that field, I'm not prepared to comment on that. But what I will say is one of the examples that I've got when I first came up here is that okay, fair enough, I used to shop in the markets in Adelaide. Like, a head of cauliflower used to cost around 99¢. Okay? When I got up here, I went in to buy some cauliflower, and it was \$2.50 for half a head. I nearly fell over. \$5 for a head of cauliflower. An incredible difference.

**Ms BROWN:** That's the issue. That's the issue. Fruit and vegies are probably, on an average, at least 4 times the price of what you would get anywhere else. 400% if not more. That's what's unreasonable, you know. You expect to pay, you know, maybe 100% more or something like that. But on an average, it's 4 times plus, 400% more at least.

**Dr LIM:** So you think double the price of Adelaide is acceptable.

**Ms LEO:** At least double. And another interesting thing we found out after ...

**Dr LIM:** Hang on. Let's come back to that, Di. I'm just trying to pin it down a bit. At least double. You think 3 times the price of Adelaide is acceptable.

**Ms CHAVASSE:** You just went from double to 3.

**Dr LIM:** No, no, because you said at least double. That's why I'm saying ...

**Ms LEO:** Yes, at least double the price.

**Ms CHAVASSE:** You're saying that that's what they are, at least double. They're actually saying 400% ...

**Dr LIM:** No, no. I'm actually saying what's acceptable. I'm asking the question. What is an acceptable mark-up, based on an Adelaide experience?

**Ms FINLAYSON:** I don't come from Adelaide, I come from south-east Queensland.

**Ms LEO:** We can't accept ...

**Mr MITCHELL:** Can I just give you a little scenario there that might help you in making up your own mind about it. For instance, if you buy a lettuce in Adelaide, just as an example, for \$1, and you buy a box of lettuce, 10 to the box - I think it is 10 to a box normally. So it's \$10 for that box of lettuce. To get that box to Darwin would probably cost about another \$5 I think it is, refrigerated freight. It's about \$5 for instance. Then on top of that, every box of lettuce, you have a 20% loss. That's what they calculate their prices on. So that puts the prices up more and more. So you're getting up to very close to double the price already, just on a very basic freight.

Now, the freight in the fruit and veg is probably - well, is a big factor - but in dry goods, it's not such a big factor. And that's what all of the major retail shops in Darwin keep telling us, that the freight on Cornflakes, Weetbix, all that sort of stuff, is not a major issue. But on the fruit and veg, that's where it does become an issue. For instance, bringing it up from say, from the markets in Adelaide, if it stops at Alice, Tennant, Katherine, Darwin, they're opening those doors up 4 or 5 times. Every time you open those doors up, you lose more of your stock each time. So that's ...

**Ms CHAVASSE:** So you're saying they don't have sections or petitions in the truck?

**Mr MITCHELL:** I'm not saying that at all. I'm saying that's what they're telling us.

**Mr STIRLING:** No, but they should leave a trailer behind, shouldn't they?

**Mr MITCHELL:** Yes, or trailer, that's right.

**Ms CHAVASSE:** Yes, that's right.

**Mr STIRLING:** I mean, that shouldn't be too hard to work out.

**Mr MITCHELL:** Yes. And that's why we're trying to work out why they are saying what their prices are. We can't then turn around and say, 'Look, you're going to have to regulate your prices' or anything. I'm not suggesting any of you are saying that, but we'll be coming out at the end of this and saying the prices are high. These are the prices. If we think it's a rip-off, that's what we'll be saying. But that will be at the end of it, when we've sort of looked at every ...

**Ms CHAVASSE:** But I know that the cost - yes, everyone agreed we've got the weather conditions, especially in the wet season, it's very hard to keep fresh food. Yes, you have got a high cost of food, but a lot of people are really objecting to paying high cost for low quality. I mean, can't you compromise, you know and bring it more of an even par, and then people will probably accept it? It's just that this is Australia and why should we accept lower standards?

**Dr LIM:** Tracey, we are on your side.

**Ms CHAVASSE:** Yes, but what I'm saying is, you're trying to find a solution. Why don't they, okay, lower the cost of the vegies, or as I've said, stop on the way to Darwin? That's a couple of days, you know.

**Ms LEO:** Yes, it definitely is.

**Ms BROWN:** This is a big town. Surely to goodness they could drop one of their refrigerated containers off here ...

**Ms CHAVASSE:** Pick it up on the way down.

**Ms BROWN:** ... which would be - I mean, I'm sure that Katherine would at least have a refrigerated container full of fruit and vegies for the week, you know.

**Dr LIM:** Teresa, you were going to say something.

**Ms CUMMINGS:** Just taking it in a slightly different direction. You talked about government policies. The national competition pricing review that's going on with the Commonwealth at the moment. The evidence in with the initial draft documents of that is leaning fairly clear that for regional areas you tend to only get one player in the market and they are tending to hold the market at ransom.

**Dr LIM:** Yes.

**Ms CUMMINGS:** Getting back to the situation as whether Casuarina or Palmerston or Big W or whatever are top leading stores, I know for sure that when Woolworths supermarket opened up nearly 10 years ago, whenever it was, for the first 2½, 3 years it was the top 3 trading stores in SA/NT. Liquor sales account for that, but the other aspect is that they are serving quite a large population outside of the town as well.

There's got to be some reasonable evidence out there that we are paying well above what we could call market averages, because we are in remote areas, and there's no competition.

**Dr LIM:** What we have - what the committee has sought from the big national chains, are in fact, quarterly figures for the last 6 quarters in all regional centres. So Alice Springs, Tennant Creek, Katherine and Darwin, we are asking for the last 6 quarters prices. So they'll - sorry ...

**Mr STIRLING:** And Gove.

**Dr LIM:** And in Gove. I'm sorry, Mr Nhulunbuy.

**Ms CUMMINGS:** Gove gets support.

**Dr LIM:** So that will give us an indication of the prices and everything, compare each regional centre. And we are also doing a spot price survey over the not-so-distant future. We're going to send a team of people in and start ticking off, and writing down figures and all that. So we will ...

**Ms CUMMINGS:** Do you have to notify them that you're coming?

**Dr LIM:** We are not. We are not.

**Ms CHAVASSE:** Because we're under the assumption that you had to if you want to do a price check you have to give them 24 hours notice.

**Dr LIM:** No. This is a parliamentary committee and we don't have to do that. And we will not be. They know that we are going to do a spot check some time during the life of the committee, which is up until 19 August, and they're not going to know when. We're just going to do it, and what the committee has sought from the big national chains, are in fact, quarterly figures for the last 6 quarters in all regional centres. So Alice Springs, Tennant Creek, Katherine and Darwin, we are asking for the last 6 quarters prices. So they'll - sorry ...

**Mr STIRLING:** And Gove.

**Dr LIM:** And in Gove. I'm sorry, Mr Nhulunbuy.

**Ms CUMMINGS:** Gove gets support.

**Dr LIM:** So that will give us an indication of the prices and everything, compare each regional centre. And we are also doing a spot price survey over the not-so-distant future. We're going to send a team of people in and start ticking off, and writing down figures and all that. So we will ...

**Ms BROWN:** Do you have to notify them that you're coming?

**Dr LIM:** We are not. We are not.

**Ms CHAVASSE:** Because we're under the assumption that you had to if you want to do a price check you have to give them 24 hours notice.

**Dr LIM:** No. This is a parliamentary committee and we don't have to do that. And we will not be. They know that we are going to do a spot check some time during the life of the committee, which is up until 19 August, and they're not going to know when. We're just going to do it, and no point telling them when you're going to do it because they'll just drop the price for the day.

**Mr MITCHELL:** No, you can't say that, Richard. You can't assume that.

**Dr LIM:** I would if I were getting it.

**Mr BALCH:** We are going to get historical data back for nearly 12 months, so we want prices every, each quarter, back over 12 months.

**Dr LIM:** Six quarters is 18 months.

**Mr BALCH:** So that even if they've adjusted the prices for the life of the committee, we'll be able to look back and see what happened.

**Ms LEO:** They have definitely adjusted some prices since the committee was mentioned, because you can buy lettuce for less than \$2.89 in town, but you for so long ...

**Ms CHAVASSE:** I was wondering why the prices had dropped all of a sudden.

**Ms LEO:** ... and then all of a sudden they were going \$1.99. I said, 'Hey quick, get and get the lettuce, it's \$2'.

**Ms CHAVASSE:** And bananas have dropped to \$3.09 a kilo, and we go 'Wow!'

**Ms BROWN:** \$3.09.

**Ms LEO:** And it was so obvious.

**Mr MITCHELL:** \$3.09?

**Ms BROWN:** \$3.09 a kilo.

**Ms CHAVASSE:** \$3.09 a kilo, and that's cheap.

**Dr LIM:** I'll come back to you in a minute.

**Ms CHAVASSE:** So if you go back 12 months you would definitely have that evidence.

**Dr LIM:** You can all appreciate - remember earlier this year the petrol price dropped down because of the hue and cry, and within a few months it just went back up again. And I was cynical enough right at the very beginning of the inquiry, to say that this 6 months of the inquiry, food prices will be reasonably contained, and once the inquiry's over, there's every likelihood it will go back up again. But, I believe the committee will have recommendations in place, to maintain a market watch.

**Ms CHAVASSE:** What was?

**Mr MITCHELL:** Price shoot up.

**Dr LIM:** Or a price watch so that we will actually publish lists of food and where they are purchased ...

**Mr MITCHELL:** Or may be.

**Ms CHAVASSE:** Well, that's like that broccoli - \$7.99 a kilo. Wham - down to \$4.99 all of a sudden. And you're saying why - and of course these things you can't ...

**Mr MITCHELL:** Well, that's an interesting comment to make and put on the record, and that is the fact that since this committee was paraded around, you've noticed a price drop.

**Ms CHAVASSE:** Yes, since the first surveys appeared in the paper, and it was within the next week or so that I noticed a few prices plummet. I thought, 'Oh, yes, good, good'.

**Mr MITCHELL:** So they've been consistently down since then?

**Ms CHAVASSE:** Oh, they creep up and down.

**Ms FINLAYSON:** I haven't known them to high price like that ...

**Ms BROWN:** Just for instance, I went to dinner when I had friends over - I think it was a Saturday night. My friend had been into the supermarket on the Friday, rockmelon at \$2.99 or \$3.99, I can't remember whether it was \$2.99 or \$3.99 a kilo. Somehow or other I got mine for \$1. Lord knows why - well, I do know why, because it started going mildew on the outside the next day. But then the next day she went back, because she thought, 'Oh, well, I'll do that for fruit salad or juicing or whatever'. And then it was back to \$3,.99 a kilo. So in 3 days ...

**Ms CHAVASSE:** To get rid of it they ...

**Ms BROWN:** I mean, that's the sort of stuff that you get.

**Ms CUMMINGS:** You just can't budget. You just can't budget.



**Dr LIM:** Teresa, have you ever held their thought?

**Ms CUMMINGS:** Staff costing, has that been touted by the supermarkets as a reason or a justification for additional pricing as the cost of stuff?

**Mr MITCHELL:** We haven't really got into the supermarkets at this stage.

**Dr LIM:** Yes, just ...

**Mr MITCHELL:** Although that is certainly part of it.

**Mr BALCH:** It has been raised that staff costs are higher.

**Mr LIM:** In earlier discussion with them, yes. The staff turnover, staff training, and therefore the staff costs are higher.

**Mr MITCHELL:** What they're telling us, or what they've told us - and we'll have to investigate this a bit more later on in the week when we're talking with them - and that is that particularly their senior managerial staff that they can't train or get locally - this is some of the things that they're saying - and they have to keep bringing up from down south and it costs so much extra to have their senior managerial staff up here, and housing and all that sort of stuff because the cost of living is so high. A bit tongue in cheek here, but ...

**Mr DUKE:** The quality - they didn't muck around with the prices and that, as much as they'd like, and I mean, the prices we think have definitely come down, but the quality definitely is a major issue, because I think there's - especially with kids and stuff like that, there's a hygiene issue, okay, and the risk of infection through rotten food. The fact that you get a head of lettuce and it's got no heart. You open the lettuce up and where did it go?

**Mr MITCHELL:** It's all leaf.

**Mr DUKE:** It's gone. There's nothing, there's no heart to it. Or I heard a comment from a friend, the first time he went down to Melbourne and had an apple, he didn't realise an apple could taste so good. He said it was juicy and it tasted really good, and it was nice in the hand. And that was the first time he'd ever sort of been down south or somewhere like that, and he had no idea that apples tasted like that. So it's the flavour that's wilted, there's no flavour in the food.

**Ms CHAVASSE:** I'd just like to say also in regards to the Defence, a lot of the families don't have a choice where they go. So they don't have a choice to come here. So it's not as if they want to come to Tindal or Katherine. Okay?

**Mr MITCHELL:** You can look out for the mistakes that they make occasionally too. My wife bought a big tray of lamb loin chops only Friday last week - 26¢, because they made a mistake on their baring and she went through every single one of those packs in there to see if there was any more at the same price, but all the rest were correct.

**Ms CHAVASSE:** Well, that's why we ...

**Ms BROWN:** But to actually add on to what you're saying, is that he said because of health issues as well. Children are - you can't afford to give your children lots of fruit and vegetables like you would in other places ...

**Ms CHAVASSE:** No, can't afford to, that's right.

**Ms BROWN:** ... so they tend to get sicker, and so you've got doctor's bills and all that sort of stuff. And they're not as healthy and not as robust. I mean, it really is an issue that you don't eat as many fruit and vegetables.

**Ms FINLAYSON:** Then you go into the ...

**Mr MITCHELL:** Well, one thing's certainly come out, and that is Katherine is a lot higher than Darwin.

**Ms CHAVASSE:** Pardon?

**Mr MITCHELL:** One thing has certainly come out here this afternoon is that Katherine is higher than Darwin, and that's a very interesting ...

**Ms BROWN:** Yes, fresh fruit and vegetables ...

**Ms LEO:** Especially when the trucks go through.

**Ms CHAVASSE:** That really bites.

**Ms LEO:** You see, we pass them all when we're coming home on Sunday. They're all going up and you think, 'Oh, god, there's our fruit and vegies going north'.

**Mr MITCHELL:** But they'll have reasons for that and that's what we're trying to find out exactly what those reasons are.

**Ms LEO:** And we did notice - did you get fresh fruit after the flood?

**Ms CHAVASSE:** I wasn't here.

**Ms LEO:** The first trucks that were stuck here after the flood, we just thought, 'Wow, hey this is something else'. And it was really good fresh fruit, and it wasn't the stuff we get.

**Ms CHAVASSE:** Oh, it was the best.

**Ms LEO:** It was the Darwin fruit and veg.

**Ms CHAVASSE:** It was like kids in a toy shop.

**Ms LEO:** It wasn't our fruit we were eating. We had the other trucks that were going to Darwin. And it was so good. And you thought, 'Why don't we get this all the time?'

**Dr LIM:** The Woolworths here, is it open until 12 midnight?

**Ms LEO:** No, until 10.

**Dr LIM:** Until 10, okay.

**Ms LEO:** But they only employ mainly under 18-year-olds. I was in there 4 o'clock last weekend - not this one, last weekend - and the oldest person in charge there was 18 year old. Because I had a dispute with one of them, and I said, 'Well, who's in charge?' And she goes, 'I am'. I said, 'I remember you just

leaving school not long ago'.

**Dr LIM:** With the longer hours and the extra convenience, is that justification for you to pay higher prices?

**Ms LEO:** No. Darwin - was it Karama? Karama is 24 hours?

**Dr LIM:** I'm not sure.

**Mr BALCH:** Yes, it is.

**Ms LEO:** Karama is 24 hours. There's another one out at Palmerston, 24 hours. They still have all the freshest stuff, where they have fresher than ours, and the long life and the cereals and all the dry goods are cheaper. And soap powders are cheaper up there, you know. Shampoos, hair shampoos, you can buy it cheaper in Darwin. Like, up to \$2 cheaper, which is too much difference. And then we're taking our dollars out of town, that's the big worry. I myself have been in town for quite a while and we want to keep as much money here as possible, but it really galls you when you go up there, and wow.

**Ms BROWN:** Some people actually do - what do you call it - buy-in from catalogues.

**Dr LIM:** Yes, mail order.

**Ms BROWN:** Mail order. Particularly pharmaceuticals and things like that.

**Ms LEO:** Oh, that's a new thing. I heard about that.

**Ms BROWN:** Because it is really ...

**Mr BALCH:** That's become more prevalent as the Internet expands.

**Ms BROWN:** Yes.

**Ms CHAVASSE:** Excuse me, gentlemen, I have to go.

**Dr LIM:** Thank you very much, Tracey, for coming and talking to us. Anybody else?

**Mr MITCHELL:** Thanks very much.

**Mr BALCH:** We should invite you to come and sit in on the Darwin hearings and ...

**Ms CHAVASSE:** Love to.

**Mr BALCH:** ... listen to the people up there complaining about freshness and prices.

**Ms LEO:** How long does it take a truck to come from Adelaide to ...

**Mr STIRLING:** Thanks Tracey.

**Ms CHAVASSE:** Thank you very much.

**Mr MITCHELL:** Thanks, Tracey.

**Ms LEO:** Is it 2 days?

**Mr BALCH:** From Alice Springs they usually - they rail it to Alice ...

**Ms CHAVASSE:** Pick off the trains.

**Dr LIM:** They rail it to Alice Springs, and from Alice Springs they offload onto the road trains back up here.

**Ms BROWN:** So what's the time?

**Dr LIM:** Oh, less than 24 hours to get to Darwin from Alice Springs.

**Ms BROWN:** So we're only talking nearly 2 days.

**Mr BALCH:** From market to being delivered in Darwin it's 3 to 4 days ...

**Ms LEO:** That still doesn't explain why the food is so poor, the quality of food is so poor.

**Dr LIM:** The Alice Springs to Darwin railway promises 36 hours from Tarcoola to Darwin.

**Mr BALCH:** The wholesalers tell us that one of the ...

**Ms LEO:** But will the train stop in Katherine?

**Mr BALCH:** The wholesalers tell us, and in fact one of the things I was interested to hear when you talking about quality, because one of the things that somebody who's lived in Darwin for 30-odd years, there is absolutely no doubt that we have had a vast improvement in quality in Darwin over the years. And I think, Syd, you said you've experienced something like that in Gove. So obviously, that's not happening here. But it has happened ...

**Mr STIRLING:** Coming off a very low base, I might add.

**Mr BALCH:** Yes. But one of the things that we're told why we have to pay higher prices, is that particularly with fresh fruit and veg, when you talk about buying - as the gentleman up the back there said - buying a head of cauliflower say, in the market in Adelaide, you're actually buying - you're not buying what they call the first quality or the premium quality that the grower sells to the commercial operators. What he does, he sells his top of the line stuff to his commercials, and then he takes his boxes to the marketplace and sells them at the market, at pretty cheap prices. So it's very hard to draw the comparisons there.

So what they're saying up here is that they have to buy that absolute first quality product in order to make it travel, and therefore, before you even start, that 99¢ product in the market is already \$1.50, even before they put it on the truck. It's \$1.50, and then you add all the other costs to it. But that should therefore result in us having top quality produce here, and that's not what you're seeing here.

**Ms LEO:** No.

**Mr BALCH:** We are seeing it in Darwin, as I say.

**Ms CUMMINGS:** When I - my first foray into Woolworths when I first arrived here in November last year was, I walked in and strawberries were \$20.99 a kilo. I almost just turned around and walked out.

**Ms LEO:** They have tinned ones too.

**Mr MITCHELL:** You would have been interested in a store that we were at earlier on today. Three

bananas, about that long, I suppose, and small bananas, \$3 a packet. Three bananas, \$1 for one small banana.

**Mr BALCH:** There were 6 apples for \$5.70 was not bad either.

**Mr MITCHELL:** \$5.70.

**Ms LEO:** This is on a community? Disgusting, isn't it?

**Dr LIM:** Any further comments? Thank you very much for your letter, Di. I appreciate that. Anything you wish to add to that, apart from what you've said already?

**Ms LEO:** No, not really. I'd just like to see across the board, as well as the fresh food

**Mr MITCHELL:** You would have been interested in a store that we were at earlier on today. Three bananas, about that long, I suppose, and small bananas, \$3 a packet. Three bananas, \$1 for one small banana.

**Mr BALCH:** There were 6 apples for \$5.70 was not bad either.

**Mr MITCHELL:** \$5.70.

**Ms LEO:** This is on a community? Disgusting, isn't it?

**Mr BALCH:** It's hard for them because ...

**Dr LIM:** Any further comments? Thank you very much for your letter, Di. I appreciate that. Anything you wish to add to that, apart from what you've said already?

**Ms LEO:** No, not really. I'd just like to see across the board, as well as the fresh food, all of the dry goods as well, because if I can't get the fresh, I buy the frozen or the tinned. Because, I mean, why buy the fresh and look after it yourself when you could have it in a tin and use it any time. And it's against my principles, I might add, too.

**Mr BALCH:** It could just be that through the submissions we get in highlighting someone like Woolworths, that their supply chain is not working effectively ...

**Dr LIM:** Not working, that's right. Their cold chain, or whatever is not working here.

**Mr BALCH:** ... could result in some changes to the way they supply their store. Hopefully, we can have that.

**Dr LIM:** And we heard somebody talking about next time you open the doors of the truck, food doesn't degenerate, deteriorate. That does happen in the sense that the cold chain gets interrupted and that causes lots of problems. Well, at least it's not the Ghan camel back supply. Then we'd be worse off. Well, thank you everybody for coming. I'll close up on this hearing, and we'll try and come down with something that'll be helpful to Territorians.

**Ms LEO:** I hope something is resolved.

**Mr MITCHELL:** If you think of anything that may have been missed here at any time, please feel free to contact us and let us know.

**Mr BALCH:** Drop us a line, yes. Okay, thank you.

---

**Borrooloola**

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**

**PUBLIC HEARING**

**BORROLOOLA – Wednesday 23 June 1999**

**PRESENT:-**

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Ms Vena Oliver; Gulf Mini Mart,

Ms Christine Sauer; Gulf Mini Mart,

Ms Robyn Ditton; Ditton Snack Bar,

Steve McVay

**NOTE: This is a verbatim transcript –**

This is an uncorrected proof of the hearing. It is made available under the condition that it is recognised as such.

**Dr LIM:** ...the Top End this week. A month ago we were down in central Australia doing the bush communities as well as the urban centres. Here, we're obviously looking at - we've been to Katherine, Nhulunbuy, a couple of bush places, and tomorrow we'll be the next 2 days in Darwin to talk to Woolworths, Coles, the big mob as well.

While waiting for John, I'll just say some introductory remarks about why we are here. If you all recall back in February this year - you don't have to write anything because once we start recording, all that will be sent back to you.

**Mr McVAY:** Oh, well, it saves me running the full ...

**Dr LIM:** Saves you writing, yes, that's right.

**Mr MITCHELL:** But you can if you like.

**Mr McVAY:** No, no, I'd much prefer the young lady to tape it.

**Dr LIM:** Listen and concentrate and all that rather than you miss things.

**Ms DITTON:** As Sir Humphrey said, 'If it's not in the minutes, it didn't happen'.

**Dr LIM:** No, this is not so much ...

**Mr MITCHELL:** Not Mr Appleby, by any chance?

**Dr LIM:** What will happen is, first of all, whatever we say will be recorded, it will be transcribed, and sections of the transcript that relates to you will be sent back to you for you to peruse. If you find that there's inaccuracies or whatever, you are entitled to correct them and send them back. Okay? Eventually, when we table our report in parliament on 19 August, your oral submission will be incorporated into our report and tabled in parliament.

**Mr McVAY:** Will I be able to get the whole transcript?

**Dr LIM:** Oh, gee.

**Mr McVAY:** No, not of all of that, just of today.

**Mr MITCHELL:** Oh, yes.

**Dr LIM:** Yes, that's what I'm saying ...

**Mr McVAY:** I thought you meant just individual people would get their own individual comments.

**Dr LIM:** Well, because if you all speak, sort of, one interspersed with each other, then you will end up having the whole lot. But if not, if you also keep yours separate, then it will only be your little bits. You can share it anyway and check it through.

Anyway, coming back to February this year, you might all recall that *Business Review Weekly* magazine published an article that said that the Northern Territory's food prices were the highest in the country. That caused a fair bit of a stir, especially in Darwin. So that was just before the sittings, so in the February sittings, parliament selected a committee to review this, go around the Territory and have a look at it and see what the reasons are.

What we're looking at more to the point, is that we know that Territory prices are higher than everywhere else in Australia, and that's a given. Nobody's arguing about that. What we want to find out is whether - we want to find out how businesses arrive at the shelf price from the wholesale price. We talk about freight, we talk about the cost of goods, we talk about staff, rental, power, and profit margin, that sort of thing. And so we want to know how people work out the percentages, what it costs you to have staff, what it costs you to have freight and all that, to arrive at the particular shelf price.

Obviously, if things are going all right, that's fine. If you find out the information and we share it with the Territorians. If we find that certain places there are problems, like, for instance, if we think that places have got, for instance, a community that has a lot of royalties being paid by the store to the one or 2 people, and that also of course, allows a lot of skimming, then the community is suffering because of

that, then we will report that. We will not name the community, but we'll say, 'Look, this is happening, and well, things should be put in place to try and prevent it'. We might say, 'Okay, we'll look at doing a price watch sort of thing around the Territory', and say, 'Look, a litre of milk is X number of dollars at these places and those places', and then people can look at it and say, 'Okay, why is it so?' It then becomes market pressure on the local stores to say, 'Look, can you do something about it'. If people don't know, they can't do a thing about it. So we might look at doing those sort of things as well.

By going around the Territory talking to people, we get their experience from both the commercial point of view, and also from the consumer's point of view. I mean, we are consumers only, we don't know the business side, and the business side of the issue might have very good reasons to do certain things. We are not saying that's wrong or anything. You've got good reasons to do it, and that's not a problem, so you do it.

And so, by talking to people, learning from all your experiences, we can start to develop a picture in our head. And then we'll do a report, which will be tabled in parliament, and it's up to then, parliament and government, to say what to do with the report, and what to do with the recommendations we put in there. All right? This is not trying to - a lot of people, when we first walked into their communities, though, 'Here's another witch hunt'. Well, it's not. It's just a fact finding exercise for us, as the members on the committee.

Now whatever you say at a parliamentary hearing is what we call privileged. You're covered by privilege, so you can say what you like, and be safe that nobody can sue you for whatever you say. I mean, if you don't ...

**Mr McVAY:** I like this already.

**Dr LIM:** We don't need to slag the big one, or that, but we expect you tell us truthfully, you know, give us truthful information, and then we can then develop a clear picture in our heads. If there's any part of your submission that you want to have *In Camera*, it means that you want to tell us privately, you don't want to share with anybody else, you are allowed to do that also. But just tell us first. Just say, 'Look, I want this part to be *In Camera*', and then we'll call the meeting to a close, and then bring you back and have just yourself with the committee. All right?

I've told you about the transcript and what can happen to that. So when you first start speaking, if you could just formally state your full name and the position you're coming on, whether you're here as an individual, an operator, a consumer, or representing a community group, whatever. Just say that so that, for the record, we know what you represent. Now, when John Ah Kit comes in, we'll start.

**Mr McVAY:** Most people aren't here because no one had a clue this was on.

**Dr LIM:** Oh, it was in the papers.

**Mr McVAY:** It was in the *NT News*.

**Dr LIM:** Wasn't there a local Borroloola paper that we advertised?

**Mr McVAY:** Yes, it's only just come out.

**Dr LIM:** Just come out?



**Mr McVAY:** When did they put that out - Saturday?

**Ms SAUER:** Saturday.

**Mr MITCHELL:** How often does that come out?

**Mr McVAY:** Once a month.

**Dr LIM:** Oh, once a month. Last Saturday.

**Ms SAUER:** June said she was coming, didn't she? She's coming in.

**Mr McVAY:** Ys, they get Jan and I think - did you know?

**Ms SAUER:** You told me.

**Mr McVAY:** I told them. I've just gone and picked Chrissie and Vena up.

**Ms SAUER:** She was doing a price check, but because - he only done it because he was here.

**Dr LIM:** Part of the hearing. I mean, Phil and myself were appointed as a subcommittee, and then we can actually do that formally. There's no problem. And perhaps, like to open up to you guys to tell us about, if you want, as to running a store, can tell us about your experiences here or anything like that.

**Ms SAUER:** Well, I mean, I'm Chris, from Gulf Mini Mart. I manage Gulf Mini Mart.

**Dr LIM:** Chris, your surname?

**Ms SAUER:** Sauer.

**Mr LIM:** Chris Sauer.

**Ms SAUER:** Yes. Like, we do takeaway as well as groceries and fresh food, fresh vegetables. Compared to other small communities, our prices, I don't feel, are that bad, yes. We've been to Mt Isa in the last month or so, and prices at like, services stations with takeaway food and that sort of stuff on the way over, are dearer than us. So we're keeping them on a pretty even level with everyone else within the state. No, I don't think we're doing too bad, actually, as far as it goes.

**Dr LIM:** This is John Ah Kit. We just this moment started, all right? Okay.

**Ms SAUER:** I mean, you can't compare us with Woolworths. Like, I mean, I was listening to the radio yesterday morning. There was a lady there from the RAAF, at Woolworths, and she was complaining about the prices of Woolworths in Katherine compared to the price of Woolworths in Darwin. You can't compare us with that, because we can go to Katherine or Darwin and buy off the shelf cheaper than what we can get it from our wholesalers.

**Dr LIM:** We're interested to hear that. That's the sort of information we're looking for. Where do you source your wholesalers from?

**Ms SAUER:** Most of them are Darwin, yes. Yes, they're all Darwin actually.

**Dr LIM:** What, Top End Wholesalers, or ...

**Ms SAUER:** Yes, we use Top End, we use IGC, we use Kosmos, yes. they're sort of our main ones. Tully's for our fresh fruit and vegetables. And as I said, I've got the actual owner of the shop lives in Darwin. I can give her a ring. For stuff that I don't want to get a carton of, I actually ring here and say, 'Listen, can you get me half a dozen of those?', and I can get them cheaper off the shelf at Woolworths than what I can actually buy them from my wholesaler.

**Mr MITCHELL:** That's Rhona, you're talking about the owner?

**Ms SAUER:** Yes, I can ring the owner, yes.

**Mr MITCHELL:** But is that Rhona, is it?

**Ms SAUER:** No, no. This is Gulf Mini Mart, not BBD, yes. Yes, so, people just don't think of that thing when they come to a small area. So you know, Woolworths have got such a big buying power ...

**Mr MITCHELL:** We're not comparing you to Woolworths. All we are doing is looking at what the prices are here, and then the reason why they are the prices that they are at. That's purely and simply what we are doing. That's all.

**Dr LIM:** Is the same thing as we are not comparing Darwin with Sydney. It would be impossible, you know.

**Ms SAUER:** Yes, that's right.

**Dr LIM:** Sydney with 4 million people, and Darwin with less than 100 000 people. So, don't ...

**Ms SAUER:** Yes, but you get your consumers that will compare us.

**Dr LIM:** They all do, you know.

**Ms SAUER:** Yes, yes.

**Dr LIM:** Alice Springs compares with Adelaide, you know, Darwin compares with Sydney. And there's just no comparison. There really is no comparison, and we'd be very conscious of that. We're trying to keep away from that sort of silly comparison because it makes no sense.

Your supplies, do they come by semi-trailer, do they come - how do they arrive here in Borroloola? Or by air or ...

**Ms SAUER:** By Borroloola Freight Service, yes.

**Dr LIM:** Okay, right. And can you give us, say, a ballpark figure of what percentage the freight costs in your overall turnover?

**Ms SAUER:** Over to Vena.

**Ms OLIVER:** No, well, I can't really.

**Dr LIM:** Well, Vena, can you please, for the record, your full name?

**Ms OLIVER:** Oh, sorry. Vena Oliver, and I do the bookwork over at Gulf Mini Mart, pretty well. But having said that, we don't actually pay the accounts. We just wrap up the invoices. But, no actually, I couldn't tell you what the percentage would be overall. But, I suppose ...

**Dr LIM:** What, 10%, 15%. You know, just a ...

**Ms OLIVER:** I'd say an around ballpark figure of about 15%.

**Dr LIM:** 15%, right.

**Ms OLIVER:** Yes, probably around about there.

**Dr LIM:** Okay. You don't use air freight at all in any way?

**Ms SAUER:** No.

**Ms OLIVER:** We very rarely have to use it.

**Dr LIM:** So when you get your supplies - once a week, more than that?

**Ms OLIVER:** Well, we have 2 trucks. The truck comes in twice a week. But we generally just get it on the one services, because they only have the one fridge mobile. So we generally just get in that one service to ...

**Mr MITCHELL:** Just to break it up, would you have half a trailer a week, or a trailer a week, or a quarter of a trailer, or ...

**Ms OLIVER:** Well, most of it just sort of comes on pallets, don't they Christine?

**Ms SAUER:** Yes, that's right, yes.

**Ms OLIVER:** But I suppose if you stuck it on a flat top, we probably would have up to half, wouldn't we?

**Ms SAUER:** Half, yes.

**Mr MITCHELL:** It's just that a lot of the freight companies charge ...

**Ms OLIVER:** Oh, per, yes, I ...

**Mr MITCHELL:** ... per trailer. I don't know what it would be at Borroloola, but most places this remote would be a couple of thousand bucks, I suppose ...

**Ms SAUER:** What did Mark say ...

**Mr MITCHELL:** ... per trailer. So ...

**Mr McVAY:** 22 for dry, 35 for fridge a kilo is what we pay for freight.

**Dr LIM:** 35?

**Mr McVAY:** Cents.

**Ms SAUER:** 35¢ a kilo.

**Dr LIM:** So it's based on weight, not based on the whole truck.

**Ms SAUER:** That's right.

**Ms DITTON:** But we have to pay a consignment fee ...

**Ms SAUER:** Plus your pick-up fee.

**Ms DITTON:** ... and then you pay ...

**Mr MITCHELL:** Sorry, can you give your name ...

**Ms DITTON:** Sorry. My name's Robyn Ditton. I'm the proprietor of Ditton's Snack Bar. We only sell takeaway food, we don't sell groceries. We sell the same type of food as Chris, so we're sort of in competition with each other. Yes, they charge a consignment fee, so if we get a lot of stuff from say, Independent Grocers, you pay a consignment fee plus the weight of whatever it is. And then if you get other things, you can't from one place that you have to get from another, so you've got to pay another consignment fee again. So we try to keep the freight down by buying as much as we can ...

**Dr LIM:** From one supplier.

**Ms DITTON:** Yes, from one supplier. But you still have to get it, like, every week, because what you can buy a lot of one week, you can't buy a lot of ... And it's the storage, a place to store it as well.

**Dr LIM:** So the Borroloola Freight Service would say, pick up all your stuff and bring it in one hit, and then ...

**Mr MITCHELL:** That's sourced out of Darwin, or Tennant, or ...

**Ms DITTON:** Darwin.

**Ms SAUER:** Darwin.

**Ms OLIVER:** And Katherine.

**Ms DITTON:** Darwin basically, and from Katherine.

**Mr McVAY:** So we use Tablelands ...

**Dr LIM:** Sorry, your name.

**Mr McVAY:** Oh, Steve, from the paper and I'll be at the Aussie Barra Van today too. There we go, it makes it more interesting. I think Tablelands come from Tennant Creek, and I think they're 24¢ a kilo. And then there's a Mt Isa truck as well.

**Dr LIM:** So you do both the newspaper and you also run the store?

**Mr McVAY:** No, mum and the partner own the Barra Van on the property, yes.

**Dr LIM:** Oh, right.

**Mr McVAY:** So you have the 3 options, but your consignment fee is for each pick-up, isn't it?

**Ms DITTON:** Yes.

**Mr McVAY:** So to save money, you try and buy it all from the one. But if you need to go to all the other ones, then you pay a consignment fee on each one.

**Mr AH KIT:** And your consignment fee is around?

**Ms DITTON:** It's usually \$10.

**Ms SAUER:** \$10.

**Ms OLIVER:** No, it's \$15, isn't it?

**Ms DITTON:** It was \$10, and then if they have to go and pick it up, it's an extra \$5 pick-up fee.

**Ms SAUER:** \$5 pick-up.

**Ms OLIVER:** Because see, when Kevin had it, it was \$30 and then they dropped it to \$15.

**Ms SAUER:** They dropped it, yes.

**Ms DITTON:** The minimum charge is \$15.

**Dr LIM:** Now, this may be commercial confidence - if it is say so, and you don't have to respond because of competition in the room. Your mark-up, is it a flat mark-up across the board, or you have low mark-up on some types of food, and high mark-ups on others?

**Ms SAUER:** Well, with us, we have the takeaway is higher than your groceries, yes.

**Dr LIM:** Okay.

**Ms SAUER:** We do tyres and that as well, and we just keep a flat mark-up for those. They're just so much per tyre. We don't actually go on a percentage for our tyres.

**Dr LIM:** All right.

**Ms OLIVER:** And also, like whitegoods, any whitegoods. Televisions and stuff like that. We keep that pretty low, because we don't know exactly what year you might see yourself ... Only have a very small mark-up on those sort of things.

**Dr LIM:** All right. Is there sort of, a healthy food policy in the sense that you will have low mark-up on the fruit and veg and good stuff, and the cigarettes and the stuff have a high mark-up to try and discourage people from ...

**Mr McVAY:** The cost of your fruit and veg, if you lowered your mark-up, you'd end up losing money on it. You pay a fortune, and the stuff you get, you can guarantee half of it, you'll toss out because it's rubbish.

**Dr LIM:** Would you estimate 50% in wastage on your fresh and veg.

**Mr McVAY:** Well, I'm just going by what I bought for the house. I throw half of it away quite regularly. I don't know what your shops ...

**Dr LIM:** What you'd throw away at home, is the consumers throw away, but what would a store - you obviously bought it from a store, right?

**Ms SAUER:** No, he bought it in bulk.

**Mr McVAY:** I bought it in bulk through the Barra Van.

**Dr LIM:** Yes, all right. Okay.

**Ms OLIVER:** No, we wouldn't carry anywhere near that. I don't throw away many fruit and veg.

**Ms SAUER:** We're lucky if it's 5%.

**Dr LIM:** 5%?

**Ms SAUER:** We're lucky.

**Ms OLIVER:** Usually pretty good, actually.

**Ms SAUER:** And our suppliers are really good too. If I have a problem with them, we just ring them and they'll credit that amount back to us ...

**Dr LIM:** Okay. That's been the story we hear a lot of our Top End, particularly that if you've got problem with your supplies, they're fairly good about crediting you.

**Ms SAUER:** Yes.

**Ms OLIVER:** They are very good, there's not pressure at all usually.

**Mr MITCHELL:** I'd just like to ask something, but before I do, the committee does have the capacity to go into *In Camera*. *In Camera* is an in confidence that doesn't go outside of the circle that's present. What I'd like to ask you is if you can give us a rough idea - and don't answer this straight away, until you think about it - a rough idea of what your turnover is and what your outgoings may be, and what percentage of your turnover is actually in food, as in your dry goods and your fruit and vegies.

I'll just give you an example. We've had some stores that, say, for instance, that will take in \$1.5m a year, and their outgoings and that might be say, \$800 000. So then their costs are taken in, freight included in that \$500 000 or \$600 000 on a \$1.5m turnover type of thing.

**Ms SAUER:** The only thing with us, we actually, as Vena just said, we actually do not pay the bills from down here. They're actually paid from our Darwin office ...

**Mr MITCHELL:** Okay.

**Ms SAUER:** So we have just no idea.

**Dr LIM:** No idea.

**Mr MITCHELL:** Okay. But, as far as your mark-ups and that go. Or, could we possibly contact your Darwin office and see, because we really - would they have more information of that type that I was going to ask?

**Ms SAUER:** Well, they would know what was paid out, yes.

**Mr MITCHELL:** And they would know what the incomings or the outgoings or the freight is?

**Ms SAUER:** Yes, yes.

**Ms OLIVER:** They'd have all that information.

**Mr MITCHELL:** Well, that might be an easier way of doing that, so ...

**Dr LIM:** As I said, we've got about 3 competitors in the room. Could we ask you to provide us with the figures directly to the offices, either by fax or whatever, rather than you saying in front of each other? Are you happy with that?

**Mr McVAY:** There's no point in asking us, because we're selling the van. So, it's a minimal anything anyway.

**Mr MITCHELL:** I mean, for example, as a manager, if you ...

**Ms SAUER:** Well, I don't mind saying. We put 65% mark-up on our goods.

**Mr MITCHELL:** Yes. Okay. No, what I was going to say was ...

**Ms SAUER:** I don't mind saying that.

**Mr MITCHELL:** ... as a manager, you'd have some idea on what your turnover is a week or a fortnight, or whatever. But that's fine. We can, if you're quite happy about that, we'll get that from your office in Darwin.

**Mr McVAY:** Our mark-up is simple, just whatever everyone else charges.

**Ms OLIVER:** But having said that, like you said before, Richard, you know, like in the Territory we pay dearer than anybody else. Like Chris was saying, when you travel around, we keep an eye on what other, our competitors in rural areas, especially remote areas, charge. Places like Camooweal. They're much, much dearer than we are.

**Ms SAUER:** Much dearer, yes.

**Mr MITCHELL:** I've been there too.

**Dr LIM:** Do the people who ...

**Mr AH KIT:** Camooweal may have a reputation to uphold.

**Dr LIM:** But the thing is too, what the problem is that the people who complain, are maybe people who have recently moved in from a capital city to the Northern Territory, and last week they were shopping in Adelaide or Brisbane or Sydney, and for \$200 they buy a truckload, and then when they come to the Territory, for \$200 they buy a few bags full. And so, they say, 'Oh, my god, this is expensive to live in the Northern Territory'.

So, that there's that aspect of it as well, whereas these people who have driven from Sydney to Darwin via Camooweal and Borroloola to Darwin, they said, 'Hey, life ain't that bad. Look at Camooweal and how much it costs over there, and look at Borroloola and look at Darwin'. Then they have some perspective of the cost as they move through the country. Whereas, normally what they do is they get uplifted in the plane, straight from Sydney to Darwin. They've got no idea that there are people in between. They really don't have any idea. To look down there, it's all red dirt and nothing else. And so that's what happens, you know.

So again, I'm trying to reassure you, don't - we're not attacking, all right? And don't feel as if you are under attack. You're not, we just need to learn for ourselves how business is being done in the bush, and if there's anything we can do to make life easier for Territorians. That's what we are after.

**Mr McVAY:** Rebates.

**Ms SAUER:** Well, we do. We do, yes.

**Dr LIM:** Rebates, right.

**Ms SAUER:** We do pharmaceutical lines up there as well, and as I said, we don't mark them up 65% because if we do, they're just too expensive. So, yes, we usually try to keep them within, you know, people's budgets, yes.

**Dr LIM:** Okay. With ...

**Ms DITTON:** I think you know, our main cost here is electricity's really ...

**Ms SAUER:** Expensive.

**Ms DITTON:** ... expensive, and the freight. You know, if it wasn't for those 2, we could probably sell things a lot cheaper than what they are. Because everybody's got to pay rent, everybody's got to pay wages, so you sort of can't include that. But just the freight and ...

**Dr LIM:** With, I was told earlier today about two-thirds of the population here are Aboriginal people. And I'm not sure what percentage are employed and what percentage are on welfare payments only. But looking at a welfare recipients section of the community, how do they manage with their, what, \$190 a week fixed income that they have?

**Mr McVAY:** They survive.

**Dr LIM:** They survive?

**Mr McVAY:** Just like everyone else in any part of the world. You live within your means. I think there's 450, approximately, on CDEP

**Dr LIM:** Okay.

**Mr McVAY:** ... in town. I think that the town's 830 is the population.

**Ms SAUER:** But there's 450 on CDEP and then there's more on pension and ...

**Mr McVAY:** Yes, and so ...

**Ms SAUER:** And then they get their baby money on top of that as well.

**Dr LIM:** Are they ...

**Ms OLIVER:** We do try not to run - we can run a very minimal book-up system. We try not to run any book-up system at all. What we do offer, is for people, if they wish to live under what we would call a credit system, which probably is highly illegal. But what we do is, if you came in and we know that you've got your cheque, as you say, it might be \$190. So that you're not walking out with \$190 and would then get humbugged by everybody that's brother as you walk out the door, because they can see



you come across the road. They can say, 'Would you hold, put down for us, I'll leave you \$90'. Which we run a card that says, 'Joe Blow paid \$90'. And then it just cuts that amount in groceries.

**Dr LIM:** Okay, that's what ...

**Ms OLIVER:** So that at the end of the month, then, when they get the next cheque, they're not hit with, 'Gee, I've got nothing left. I'll have to book up'. We try to have no book-up.

**Dr LIM:** They are not giving you the cheque, they are using ..

**Ms OLIVER:** Oh no, not at all.

**Dr LIM:** ... you as a bank?

**Ms OLIVER:** No, no. We are a bank agency as well. But generally, we cash the cheque, and when we do we never keep the cheque.

**Dr LIM:** And they surrender a portion of that to you?

**Ms OLIVER:** Absolutely, that's ... Oh, yes, we don't ...

**Dr LIM:** That's not illegal, that's not illegal.

**Ms OLIVER:** No way that we - there's no way that we keep anybody's cheque, no. They have their cheque, they sign it, they get the money and then they get the money in their hand and then they make a decision to give us some, they'll sort that out with you. We try, as I say, not to have any - perhaps very limited.

**Dr LIM:** Right. But do you find that they are obviously surviving on that food, or on the money that they receive? Or do they find that they have to live off family members as well, and all that?

**Ms OLIVER:** Well, I think they probably do in a fair extent live, not so much off family members, but being the sort of society the Aboriginal people are, I mean, they've always done that. That's, it's not doing something new. I mean, if I've got something then we all share it, and if you've got something, we all share it again. So really, they work it out amongst themselves. You know, who has what and okay, you know what you bought tucker today, well, I'll buy it tomorrow. I mean, they don't seem, it doesn't seem to be a hassle for them. They seem to manage that between themselves really.

**Mr MITCHELL:** So your sources of supply vary pretty well, do they? Like, you mainly deal through one - you mentioned before I think, one of the wholesale ...

**Ms SAUER:** No, we mainly deal through the same ones every week, which could be - like, IGC, Top End, Tully's for your fruit and veg, Kosmos is all your milks and that and cheeses and that sort of stuff.

**Mr MITCHELL:** Top End then has their own freight and trucks area, but you don't utilise that at all?

**Ms SAUER:** No, no.

**Ms OLIVER:** No, they don't offer it to us out here.

**Ms SAUER:** Trans Territory Foods were coming out but they've stopped that now, yes, because there wasn't ... I think they lost the contact to the mine.

**Ms DITTON:** Yes, it wasn't worth their while to come out here.

**Dr LIM:** What's the shelf life of the fruit and vegetables in the store?

**Ms SAUER:** The shelf life? Well, we get fresh fruit and veg every week. By the time the next lot gets in, I mean, if you go to our store this afternoon, we've got very little fruit and veg left.

**Mr MITCHELL:** And a new lot coming in tomorrow, Thursday?

**Ms SAUER:** Tomorrow, yes.

**Ms OLIVER:** Yes, as Chris says, she orders it. So we have very little left over with that week, really.

**Dr LIM:** Bread and stuff, do you bring them from Darwin as well?

**Ms SAUER:** Local bakery.

**Dr LIM:** Local bakery.

**Ms SAUER:** Yes.

**Dr LIM:** What do they sell for in town?

**Ms SAUER:** He only sells to the shops.

**Dr LIM:** Okay. All right.

**Ms SAUER:** Yes, he doesn't sell to the, direct to the public. And all he does is bread and bread rolls.

**Ms DITTON:** Bread and bread rolls and buns.

**Ms SAUER:** And buns. He doesn't do any cakes or anything like that, no.

**Dr LIM:** The milk that you would receive - when some, you know, I go to Woolies in Darwin for instance, and usually at the front of the shelves, will be you know, milk that's got 5 or 6 days life left before the use-by date. If you look around the back of the shelves, there's usually 10 days or 12 days shelf life. By the time it gets transported up here, how many days left, do you usually have on the ...

**Ms SAUER:** Probably about 3.

**Dr LIM:** Three days left?

**Ms SAUER:** Three or 4, yes. But, I mean, it's frozen. As soon as we put our order in, they've ...

**Dr LIM:** It's frozen back in Darwin?

**Ms SAUER:** Yes, they freeze it.

**Dr LIM:** I see, right.

**Ms SAUER:** So it's frozen from the word go.

**Dr LIM:** All right, yes.

**Ms DITTON:** I don't get mine like that. I get mine fresh, and it has about a week shelf life still on it.

**Mr McVAY:** We get long-life, so we've got a year on it.

**Dr LIM:** Is it more expensive to buy that way?

**Mr McVAY:** I wouldn't know. I don't buy it. I just take it down to the van.

**Ms OLIVER:** Yes, long life milk is more expensive.

**Ms OLIVER:** That's one thing we have with the tourism, of course. Like you say, they'll come along there, 'This milk is out-of-date', or there's only a day to go, you know. You're trying to explain 'Well, it has been frozen until yesterday. So really, it has probably got 4 or 5 days. In fact, I just keep some home, and it'll last for 7 days. I was ...

**Dr LIM:** If you buy the milk reasonably fresh and you stick it in the freezer, yes, and then you defrost it after that. I suppose if you defrost it in the fridge ...

**Ms SAUER:** In the fridge, exactly.

**Dr LIM:** ... it does last as long as yours brand new, sort of thing. Yes, that's true, yes.

**Mr MITCHELL:** How much would a 2 L container of milk be worth, say, either Pauls or Malanda, or ...

**Ms SAUER:** What, over the shelf, over the counter? \$4 we charge for a 2 L.

**Mr MITCHELL:** \$4.

**Ms SAUER:** Yes

**Mr McVAY:** You'd sell more Sunshine powdered milk, wouldn't you, than normal milk?

**Ms SAUER:** Yes, we do actually.

**Ms OLIVER:** Yes, yes. Although, yes, we do, but most people, Aboriginals included, would prefer fresh milk if they can get it. They only take fresh milk. But if they're going to be going out bush at all, like anybody else, they take powdered milk.

**Dr LIM:** Okay, here comes the crunch. Do locals buy mostly from you guys, or do they buy in from out of town and order them in?

**Ms OLIVER:** Most of the locals buy locally. The people that order in are public servants who get their freight paid.

**Dr LIM:** All right, all right.

**Ms OLIVER:** And you can quote me on that!

**Mr AH KIT:** Public servants who?

**Ms OLIVER:** They get their freight paid. It's part of their employment they get their freight paid. So they all ...

**Dr LIM:** So, do they - well, I would assume that Borroloola would have a high percentage of public

servants?

**Ms OLIVER:** Oh, amongst the European population, yes. Yes, of course, yes. The teachers, police, the health workers ...

**Dr LIM:** If you take them out, there might be a question - you were saying you've got 740 people here and 400 are Aboriginal people. That leaves you with about 300 ...

**Mr McVAY:** I think there's only about 150 Europeans.

**Ms SAUER:** Europeans, yes.

**Dr LIM:** 150 here.

**Ms SAUER:** At the most, yes.

**Dr LIM:** Oh, okay, so how many of that would be public servants, out of the 150?

**Mr McVAY:** About 40, 50.

**Ms OLIVER:** Yes, something like that, yes.

**Dr LIM:** So you're down to about 100 whitefellows in Borroloola shopping locally?

**Ms OLIVER:** I'd say so, most of them do, yes. A few get their stuff out of town, but the majority still buy local. I think they find, you know, like, as Steven was saying, by the time you get it up, and then you find, and it just goes, as he said, 50% is rotten. But even if you find a third of it, or even probably a quarter, you've wiped out what gain you're going to get, haven't you? So I think, you know, by trial and error, most people work that out.

**Mr McVAY:** For the price you pay and then what you waste, it's just as easy to buy each day from the shop.

**Ms SAUER:** Yes. But I know, because we're working - I've been in Borroloola before, before we came back to manage the shop, and I was just a worker at one of the other stores, and I tried it. I mean, I did try to get my groceries, I got them through Tennant Creek. And by the time you paid freight on your groceries from Tennant Creek, it didn't work out much cheaper than to go and buy it from the store.

**Mr McVAY:** I buy my grog from out of Borroloola.

**Ms SAUER:** Yes, that's one thing they all do.

**Ms OLIVER:** They buy, probably all the guys do.

**Mr AH KIT:** And what's a carton of VB cans worth here?

**Mr McVAY:** \$40.

**Ms SAUER:** \$40.

**Mr McVAY:** \$10 more than Nhulunbuy.

**Dr LIM:** No discount?

**Ms OLIVER:** No.

**Dr LIM:** Never, never a discount?

**Ms OLIVER:** No, they don't have price wars.

**Mr McVAY:** Free breathalyser on your way home, that's about it.

**Ms OLIVER:** I think one of the outlets does charge a big less for the light beers.

**Dr LIM:** Okay. What about Melbourne Bitter?

**Ms OLIVER:** It doesn't make any difference ...

**Dr LIM:** What about Melbourne Bitter? Do you sell that here?

**Mr McVAY:** Oh, very minimal, I think, and that's not carton loads.

**Ms OLIVER:** No, it's probably ...

**Dr LIM:** Is it all VB, hey?

**Ms OLIVER:** Basically, VB or ...

**Ms SAUER:** XXXX Gold.

**Ms OLIVER:** ... XXXX Gold.

**Mr McVAY:** What are you looking at - 3 or 4 cartons of VB a week, isn't it?

**Dr LIM:** It's like drinking gold, isn't it? That's drinking gold.

**Ms OLIVER:** Oh, it is.

**Mr McVAY:** \$40 for a carton of beer is ridiculous.

**Ms OLIVER:** But I mean, it's one of those things, isn't it? It's like cigarettes, isn't it? I mean, people just are prepared to pay it.

**Dr LIM:** I was reading the *NT News* this morning on the way here, and a slab of VB was \$25, yes, \$26 from Darwin.

**Ms OLIVER:** Well, I don't know, we all hear stories of places where, that are dry, for instance. And they'll charter a plane to go and buy half a dozen cartons of beer. So, you know, we've all seen an example at Tennant Creek, or heard of the example of Tennant Creek, with its dry day. I mean, the dry day's fine, but everybody just gets on the road and drives to Elliott. How far do you go sometimes. But if people want it they go and get it and they'll pay whatever they have to, won't they? Unfortunately.

**Dr LIM:** Do you mind if we wander down the street and pop into the stores and all that, and have a look? Will that be all right?

**Ms OLIVER:** Not at all.

**Mr McVAY:** No one will know who you are, so you'll be pretty safe.

**Dr LIM:** Oh, do the shotguns come out, do they?

**Mr McVAY:** They'll just think, 'Oh, yeh, another plane load of people'.

**Dr LIM:** The tourists, obviously, as you said, do object to the prices when they see it?

**Ms DITTON:** A lot of them do.

**Ms SAUER:** Yes, and then you have the other tourists with gas. We fill gas bottles, and I had a guy from Sydney in there yesterday, and he said, 'Gee your gas is cheap here'. I said, 'Is it?', and he said, 'Yes, usually for that bottle, I pay \$10', and I think we charged him \$5. Yes, so obviously ...

**Mr MITCHELL:** Or maybe he shouldn't have told you that.

**Ms SAUER:** I'll have to check it. So, on ...

**Dr LIM:** He might have had ...

**Ms SAUER:** ... both sides of the story, yes.

**Dr LIM:** He might have had a very empty bottle the last time. Do you charge by the weight that you put in?

**Ms OLIVER:** Yes.

**Ms SAUER:** No, he said it's really expensive, gas down in Sydney.

**Ms OLIVER:** But I think the tourists, some are really good. Others, you wonder why they ever left home. You really do, because they have such a tight budget. They never take into consideration that they're going to have flat tyre. And they do, and they're just completely - the budget's just out the window. And they're really quite - they can't cope with things like that. They must just look at the map and think, 'I'm going to go from here to here. I won't take into account that that road's that sort of condition that, you know, you're not going to get auto gas here, and you can't ...

**Dr LIM:** But they all live in Melbourne and Sydney and Brisbane and have never left town.

**Ms OLIVER:** Oh, that's right. Yes, exactly. But they don't obviously do any groundwork on what it's going to involve before they - I mean, they get their super pay-out, they buy a big 4-wheel-drive and a caravan, and hey, they're away on the road.

**Dr LIM:** That's right and they never get a puncture ever, you know.

**Ms OLIVER:** All those sort of things. I mean, they really are quite unrealistic, some people.

**Mr McVAY:** For 1 or 2 weeks in the car listening to the wife or the hubby talk, they're quite happy getting into town and have a whinge about something, anyway. Half the things they go on about, it's absolute rubbish. Two weeks in the car with their partner, you just want a whinge and a ...

**Mr MITCHELL:** Probably at the wrong time.

**Dr LIM:** That's where all you have to do then is to let them catch a nice big barra, and that'll make them all happy.

**Mr McVAY:** Half of them all come when the barra season's not on, and then whinge that there's no fish. You can't win.

What's the effect, this - I was trying to work through this GST and that. Now, are we paying 10% on the freight, because that's a service, and 10% in the shop when we buy the goods? Because they're not coming all in the one company ...

**Dr LIM:** No, what ...

**Mr McVAY:** ... they come out here separate.

**Mr MITCHELL:** That's in the wrong ...

**Dr LIM:** It's very complicated and I don't believe the federal government's worked it right out yet, but what you just asked, in principle, this is how it's going to work, and this is really very complicated. Okay. You buy the goods from the wholesaler. The wholesaler sells it to in X number of dollars. Okay? He packs it, that's a service, so there is a GST on that service. He puts on the freight on the back of a trailer and the trailer brings it out here. There's GST on the freight, okay? But, when - now, the freight, now the person who pays the bill is yourself, somehow, each portion of that is removed when you finally - you get it credited to you when you sell it at a 10% GST to the consumer. That then, offsets what has been paid prior to that.

**Mr McVAY:** How do you get your credit back. Because you're going to get 2 separate invoices, an invoice from Independent Grocers and an the haulage. It was from pantech haulage.

**Dr LIM:** The GST will be quoted as a separate item, and that's how you work it through.

**Mr McVAY:** So your accountant would have to ...

**Dr LIM:** Work it through. Many stores are putting in computer systems that will automatically do all those sort of things, and at some cost to them. All right. There is a cost to them. Some people are quoting from \$20 000 up-front cost, to some stores looking at \$50 000. I don't know. This is information I'm being given, right or wrong, I don't know. I have not seen anything documented. This is just hearsay, all right. It's something that you need to talk to your accountants about, because the federal government at this stage is still not certain what is taxable and what is not. It's going to be quite a long story.

**Mr McVAY:** I was looking more at like, just from every day of the week. We have to buy from someone and freight from someone. So we're looking at a 20%, 10% on each ...

**Dr LIM:** No, no. It's not a simple geometrical progression of that GST. There are credits and debits, so that eventually, it's only 10% off the whole lot. All right? It's not 10% on 10% on 10% on 10% on 10%. I mean, if that's the case, suddenly, you know, a cup of bloody coffee is going to cost you about \$10 because it's 10% on 10% on 10%.

**Mr McVAY:** Well, in some rural towns it probably does, but ...

**Dr LIM:** Well, that's not how it will work ...

**Ms SAUER:** Now's the chance to get your cup of coffee at the pub.

**Mr McVAY:** How much did I have to pay for that?

**Ms SAUER:** \$3 wasn't it?

**Mr McVAY:** Paid for a cup of tea, \$3.

**Dr LIM:** But remember, also the wholesale sales tax will be taken off it first.

**Mr McVAY:** Yes.

**Dr LIM:** Okay. So your base price, your start-up price, is a lot lower than what it is currently, because the wholesale sales tax is taken off.

**Ms SAUER:** Yes, but see, a lot of the prices now, you're paying 22%, a lot of the items you're paying 22% sales tax on ...

**Dr LIM:** But that comes off. No, no, that comes off so ...

**Ms SAUER:** That comes off, yes.

**Dr LIM:** See, what now costs \$1 wholesale to you is now going to be worth probably 78¢ ...

**Ms OLIVER:** 78¢.

**Dr LIM:** ... or 75¢, or even less. Some things are up to 33%. On an average it's going to come down to about 70¢ to start. That's your base price where it starts. And then your GST comes on, it comes off, it comes on, it comes off, it comes on, it comes off. And eventually, it comes to that less the 10%, and what we are told right at the beginning, a couple of years ago, was it was going to be within 1.5% to 3% overall increase. Okay? That's what we were told.

Then, with the diesel fuel dropping in price significantly by what ...

**Mr McVAY:** Yes, but it won't, will it, if it's from Darwin? Is that the ...

**Dr LIM:** No, no, diesel is right across the board.

**Mr McVAY:** No, didn't they not say, like, in Sydney, Newcastle, your main city areas, are excluded from the 15 ...

**Dr LIM:** That is the Democrats saying that in areas of pollution, yes, that diesel rebate is going to be a lot less. It'll still be decreased, but a lot less. All right?

**Mr McVAY:** Is Darwin considered a ...

**Dr LIM:** Well, I don't know the detail either.

**Mr GRAY:** It's remote, that's all ...

**Dr LIM:** Yes, to the limit, yes.

**Ms OLIVER:** Oh, you're right, yes. It depends on the ...

**Dr LIM:** If your truck is a 20 t, you don't have a problem. It's taken off ...

**Mr McVAY:** It's just going to be a nightmare for little shops out in the bush, trying to figure out all this carry-on, isn't it?



**Dr LIM:** Yes, I think some accounting firms already developed a program that you can just buy and plug in a computer and away you go. That's what I think will happen.

**Mr MITCHELL:** Well, just ...

**Mr McVAY:** A lot of small don't have computers, though.

**Mr MITCHELL:** But I had this person only last week, come to me talking about the GST, and their biggest complain was that if they bought 10 items out of a shop and put it into a basket, that they were going to be paying 10% on each item, therefore, we shouldn't - sorry, not we - but they shouldn't be charged 10% on each item, but rather, they should have been charged just 10% on the basket of goods at the end of the day. Right? There's nothing I could say could persuade this person that if you pay 10% for a tin of baked beans and 10% for a loaf of bread, and 10% for that, but it's exactly the same, as charging 10% at the end of the day.

**Ms SAUER:** The same thing.

**Mr MITCHELL:** So we've got big problems there.

**Dr LIM:** A lot of people don't understand ...

**Ms OLIVER:** That's like the story, isn't it, with the - you know, whether we should or shouldn't have, what do you call it, daylight saving. First we have a vote.

**Dr LIM:** Well, there's a lot of misunderstanding, a lot of no understanding at all, and until the federal government comes up with a fully documented policy and itemise all the things, we just don't know what food's going to be taxed and what's not going to be taxed. I mean, they're still arguing about chickens, you know.

**Ms OLIVER:** Yes, whether it's frozen or cold ...

**Dr LIM:** Kentucky Fried to frozen, to roasted, to all sorts of things. So that'll take a while.

**Ms OLIVER:** I heard somebody asking Meg Lees today. She said it's going to be cold food's not taxed, hot foods is taxed. Some smart arse said, 'What is '

**Ms DITTON:** Oh, at room temperature, I think.

**Dr LIM:** Anyway, at present the committee hasn't even thought through on the GST aspect of food prices, and we need to meet on that as well too. All right? Now, I wonder if there's anything else that we need to ask to clear ... With regards to the ballpark figures like your turnover, your freight component and all that, if you have those sort of percentage of figures that you're prepared to share with us, individually, we would be more than happy to receive it. Tell us that it's *In Camera*, or just write on, 'This is *In Camera* evidence'. We will treat it confidentially. It will not be public when we table our report. That will be excluded from the report itself.

But it would allow us to develop a picture in our heads as to how things are done. That's all it is. Okay? And your information is confidential and will not be shared with anybody, nobody. Coles and Woolworths would love to get your figures, because they'd know what to do about it then. So, we will keep that all very, very quiet, and be assured of that. And if you are, I'm sure Mr Gray would have some business cards he can give you now. Do you have business cards? No business cards.

**Mr MITCHELL:** Well, actually, if you could just let us know. If you are talking to the owner in Darwin, and we could get them in touch - oh, sorry, get Rick to get in touch with the owner ...

**Dr LIM:** Look, there's some of my cards you can have, and get in contact with us ...

**Ms OLIVER:** ... as far as Borroloola is concerned, and I don't think they have any relevance or not, is that what Robyn would be one of the few, could we say, independent owners. Borroloola, generally, like all the other stores, are owned across the board, virtually, by 2 people ...

**Dr LIM:** I see, right.

**Ms OLIVER:** ... here, in partnership with ... Whether that makes a difference, I don't know. But I doubt - it probably doesn't, but no doubt that we ...

**Ms DITTON:** Yes, there isn't many independent owners about, businesses in town. But we own our own business, but we've got to pay the landlord is one of the people that owns half of ...

**Dr LIM:** Does that put pressure on you to be equal to their price? Or can you undersell them?

**Ms DITTON:** Well, Chris is my only competition, all out ...

**Ms SAUER:** They're pretty well aligned.

**Ms DITTON:** ... it's about the same price.

**Mr MITCHELL:** Who owns the Barra Van here?

**Mr McVAY:** My mum does. I think you'll find that most businesses in town would just work in with the others on that. I think we don't have major cuts or big promotions. Everyone sort of works out what the other person's got and we're all around the same figure.

**Ms SAUER:** But the only store that you'll find will be more expensive and a lot more expensive, is the Holiday Village. And their prices are a lot more expensive than the other 2 stores.

**Mr McVAY:** She's the Pink Panther of Borroloola.

**Dr LIM:** What does that mean?

**Mr McVAY:** Well, I informed her of the meeting today, and she said, 'Well, if you've got anything you want - anything to do with what you're doing, if you want to know anything, you go and see her'. So, there you go. The Holiday Village, just before Borroloola Bulk Discount, on the right, hop in there and - probably safer to avoid.

**Dr LIM:** She has a shop there too, has she?

**Mr McVAY:** Her prices, I would say, her prices, I would complain. But I don't use her shop, so I have that privilege, I don't need to use the shop. After 7, she's the only one open.

**Ms DITTON:** And that's where she does most of her business.

**Mr McVAY:** So where something in everyone else's shop would cost \$1, hers will be \$2.50.

**Ms SAUER:** You see them there in the middle of the day buying stuff out of the shop. I don't, you know

...

**Dr LIM:** Who are they, who shop with her?

**Ms SAUER:** The Aboriginals, mostly. And you'll see them come out with bags full of stuff in the middle of the day, and I know she has no book-up system down there, so ...

**Mr McVAY:** Yes, I don't know how - she is just miles higher than everyone else.

**Dr LIM:** She got a good clientele loyalty, in the sense that ...

**Mr McVAY:** Oh, no, she's terrible.

**Dr LIM:** No, no, the clients go back to her shop over and over and over. The same people go back to the shop over and over again?

**Mr McVAY:** I don't know that it's the same people, but she has a turnover. Most times when everyone else is closed, she's packed. Why they go there, like, a little kid will walk in, and she'll swear at them for walking in her shop.

**Dr LIM:** So why don't you guys open at night to try and get some of the market, if there's such a big market after hours?

**Mr McVAY:** She owns and runs and lives ...

**Ms SAUER:** We've done a 12-hour day and it's quite enough.

**Ms OLIVER:** Yes, I don't think it would be worth staying open those type of hours ...

**Ms DITTON:** Not when you've got to pay wages.

**Ms SAUER:** Yes, exactly.

**Ms OLIVER:** No, that's right.

**Ms DITTON:** Like pay wages for those extra 2 hours.

**Dr LIM:** So she opens later in the day and stays open at night?

**Mr McVAY:** No, she's ...

**Ms DITTON:** She opens from 7 in the morning until 9 at night. What's her weekend hours?

**Ms OLIVER:** Saturday's the same, I think, and Sunday is 12 to 8, something like that.

**Mr McVAY:** If there was - she would be the most, you would consider would be, but I think the price of beer's a bit steep. But they would be the only 2 things. I wouldn't thought there would be much else drama in Borroloola for prices.

**Dr LIM:** Meat, you get it from Darwin too, your meat?

**Ms OLIVER:** Oh, there is a local butcher.

**Dr LIM:** A local butcher. What, he slaughters here?

**Ms OLIVER:** No, no, he buys in from Darwin. I think ...

**Mr McVAY:** But then, he's pretty reasonable with his prices anyway, isn't he, apart from ...

**Ms OLIVER:** I think that just buying meat for the family would be just as cheap to buy it off him, than get it sent down.

**Mr McVAY:** The advantage is if you buy in town, you know what you're buying is all right. If, like, if I was to buy my meat from Darwin, no guarantee that when I get it's going to be in good nick. Whereas if you buy it here, you know that what you're buying is what you're getting.

**Dr LIM:** The frozen stuff that you buy, when it gets here, it's still frozen?

**Ms SAUER:** Yes.

**Mr McVAY:** Always.

**Ms OLIVER:** Pretty good, yes. Can have a minor hiccup, but pretty good. No, it's pretty good.

**Dr LIM:** The cold chain - what about the cold chain, like your lettuces and all that, that needs to be chilled? By the time it gets here, has it been exposed to heat and all that ...

**Ms SAUER:** No, it comes down in the ...

**Ms OLIVER:** Chiller box.

**Ms DITTON:** Fridge in the chiller.

**Ms SAUER:** Yes, in the chiller section of the fridge van, yes.

**Ms OLIVER:** Like, the people go in and occasionally they might take ... In the wet season they've got to have a particular potatoes in the chiller, which doesn't ...

**Dr LIM:** They're sprouting.

**Ms OLIVER:** Well, they sort of get too cold, I think, and then when they get exposed to the normal humidity, it plays havoc with them.

**Mr McVAY:** And they ...

**Ms OLIVER:** Really, that's probably the only problem we have with the ... No, they've got no particular problems.

**Mr MITCHELL:** What about your lamb chops?

**Dr LIM:** How about growing your market gardens? With all this rain that you guys have up here - I come from the desert, from Alice Springs - you can be growing everything.

**Ms OLIVER:** Actually, we don't grow anything at all, no. We probably wouldn't get much more than you guys do.

**Dr LIM:** Ten inches a year?

**Mr McVAY:** Oh, you've got to have more than that.

**Ms OLIVER:** Well, we get 20, that's all ...

**Dr LIM:** Yes?

**Ms OLIVER:** .. so it's not that much at here at all.

**Mr McVAY:** I don't think we're well endowed with good soil.

**Ms OLIVER:** Well, no, we don't have good soil. There's only certain sections of the town that have got good soil.

**Ms SAUER:** We did have a few people that we're trying to go into market gardening. It didn't ...

**Dr LIM:** Didn't work.

**Ms OLIVER:** In the old days, the Chinese had the market gardens, but ...

**Dr LIM:** The Chinese can do anything, you know.

**Ms OLIVER:** Well, that's right.

**Dr LIM:** Make anything grow.

**Ms OLIVER:** Well, of course, they did pick their spot, didn't they?

**Mr McVAY:** Well, I have Indian food, and I have it flown in.

**Dr LIM:** Do you?

**Ms OLIVER:** City slicker. Well, we generally grow ourselves ...

**Mr McVAY:** Well, why cook when you can have frozen Kentucky's sent over. It's much more convenient. You don't have to cook and bother with ...

**Ms OLIVER:** Look, my husband, he has a garden, and we've always grown quite a few vegies. And they'll grow, a lot are growing magnificently. A lot of people do.

**Mr McVAY:** We did some tomatoes and that, and they were all right.

**Ms OLIVER:** Most people do, as well as the Aboriginal people.

**Dr LIM:** Okay. Thank you, folks. Thank you very much for coming this afternoon, and your time and information that you're prepared to share with us. That's always useful. Now, you've got my card. If you feel that you can help us with that, please be assured that we will treat your information in absolute confidentiality. Only we will consider the information, and nobody else. And go from there. But knowing your gross turnover, what your freight costs you, what your staff costs you - we don't want you to go the very nth dollar or nth cent. You know, just ballpark figures and 10% is freight or whatever. That will make a difference and will help us out. Okay? Thank you very much.

**Mr MITCHELL:** Did you get the name and phone number of the owner, that'll be good. We can give her a call.

**Dr LIM:** Yes, we got that.

**SELECT COMMITTEE ON TERRITORY FOOD PRICES**  
**PUBLIC HEARING**

NGUKURR– Wednesday 23 June 1999

PRESENT:-

**Committee:** Dr Richard Lim, MLA (Chairman)

Mr Steve Balch, MLA (absent)

Mr Phil Mitchell, MLA

Mr John Ah Kit, MLA

Mr Syd Stirling, MLA (absent)

**Officers assisting the Committee:** Mr Rick Gray (Secretary)

Ms Emma Mortlock (Administrative Assistant)

**Appearing before the Committee:** Janette Campbell,

Steve Campbell,

Phillip Bush,

Ray Jefferies,

Ishmal Andrews,

David Daniels

**NOTE: This is a verbatim transcript –**

However, due to poor recording, or many people speaking at the same time, some of the recordings were inaudible and unable to be transcribed.

**Dr LIM:** Gentlemen, thank you for coming this morning to join us. Ishmail, president of the Council, thank you for allowing us to come in here to talk to your people, and to try and understand how running a store in a bush community, what it's like and how we can learn more from people out in remote areas.

Let me just say a few preliminary words about why we are here. In February this year, there was an article published in a business magazine that said that food prices in the Northern Territory was higher than anywhere else in Australia. And because of that, people were complaining, they were writing in to newspapers, and complaining that we are not doing much to try and help people in the Territory.

So parliament established a select committee. There's 5 of us. Unfortunately, there's only 3 of us are here

today. Myself, Richard Lim, as the Chairman; Phil Mitchell, he's the member for Millner. but he's worked in this region of the Top End before; John Ah Kit, who's the member for Arnhem, who is responsible for this area. There's Syd Stirling, from Nhulunbuy, who is not here today, and Steve Balch, who is the member for Jingili, who is also not here.

The committee has been getting a lot of submissions in writing from companies and people from around the Territory. About a month ago, we went down to central Australia to look at the desert area, what it was like in the communities in the desert. I mean, I come from Alice Springs myself, so I'm also a desert person. And so this week, we are travelling around the Top End, looking at that sort of thing.

At these sort of hearings, we hope people will tell us truthfully, how they run the store; what difficulties they may have, or they don't have; tell us, you know, what sort of food they buy and what it costs them; if the money that they have from social security or from any royalties is enough to buy food or not, enough to buy food; if there's a policy in the store as to how they price the food; whether they have special policy on healthy food versus non-healthy food, that sort of thing.

So we want to try to learn from people who live in the communities and people who run stores, on how community stores operate. We are not business people. We are just politicians trying to understand. So the more you can tell us, the better it is. Now, we're not going to go out there telling people this is bad or this is good. We're going to just try and understand what it is like to try and live in the bush, with only a fixed amount of money, and trying to buy food to survive.

So on that base, on that note, I ask you when you start to speak, for the first time, just say your name and the position that you represent, and then we can then go from there. John or Phil, have you got anything else to add before we start?

**Mr AH KIT:** No, not at this stage.

**Dr LIM:** Okay. Who would like to start? Ishmail, as president, would you like to start somewhere?

**Mr CAMPBELL:** I'll start.

**Dr LIM:** Or you start, as the store manager?

**Mr CAMPBELL:** Yes, Steve Campbell, manager of the Ngukurr store, for Namiliwirri Aboriginal Corporation. When you brought up about the health, we've worked at 4 or 5 different community stores now. The Health Department has come down and actually put up a display. They've actually had shelves right through there for the people to see. And we've taken note that it has never changed the selling policy of any store, that they've had things that they sell at the store, their diet cordials, their diet drinks, healthy food, and yet when you go back in 2 months later and you watch what's selling in the store, not one item of those things actually move again.

The people seem to be used to one product. If the company changes their labels on a tin, it takes a while for that community again to go back to that product, because they don't realise that product is the same product. I've seen that happen quite a few times.

It's always basically the people themselves - it's their own choice what they do eat. You cannot force it onto the people. What else have we done at different stores to try to promote healthy food, and it just hasn't worked has it? Like, over there now, like I was saying before, that we do, like, the salad packs. If we tried to sell a whole cucumber or radishes and things like that, basically, they're very slow selling.

But if you do up a salad pack, and you find that the salad packs, the vegie packs will sell a lot quicker than half a cabbage or a whole cabbage and things like that. Basically, we don't know why, but it does.

**Dr LIM:** When I spoke to you earlier in the store and I asked you to give me a sort of average or a ballpark figure of what the gross turnover is, we worked it out here about ...

**Mr CAMPBELL:** I can tell you now that for the first 9 months of trading up to the financial year last year, the sales of the store was \$1.9m.

**Dr LIM:** That's for 9 months.

**Mr CAMPBELL:** The purchase cost was \$1.2m, the freight was just over \$33 000, and the total profits were \$439 000. And after the deductions of expenses occurred, the shop lost \$1300.

**Dr LIM:** Now, is that because you had to pay off a lot of debts and a lot of capital, improvements ...

**Mr CAMPBELL:** Yes, we're still paying off debts. Our biggest bill last year was \$200 000 in wages. The store has got 9 people working there. It is a lot of people working in this size store, but the whole policy of the store, too, is to have Aboriginal staff, to train them.

**Dr LIM:** I mean, if the community, if the store committee has a policy to employ local people and that's a deliberate policy ...

**Mr CAMPBELL:** Yes.

**Dr LIM:** ... that's not a problem.

**Mr CAMPBELL:** No, that's right.

**Dr LIM:** That's a decision you made, and that's fine, you know. But then does the committee have a policy of having low mark-ups or high mark-up or anything like that?

**Mr CAMPBELL:** Committee's policy - we weren't here when the shop was actually started. The policy that we've sort of walked into was that they wanted a lower price, and that's what we've tried to do, is keep the prices as low as possible. We've basically know what Urapuntja's store, how much they sell, how much Roper Bar sells, and we've made a policy that right, we are going to stay under those prices to try to make it the cheapest store in the area. The health survey last year, I think we were, what, \$50 dearer than the Katherine area. Yes, \$50 dearer than Katherine area.

**Dr LIM:** In a full basket shop?

**Mr CAMPBELL:** In their shopping basket. We were quite happy with that result in the survey last year. To drive into Katherine, do your grocery shopping costs you more than \$50.

**Dr LIM:** Do you find that for the average family living in Ngukurr, basically those who are on welfare only, that the welfare money is enough to buy food for the family for the week or fortnight?

**Mr CAMPBELL:** I really basically couldn't answer that question. I think you'd have to ask one of the people that live in the community, because they could basically tell how much money they get, and whether it is enough for them or not.

**Mr DANIELS:** Yes, money, unemployment is all right, but we are ...



**Mr AH KIT:** Come up to the microphone. We've got a tape going there.

**Mr DANIELS:** I want to ...

**Mr AH KIT:** David Daniels. David, this is Richard Lim, our chairperson.

**Mr DANIELS:** How are you?

**Mr AH KIT:** You know Philip and Rick Gray there, our secretary, and Emma. Sorry, keep going, Dave.

**Mr DANIELS:** Well, unemployment will get more money. We never know, 300 of us, , we're on CDEP, we get little money. We can't afford to buy anything with that money we get. Pretty low enough. Like, people complain about shop price, but it is not the shop prices. People get good money, right, they're happy. Us mob, 300 of us, at least to here, we're employed round with that CDEP program. It ain't enough money. Isn't it? So we can't, no one can afford to buy a lot of the things that we want to buy, especially food.

**Dr LIM:** So if that's not enough, what do you do? If you haven't got enough money to buy tucker, so how do you live from one fortnight to another.

**Mr DANIELS:** We're lucky we're Aborigines.

**Dr LIM:** Yes, okay. All right.

**Mr DANIELS:** We share, like our food. That's what we done a long time.

**Mr JEFFRIES:** The shopkeepers just give us a limit price, you know, to book it up.

**Dr LIM:** So you can book up?

**Mr JEFFRIES:** Yes.

**Mr DANIELS:** Yes, we can book, that's right, we book up.

**Mr JEFFRIES:** If you've got the money.

**Mr DANIELS:** That's right, because we live, you know, we gotta book up on the sense, that we got money, you know. You wouldn't want to go booking up when you've got no money. And some of us, like, we go and book up, and we don't got enough money - we don't get enough money a fortnight, you know. And that makes a problem on the shops, you see. The problem is not making the problem in the shop, is the employee who are doing that work, got enough money to - that's what a lot of people are jumping out of CDEP and going back to unemployment. They're getting better money on unemployment than CDEP. I don't know why.

**Mr AH KIT:** How much do you get on CDEP?

**Mr DANIELS:** Oh, what is it, \$200?

**Mr BUSH:** That varies because you've got your managers, then you've got your juniors, and your in-betweeners. It varies.

**Mr JEFFRIES:** \$300 at the most.

**Mr BUSH:** Yes, each are on ...

**Mr AH KIT:** What, a fortnight or a week?

**Mr LIM:** A fortnight.

**Mr JEFFRIES:** Fortnight.

**Mr LIM:** Yes, a fortnight, yes. It's about \$300, \$360 a fortnight is what CDEP normally pays.

**Mr JEFFRIES:** Yes.

**Dr LIM:** I wonder if you can tell me, when you worked out the price of an average basket, what does that cost?

**Mr CAMPBELL:** We start off with roughly \$100 basket. We went through all the basic foods that sell most in the shop, and we bought the \$100, and I think we got up to about \$98. That was just the basic basket. Then we sent people over to Urapuntja and Roper Bar with \$100 to buy exactly the same products.

**Dr LIM:** Right.

**Mr CAMPBELL:** And it worked out, we were \$13 cheaper in \$100 in Urapuntja and \$25 cheaper than Roper Bar. It was meant to find out how different the prices were in the store. Like, that's what we're basically working on. We've basically told the community, the corporation we work for, wanted this store to be cheaper in the area, and that the people were looking for a cheaper store. I know it's been privately-run before, because I've even come up here 9 years ago, and one company first took over, and we helped set the store up. And I know what their mark-ups were. Like, at the moment, we're 25% under that, and that's 9 years ago.

**Mr AH KIT:** But can I come back to that CDEP stuff. What you're saying - what I think you're saying, David, is that somebody who's got say, 3 children as dependents, working on CDEP, they only get \$360 a fortnight ...

**Mr DANIELS:** You only got single person, single person.

**Mr AH KIT:** They get paid \$360 a fortnight ...

**Mr DANIELS:** Yes, that's what you get.

**Mr AH KIT:** No matter how many children you've got?

**Mr DANIEL:** No matter which number of work, like they do.

**Mr JEFFRIES:** If you got no dependents or 10.

**Mr AH KIT:** But if you're on social security, you would get more than \$360 a fortnight?

**Mr JEFFRIES:** Yes, some of them, they're getting \$900, \$800 a fortnight.

**Dr LIM:** Okay. So the system, as I understand it, if you're on CDEP, you get your CDEP wages, Centrelink will still pay you for your children, as a separate thing on top of the CDEP.

**Mr DANIELS:** Nothing, we're not getting that.

**Dr LIM:** You're not getting that? So something is wrong there somewhere.

**Mr AH KIT:** Is that that family allowance supplement?

**Dr LIM:** Yes, that's right. Now, who helps coordinate a CDEP and the family supplement, because they're ...

**Mr JEFFRIES:** We got 6, we got ...

**Dr LIM:** Then we need to have Social Security on that, because there's something that you are missing out on.

**Mr DANIELS:** See, we're supposed to - the agreement was, Social Security made an agreement with the council, with any CDEP in any community, that they'd pay equivalent to CDEP, like, single person should get about ... A single person down here on unemployment, are getting, with no dependent, are getting \$300. That's what .

**Dr LIM:** Yes, \$360, yes.

**Mr DANIELS:** Right. CDEP should pay that to the single person too. And they're paying that to that single person. And single person got dependents, like, you got a wife and 2 kids, and we not getting any money. I can use an example. My 2 or 3 of my daughters were on unemployment. We used to be on CDEP. They used to get about \$300 and something a fortnight, although they had 3 kids. One of them had 3 kids, one of them had 2 kids, and one had 1, and they were still getting that, there was that what ... They now on \$600, \$800 and \$900 for the 3 girls. They got ... That's what we say, where is the dependent money. We need dependent money so we can afford to go and buy things for food at the shop, you know. No matter which shop, low price or high price, it doesn't matter. But, sitting down here, he might get enough money so that he can afford to go and shopping and do everything. We not getting that.

**Dr LIM:** I think the council needs to look into that, because you're social welfare officer, whoever does all that, needs to look that. People who are on the CDEP should still be getting the family allowance payment.

**Mr BUSH:** Richard, I think it's that CDEP program should be reviewed properly and brought up to the standard of the unemployment rates.

**Mr DANIELS:** That's right.

**Dr LIM:** See, the unemployment rate and the CDEP rate, I understand, is similar. It's when you get the family allowance supplement, which I believe - what David's saying is that the CDEP, and people who are working the CDEP program, is not getting the family allowance supplement. Do you follow? All right. The CDEP person and the unemployed person should get the same amount of money, about \$160, \$180 a week, or \$360 a fortnight.

**Mr DANIELS:** Yes, that's right.

**Dr LIM:** Now, the unemployed person is getting the family allowance supplement ...

**Mr DANIELS:** Nothing.

**Dr LIM:** The CDEP person should be getting that also, but is not getting it. And that's where the problem is. So somebody needs to check with that, okay. The CDEP person should be getting the family allowance supplement. But somewhere, it's failed, so that needs to be looked out. And the officer who is looking after that should be checking it out.

**Mr AH KIT:** The wife should be making an application for it ...

**Dr LIM:** Yes.

**Mr AH KIT:** ... for her and the kids to be getting the family allowance supplement, which then supports ...

**Mr DANIELS:** But isn't that done with the ...

**Dr LIM:** No, it's not automatic.

**Mr DANIELS:** No, but I said, an agreement and CDEP, like I said before. We were understood, all of us, that while we were on CDEP, that the CDEP was the top-up, the 4 hours top-up after that. We did 4 hours CDEP work, hey ...

**Dr LIM:** Yes, that's right. Every week, every day.

**Mr DANIELS:** ... and so they said it would be a top-up money for social security or something, for without 4 hours, see, making it another thing equally for the fortnight. Our rate of pay is that we get, we should be getting equivalent of unemployment benefit. That's the agreement.

**Dr LIM:** That's right. Your CDEP program mix, asks you to go for 20 hours a week. This is 4 hours a day, 5 days a week. That's the 4 hours, okay. That equivalent to unemployment benefits.

**Mr DANIELS:** Well, where is the top-up money? Who going to top that money up?

**Dr LIM:** The top-up money is the family ...

**Mr DANIELS:** It's all in there.

**Dr LIM:** ... allowance supplement, and that's where, I think ...

**Mr AH KIT:** No, I think what David's saying, is that if he was a single bloke on unemployment benefit, he would get \$360 a fortnight, \$180 a week.

**Mr DANIELS:** \$380 a fortnight.

**Mr AH KIT:** \$380, okay. \$190 a week. But, because you're on CDEP, what do you get a week?

**Mr DANIELS:** CDEP, many time different. But all the others, well, they might get the same. They're on \$165, I think, a week.

**Mr AH KIT:** The family allowance supplement. What you should be doing, is that when somebody comes from the city, and they're married, the wife should be going straight across to Social Security to the agent, and filling in the family allowance supplement. What you're saying is that there was an agreement in place that this would follow automatically, but Centrelink will not pay you, your wife and for the kids, with that family allowance supplement, unless they get paperwork filled in and sent into

them.

**Mr DANIELS:** Yes, well, Centrelink are saying to us, we've already done that, what you said. But they took all the money, the other people, all the single people in my group, I went and asked them to go out on social security, and social security said no, we put that money into the council. That's your top-up money and we put it in with the council.

**Dr LIM:** The CDEP program has 2 pots of money, the unemployment money and they sort of administration costs as well. That's in there. And if people work more than 4 hours a day, then that admin pool somehow ...

**Mr AH KIT:** The oncots money.

**Dr LIM:** Yes, adds onto that. Anyway, this is getting a little bit too complicated even for me, because I'm don't specialise in that part of it. I think you need to speak to your Social Security officer ...

**Mr DANIELS:** You're question is all related to food.

**Dr LIM:** Yes, it does, it does, yes.

**Mr DANIELS:** Shopkeepers will provide good food, whatever, but we got to have the money to afford to buy those things. That's all. Even shops can't afford to get the best food for us, if we haven't got, didn't have enough money. Because they know that they can always find something to sell there. They stay on the shelves for months, lot of them don't buy it.

**Mr CAMPBELL:** The policy that the shop has brought in since we've been here, is that we stop book-down on smokes and we stop book-down on variety gear. We allow book-down on all foods, but we do not allow book-down on variety and smokes, because people can live without a smoke and they can live without a bloody new dress or something like that, but they do need food. So that's one policy we have brought in because food is definitely a basic commodity to keep people alive.

**Mr AH KIT:** Is there a limit to somebody, like, \$100 or something like that?

**Mr CAMPBELL:** What we try to do is food first of their cheque. We've also brought that in. But there again, when we started here, like, we walked in and people had book-up over \$1000. You just cannot expect someone to pay that off, you know. They're not going to come in one day with \$1000 and just go bang. And I don't know whether it's because people owe the shop so much money that they get scared and they go shop somewhere else.

Other stores have a policy that they hold their keycard, or they make them send their cheque there. We've never - we've done it for 9 years, and we do not believe in that policy. If the people ask us to leave the card there, yes. Ask us to give the cheque there, yes. But we will not force them.

**Mr AH KIT:** Good policy. You could get into trouble the other way I think.

**Mr CAMPBELL:** Well, there's a lot of community stores that actually make people leave their cards there, make them sign their cheques over to that store they got to get there. There's a place in Borroloola at one stage there, they were actually opening their cheques and not even handing it to them, just getting them to sign it and putting the cheque in the till and giving them the change. And that was it. And if they didn't get change ...

**Mr LIM:** That's illegal.

**Mr CAMPBELL:** Yes, but we've had meeting down there about that 5 years ago, and nothing ever happened.

**Mr BUSH:** Maybe a committee like this should be running around checking up on things like that.

**Mr AH KIT:** You were down in Borroloola 5 years ago working in the shop ...

**Mr CAMPBELL:** Working for Bulk Discount, Ross Robinson.

**Mr AH KIT:** Who owns that now, sorry?

**Mr CAMPBELL:** Rhona Robinson owns the Bulk Discounts now. Ralka owns the building. We worked up at Numbulwar. We've worked down at Yuendumu. We've been out to Naralka. We've sort of been around a few communities.

**Mr AH KIT:** That's the bloke that died in the plane crash?

**Mr CAMPBELL:** Yes.

**Mr AH KIT:** What happens in the Wet?

**Mr CAMPBELL:** In the Wet we basically ...

**Mr AH KIT:** Knowing that the river, the Roper comes up and the Wilton.

**Mr CAMPBELL:** We basically try to get as much stop in as we can. Because of the size of the store you can't get everything in you need. You haven't got the freezer room. And, when the river come up, it's barge work, and that's all we basically do. We go up on the Tuesday morning, meet the truck, load it all up and barge it down the river again.

**Mr MITCHELL:** Just from here up to the ...

**Mr CAMPBELL:** Four mile. It's about just on an hour run up, about 1½ hour to load, and an hour down the river and then another hour to unload here.

**Mr MITCHELL:** You mentioned before that your total freight component was \$33 000.

**Mr CAMPBELL:** Yes, \$33 000. That's ...

**Mr MITCHELL:** That seems very low.

**Mr CAMPBELL:** That was \$33 000 for 9 months. Well, like I said before, our freight department is Top End Wholesalers. They're a company we buy from. Because we're buying from them, they charge us \$25 a pallet for anything we buy off them. Anything we buy outside of them, they charge us \$50 a pallet. If we got a private freight company in, it's \$1900 for one trailer, and \$2400 to get 2. And that's the difference.

**Dr LIM:** And the trailers could be full or empty ...

**Mr CAMPBELL:** Yes.

**Dr LIM:** ... it's still the same price.

**Mr CAMPBELL:** At Yuendumu, it's \$1500 a trailer. You could put 6 pallets on a trailer, and it's still \$1500. If there's 20 pallets, it's still \$1500. So they had a set price for that distance, and what was that - 300 km, 600 km round trip. And I couldn't believe the freight costs out there.

**Mr AH KIT:** Now, back in the wet season, when you have to barge the stuff down from the crossing, does that mean it's more cost and therefore ...

**Mr CAMPBELL:** Yes, there's more cost involved.

**Mr AH KIT:** ... it affects the quality, the fruit prices in the wet season ...

**Mr CAMPBELL:** No, the food prices stay exactly the same all year round.

**Mr AH KIT:** Right. But you pick up the cost ...

**Mr CAMPBELL:** The store actually wears the cost of the extra freight, which you just can't basically say, well, it's costing us more to bring it down so we're going to charge you more. We just got to - the store is actually wearing it. That's probably why we lost \$1300 in 9 months straight. But we're still trying to keep the prices down.

**Mrs CAMPBELL:** Unleaded fuel is the only ...

**Mr CAMPBELL:** Oh, unleaded fuel went up, sorry, yes. Because we bought it in drums. We couldn't buy it in bulk, and they charged us \$213 a drum. So we had to put fuel up to cover the cost. That's the only thing that went up through the wet season.

**Mr AH KIT:** So you've got the fuel tank there, but you've got ...

**Mr CAMPBELL:** It's 10 000 L, the unleaded one there, and we ordered 50 drums of unleaded and stored them up at the house, and because it's \$213 a drum, we had to make the price set - I think we set the price at \$2.10.

**Mrs CAMPBELL:** \$1.10.

**Mr CAMPBELL:** \$1.10, yes, I'm sorry.

**Mr AH KIT:** A litre?

**Dr LIM:** Per litre, yes.

**Mr AH KIT:** And the diesel?

**Mr CAMPBELL:** Diesel is 98¢ a litre all year round, it had been.

**Mr AH KIT:** And you have enough diesel through the ...

**Mr CAMPBELL:** Yes, we did have enough.

**Mr AH KIT:** ... during the wet?

**Mr CAMPBELL:** We got the 25 000 L tank put in by BP, above ground tank, and that survived all the

way through the Wet. We did run out of unleaded. I had to get 10 drums down one trip, and I sort of basically said, oh yes, getting towards the end of March, the wet season's going to finish, so I didn't worry about getting any more in. And the wet season went until the middle of May. So we ran out of unleaded this year. So it means next year, we just order more drums.

**Mr AH KIT:** So it would be handy to get away around the double handling, if one day the government had some dollars and put a bridge up over the river?

**Mr CAMPBELL:** Oh, yes. That would be some one's dream, I think. Yes, the ideal place, for the bridge, would be say from the Four Mile, just down right near the store, across and hook up to the road again. And that's, because it cuts the Wilton out and you're not going to have trouble with the Wilton. And you don't have to build a bridge at the Wilton.

**Mr MITCHELL:** And Urapuntja's stuck then?

**Mr CAMPBELL:** No.

**Mr BUSH:** It actually takes the risk of Urapuntja running up and down ...

**Mr JEFFRIES:** From the junction to Urapuntja, that's only 2 km.

**Mr AH KIT:** From the Four Mile junction?

**Mr JEFFRIES:** Yes.

**Dr LIM:** With your store operation and the overheads that you have, and because you made a loss last year, it's a bit hard to - I don't know how you would answer this question. In some communities we find that all the profits that the store makes is actually ploughed back in to the community. For instance, one community said, 'Okay, we'll buy a refrigerator for every house in the community'. That's what they said. Now, is there a policy like this ...

**Mr CAMPBELL:** No, at the moment, the policy for the store at the moment, is to get itself out of that original debt. Because it's only been trading for 9 months up to last financial year, and 12 months now - it's 21 months - is to get itself out of that debt which was started with by ... I mentioned here before, there was \$180 000 that was put up by the first managers. And that was paid out, and straight away, the wet season was there, because we started in September. And then you've got the shop week - there's \$200 000 involved in that, and new fridges, the accommodation with boards. There's roughly, I think it's something like \$700 000.

**Dr LIM:** Does the community here in Ngukurr understand that the prices they're paying is trying to get rid of the debt as well? Do people understand?

**Mr CAMPBELL:** Oh, it's been explained on that many different occasions, yes.

**Dr LIM:** All right.

**Mr CAMPBELL:** But you still have the same hassle because the shop was paying a lease too. They're all saying, 'Where's our lease money?', you know. I don't know - they're supposed to be meeting in July about the lease, and I've got ideas for that. I'll wait until July to even discuss it with the NLC then.

**Dr LIM:** Okay.



**Mr BUSH:** The money we were hoping to make is profits here through the shop. We'd like to plough it back into the shop to renovate. This is 20 years old, just going over 20 years old. It needs to be re-done again. We can utilise the area behind it, developing it more, and upgrading the rest of the structures.

**Mr CAMPBELL:** It's basically, that if this shop goes like the way at Numbulwar, and government money is getting tighter and tighter, and there's nothing been done with the lease money - it's not being stored away just to build a new shop later on down the track - this community will have to have a talk. We're going to go back to private enterprise to fund a new store, and they go through the same period where the prices are very high again for 10, 12 years, until the person makes his money back from the store.

**Dr LIM:** Are people happy with the quality of the food that you're buying here?

**Mr JEFFRIES:** They have good quality here. And they shop - if you got for can, you must afford to buy the quality that we want. We don't have to shop, nothing. See, if nobody shops, the shop not going to make any money, and ...

**Mr CAMPBELL:** The shop closes, bang. The community loses the shop.

**Mr JEFFRIES:** It come the first mob, you know. People took that. They gave good money, they can't afford to shop, and the shop can't afford to get good things for us.

**Dr LIM:** So based on what you're saying here, that the day will come when the debt's all paid off ...

**Mr CAMPBELL:** The day will come when the debt's paid off, yes.

**Dr LIM:** ... that people can look forward to lower prices still.

**Mr CAMPBELL:** Lower prices still, yes. Then you reconstruct the whole thing again, look at your pricing, look, find out what the committee wants to do with their profits, whether they want to pour it back into the community or they want to start another enterprise up doing something else for the community.

**Dr LIM:** The lease payments for the store goes to whom at the moment? Who owns the store?

**Mr CAMPBELL:** You can answer that one ...

**Mrs CAMPBELL:** (inaudible).

**Mr BUSH:** I say it to the greedy people to go and live there, in Darwin and everywhere else.

**Dr LIM:** Okay, they are, what private enterprise?

**Mr BUSH:** All told, the money started up from say, around about - when did we take over? About 1980?

**Mrs CAMPBELL:** Yes, last year.

**Mr BUSH:** 1980. The money that was paid in rentals to the agreement, to the lease agreement, rental agreement, would have totaled something like \$700 000 by now. And that money could have been ploughed back into the store, or be developing other business around the area. But people are more greedy ...

**Dr LIM:** So the community does not own the store?

**Mr BUSH:** No, no. The land council owns that.

**Mr JEFFRIES:** No, the land trust.

**Mr BUSH:** The land trust owns it.

**Dr LIM:** Is the lease payments separate to any royalties that are being paid to people in here?

**Mr CAMPBELL:** Well, we've been sending the payments to NLC, and they just send us back a receipt saying they received this money. The royalties, no, there hasn't been any royalties, hasn't been a problem.

**Mr BUSH:** Royalties and lease money are 2 different things.

**Dr LIM:** Okay.

**Mr BUSH:** One's a rental, and the other one's just a giveaway.

**Dr LIM:** Okay.

**Mr BUSH:** Isn't it? It's like a compensation for ...

**Mr AH KIT:** But this shop has never given royalties to anyone?

**Mr BUSH:** No.

**Mr AH KIT:** There's lease money ...

**Mr BUSH:** Just been the lease.

**Mr AH KIT:** ... as part of their contract, which goes to the NLC, and then they meet with the traditional owners and work out how they disperse that if they're going to disperse it.

**Dr LIM:** So, the lease payments ...

**Mr AH KIT:** Go to the NLC.

**Dr LIM:** Okay, and the NLC then split it.

**Mr AH KIT:** And then have the meeting with traditional owners to work out what they're to do with that money.

**Mr JEFFRIES:** Every month that just ordinarily take it out of the shop. They never see it. That's the lease that we get.

**Dr LIM:** Could that be renegotiated to a level that's more tolerable to the store?

**Mr BUSH:** Well, it should be renegotiated. Actually, I don't even want to see it paid. That should be ploughed back into helping the store and upgrading the business.

**Mr CAMPBELL:** See, in one way, yes, you do have to pay a lease, but what I'd like to see done with the lease money, instead of going to a particular certain families, that gets put into a trust, left there -

even if it takes 9 years - so they've got money to build a new store when they do need it. Because what's happened at Numbulwar, the store is just absolutely just fell apart up there. Like, white ants just got into it, riddled it - there's curses put on it, and now they've had to go and get the funding for a new store.

And like I said, government money will eventually dry up for these sort of fundings. And if they put the money back into a situation where they've got it there to build their own new store again, they'll get away from private enterprise coming back in, building a store, and saying that 'We're going to run it for 10 years'. As soon as that happens, the prices will just go through the roof.

**Mr BUSH:** So you're looking at, if it's run locally by the local people, or by the local residents, things can be cheaper, they'd bring outside people out in, to run it as a business, lease it out to outsiders. They're only here to make a profit and not to make, not taking into consideration the community. So you're paying an arm and a leg all the time. That's what they're looking at, taking it away from that. We're not here to make people rich. The airstrip, when they, Ngukurr, their bloody millionaires.

**Dr LIM:** With, you say you get your wholesale supplies from Top End Wholesalers. Do you find the need to go outside that - buy your fresh fruit and vegetables from Tully or somewhere?

**Mr CAMPBELL:** Yes, we could have. We were looking at, at one stage, going to South Australia. When we looked at the distance, going from South Australia to Darwin and then back to you again, you really didn't know what your fruit and vegies were going to be like when it gets there. Down in Yuendumu, when we were working down there, they were getting it from South Australia. It was basically hitting Alice Springs and coming out. And the fruit and vegies out there were actually cheaper than a lot of the shops in Alice Springs. And that was the basic cause of it. It wasn't being bought in Alice Springs, it was coming from exactly the same place that everyone else was buying it.

**Dr LIM:** When did you leave Yuendumu?

**Mr CAMPBELL:** Yuendumu, February last year.

**Dr LIM:** Have you been back there to have a look at it?

**Mr CAMPBELL:** No. No, we were actually working there the first time for us, as just store people. We done 12 months. I thought that was a breeze, because we started up here in 1990, and we've been managers, basically, ever since. And that was the first time we actually had no responsibility, and it was a great job.

**Mr MITCHELL:** In the big store, not the other store, not the mining store?

**Mr CAMPBELL:** That was the big one, yes. The social club. David and Barbara are still there?

**Dr LIM:** No, David and Barbara are not there any more?

**Mr CAMPBELL:** They gone, have they?

**Dr LIM:** Yes, they're running the Finke store.

**Mr CAMPBELL:** Well, that's changed very quick.

**Dr LIM:** There's other people running the Yuendumu store now.

**Mr CAMPBELL:** Yes.

**Mr BUSH:** Well, I'll have to leave. I've got water testing to do.

**Dr LIM:** Okay. All right. Is there anything else you think you could add, or tell us?

**Mr BUSH:** Oh, like I said before, the book-up system should be looked at throughout remote areas. It's illegal to book up cigarettes or non-essential items. It's the same like alcohol, it's a non-essential item. So I reckon that should be widened, and said, 'All right, no smokes, any items that's not essential to the household, or living.

**Dr LIM:** Is a person living here ...

**Mr AH KIT:** Just let Phillip know what happens with this information and all the same, just before he leaves.

**Dr LIM:** Oh, the information - what's recorded now, we will type that up and send you - each person who has spoken, a copy of what's typed up, of what you say. We'd like you to sort of read it through to make sure it's all correct, and then send it back to us. On 19 August, when we have to finish writing our report, whatever you say will be compiled together, with the report, and given to parliament.

So if we say that book-up is not good, then parliament will hear that. We will tell parliament, maybe we should try and discourage book-up. You know, people who are having difficulties with CDEP, we might say that. Maybe the Social Security should look at that closely to make sure that people are getting enough money to buy tucker. We'll say those sort of things. Right? So parliament will then understand what it's about.

**Mr MITCHELL:** Can we just get back to a few basic things. It looks like people are starting to nick off again. Total freight, was that a 9 month period, or ...

**Mr CAMPBELL:** That was a 9 month period, to 30 June this year.

**Mr MITCHELL:** So you'd say roughly, the average would be \$55 000 a year for freight?

**Mr CAMPBELL:** Yes, I'd have a better idea once the audit and the accountant has been right through this year.

**Mr MITCHELL:** Okay. Just going basically for every month ...

**Mr CAMPBELL:** Yes.

**Mr MITCHELL:** ... for \$50 000, \$55 000. total turnover \$1.9m, that's in 9 months again?

**Mr CAMPBELL:** Yes that's for 9 months again.

**Mr MITCHELL:** Okay, so we can make that, and your total outgoings, as far as purchasing the stock, was \$1.2m? Was that right?

**Mr CAMPBELL:** Income sales, \$1.9m, purchase, \$1.646m.

**Mr MITCHELL:** You spent \$1.6m and brought in \$1.9m, so there's only a \$250 000-odd ...

**Mr CAMPBELL:** Yes, closing stock was \$131 000 ...

**Dr LIM:** That's for the year 1997-98, right?

**Mr MITCHELL:** Nine months wouldn't it be?

**Mr CAMPBELL:** Yes, there you go. Get back to the right one. Income sales, \$1.7m, the purchase was \$1.2m.

**Dr LIM:** \$1.2m there, okay.

**Mr MITCHELL:** So there's \$500 000. So what's your percentage, mark-up wise? Is it across the board, or is it ...

**Mr CAMPBELL:** No, it's 3% is just mark-up.

**Mr MITCHELL:** Just 3%, once that's ...

**Mr CAMPBELL:** 3% mark-up, yes.

**Mr MITCHELL:** And the cheapest, can you give me a rough idea on that? Is it fruit and vegies ...

**Mr CAMPBELL:** 50%.

**Mr MITCHELL:** Fruit and vegies, 50%. And others are down?

**Mr CAMPBELL:** Freezers - anything frozen, refrigeration, 60%, and variety is 80%.

**Dr LIM:** 50%, 60% and 80%?

**Mr CAMPBELL:** They're your mark-ups for this store, yes.

**Mr MITCHELL:** Okay.

**Mr CAMPBELL:** And private enterprise ...

**Mr MITCHELL:** I was just trying to get that, if you ...

**Mr CAMPBELL:** Private enterprise, that'll work out to 75%, 85% and 120%.

**Dr LIM:** Some stores actually put a high mark-up on the perishables such as fruit and vegies, and then the tin and dry food have a low mark-up, because the spoilage is a lot less high. And so that's how they do it.

**Mr CAMPBELL:** Yes, we just work basically on freezer and chiller, then the perishables, we don't really worry about, because we can basically ring up Tullys and say, 'This is no good'. You can tell as soon as you get it whether it's going to be any good or not. 'This is no good', and they give us credits. We've had very good working relationship with Tullys. We do get spoilt stock. We get it changed straight away.

**Dr LIM:** When do you think you can get an audit of accounts for this financial year?

**Mr CAMPBELL:** The accountant will be doing them - when are we doing the stock take - first weekend in July. It took us - how long did it take the auditors to finish these paperwork last year? Up until October.

**Dr LIM:** Yes, I don't want to see the whole audit. What we would want, I think, what Phil is driving at,

is if you could give us, say, for this financial year, what your gross turnover is ...

**Mr CAMPBELL:** Oh, yes, yes.

**Dr LIM:** You know, what your ... Sorry? Like a trading statement, that's right. What your gross turnover is, what your expenses are, you know, in the way of stock replacement, your wages and other components, and then your profit margin. Just so that we can have some idea how it's going. That's all we want. We don't have the full audit and information.

**Mr MITCHELL:** No, nothing like that. It's just a basic idea.

**Mr BUSH:** Last year's expenses, October, that's \$441 000. That's your accountancy, advertising, doubtful debtors, bank cheques, donations and plant hire, the whole lot.

**Dr LIM:** Really, what we're looking for is something like, 'Our gross turnover is X million dollars'. Right? Percentage, staff wages, 10 % whatever, freight, 10%, 15%, 20% whatever. If you can give us that sort of ballpark figures, it gives us a way of developing a picture as to how a business operates. That's what we ...

**Mr CAMPBELL:** How this one operates anyway.

**Dr LIM:** Yes, that's right.

**Mr MITCHELL:** But what I was too - in that \$1.2m out of \$1.7m, what I'm curious is what is the \$1.2m buy? Does that buy the total amount of stock that's come into that, or does it pay lease payments ...

**Mr CAMPBELL:** That was the total purchases.

**Mr MITCHELL:** Purchase. Oh, it's just that the percentages of your mark-up ...

**Mr CAMPBELL:** Doesn't work out, does it?

**Mr MITCHELL:** No.

**Mr CAMPBELL:** No. That's because of the staff, we've got a lot of family pressure, and I cannot really state that the girls are doing it on purpose, but I also have to walk up to people and say, 'You cannot just walk out with this gear'. And the girls won't say anything, of course, so we have a situation in the community ...

**Dr LIM:** We understand that.

**Mr CAMPBELL:** ... and it's the same with all communities. There's always pressure on your staff.

**Mr MITCHELL:** Okay. So the reason that there's bit of discrepancy there is that there is stuff just ...

**Mr CAMPBELL:** Yes, and there's always shoplifting. You'll never get away from that either.

**Dr LIM:** Can the store committee help in the way of trying to explain about the food not being taken out without payment and all that.

**Mr BUSH:** Yes, we do.

**Mr CAMPBELL:** Yes, well, that's all been through. We have an old bloke, Robert, in. He sits there and like, he keeps an eye on the kids and that, and tries to keep the kids under control. And you basically can't be a tyrant. Like, if we went over there and started being tyrants, everyone would just leave that store and there would be nothing. Like, again, you would be without a store.

**Mr MITCHELL:** Just one last one for me. The percentage of that turnover, how much would that be food?

**Mr CAMPBELL:** Food ...

**Mr MITCHELL:** 60%, 70%, and the rest in clothing and stuff, or more, or less. Just roughly.

**Mr CAMPBELL:** I'd say you'd have to go up to about 85% with your food.

**Mr MITCHELL:** Okay.

**Mr CAMPBELL:** Because we don't spend that much on variety gear. Washing machines, fridges, like, we try to keep one fridge in the store at a time. Someone buys one, we order another one in.

**Mr MITCHELL:** Okay. 85% approximately.

**Dr LIM:** You've got somebody here who can maintain the washing machines and fridges and all that?

**Mr CAMPBELL:** No. No, that's - I really do hate sending people away to Darwin.

**Dr LIM:** May I suggest whether, you must be aware of the Centre for Appropriate Technology in Alice Springs. Have you heard of that?

**Mr BUSH:** Yes.

**Dr LIM:** You know about it, okay. For instance, a washing machine, take your common cultural quantity. A washing machine uses electricity, needs expertise and electricians to fix it if it goes wrong. It uses a lot of water, makes a hell of a lot of noise. Okay. Now, I'm told - and this is what I'm told - that the Centre for Appropriate Technology went out to bush communities mostly in the desert to look at the communities and their laundry system.

Women would do their washing in the middle of the desert with not much water to spare, and they use washing, or laundry as a social gathering, where they can actually get together, have a talk, have a chat and a gossip while they're washing. So they say they don't want to have machines that use a lot of electricity because electricity is generated; machines that use little water; machines that are reasonably quiet so they can talk while they are doing the washing; and machines that don't require a lot of repairs.

So they designed a washing machine out of a modern machine, hand operated, uses buckets of water rather than connected to the tap, so that women can sit around or stand around, hand operate the washing machine, have a gossip while they're washing, and have things done with very basic but good equipment.

**Mr CAMPBELL:** And what age group are you looking at there, though, to do this? Because what about the older ladies that are in the community, that you know, have got the arthritis and things like that.

**Dr LIM:** I don't know. But that's how they do it.

**Mr BUSH:** That technology you're talking about there is mainly aimed at remote areas where it's hard

to get electricity too ...

**Dr LIM:** Right, yes.

**Mr BUSH:** I've seen it. I've seen the good stuff you're talking about.

**Dr LIM:** It's not appropriate - I'm asking, is it appropriate for places like this?

**Mr BUSH:** Well, I'll tell you what's appropriate that came from there, would be the drum ..

**Dr LIM:** The drum on the stick.

**Mr BUSH:** Yes, they can cook the whole hindquarter, whereas people in communities like this, would get a cage, a rib cage, and just throw it in the oven without a tray.

**Dr LIM:** Well, maybe the sort of things ...

**Mr BUSH:** With that drum, I wouldn't. You take that away, they can slowly change into a tray, to the store.

**Dr LIM:** Yes, those sort of things might be worth while looking at.

**Mr BUSH:** Well, actually, I've got the plans here.

**Dr LIM:** Oh, there you go.

**Mr BUSH:** Too late. I've already been through that.

**Mr MITCHELL:** I know you told us this before, I know it's similar to my last question, but your turnover here a fortnight. Did you mention that before?

**Mr CAMPBELL:** Our last month was - what did I say - \$170 000.

**Mr MITCHELL:** A month or a fortnight.

**Mr CAMPBELL:** That was a month.

**Mr MITCHELL:** \$170 000 a month.

**Mr CAMPBELL:** That was for last month, yes.

**Mr BUSH:** They'll take it ...

**Mr MITCHELL:** Sorry.

**Mr BUSH:** I'm just having a little joke.

**Dr LIM:** Anyway, check with the Social Security people about your family allowance supplement, all right. I think there's something that you're missing out on.

**Mr BUSH:** Yes, I think the CDEP program should be revisited, revised, or reviewed and upgraded.

**Dr LIM:** I don't want to be seen to be passing the buck, but that's a federal thing, that this committee has got no control over that. We can say, we can make comment about it, but we cannot control it. We just don't have any jurisdiction over that.



**Mr BUSH:** Yes, I know, but if it's coming from all angles ...

**Dr LIM:** Yes, sure.

**Mr BUSH:** ... someone's bound to ...

**Dr LIM:** Yes, we can comment on that. But it would be worth your while to get it checked up. All right?

**Mr BUSH:** No worries, thank you.

**Dr LIM:** Well, thank you very much for coming. Thanks a lot, Steve.