COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

# HOUSE OF REPRESENTATIVES

## STANDING COMMITTEE ON INDIGENOUS AFFAIRS

**Food prices and food security in remote Indigenous communities**

(Public)

WEDNESDAY, 23 SEPTEMBER 2020

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**HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON INDIGENOUS AFFAIRS**

**Wednesday, 23 September 2020**

**Members in attendance:** Ms Claydon, Ms Hammond, Mr Leeser, Mr Snowdon, Ms Stanley, Mr Young.

## Terms of Reference for the Inquiry:

To inquire into and report on:

The House Standing Committee on Indigenous Affairs will inquire into and report on the issue of food prices and food security in remote Indigenous communities ("Remote Communities").

The Inquiry will identify and report upon factors contributing to higher prices and situations where prices are considered unreasonable and in particular investigate whether there is price gouging in any remote community stores.

This investigation should pay particular attention to the availability and pricing of fresh and healthy foods in remote community stores.

The Inquiry will also consider licensing and regulation as well as the governance arrangements for remote community stores across Australia, and what action, if any, that the Australian Government and State and Territory governments could take to address price gouging in Remote communities.

The Inquiry should consider, report and where appropriate make recommendations on:

1. The environment in which Remote Community retailers operate;

2. The licensing and regulation requirements and administration of Remote Community stores;

3. The governance arrangements for Remote Community stores;

4. Comparative pricing in other non-Indigenous remote communities and regional centres;

5. Barriers facing residents in Remote Communities from having reliable access to affordable fresh and healthy food, groceries and other essential supplies;

6. The availability and demand for locally produced food in Remote Communities;

7. The role of Australia's food and grocery manufacturers and suppliers in ensuring adequate supply to Remote Communities, including:

   a. identifying pathways towards greater cooperation in the sector to improve supply;

   b. the volume of production needed for Remote Communities;

   c. challenges presented by the wet season in Northern Australia as well as any locational disadvantages and transport infrastructure issues that might be relevant;

   d. geographic distance from major centres;

8. The effectiveness of federal, state and territory consumer protection laws and regulators in:

   a. supporting affordable food prices in Remote Communities particularly for essential fresh and healthy foods;

   b. addressing instances of price gouging in Remote Communities; and

   c. providing oversight and avenues for redress;

9. Any other relevant factors.

## WITNESSES

**ALTMAN, Professor Jon, Private capacity**

*Evidence was taken via teleconference—*

**Committee met at 10:14**

**CHAIR (Mr Leeser):** Good morning. I declare open this public hearing of the House of Representatives Committee on Indigenous Affairs for its inquiry into food pricing and food security in remote Indigenous communities. I acknowledge the traditional custodians of all the lands upon which we're present today and pay my respects to their elders past, present and emerging—in my case, it's the Dharug and Kuring-Gai people here at Pennant Hills. I acknowledge the cultures of all Aboriginal and Torres Strait Islander people speaking with us today or listening to these proceedings.

As these proceedings are public, they are being broadcast and recorded by Hansard today and all of the evidence today attracts parliamentary privilege. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as proceedings of the House of Representatives. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. I also remind you, as a result of using this technology, to please say your name before you speak. Professor Altman, I now invite you to make an opening statement before we proceed to discussion.

**Prof. Altman:** Greetings from Wurundjeri country down in Melbourne. Thank you for the invitation to appear today to answer any questions that members of the committee might have. In my submission I have tried to differentiate three issues: first, food pricing; second, price-gouging, which is potentially related; and third, food security—which, while linked to food pricing, is also linked to income levels, availability of supplies and stores and people's potential to self-provide. This is often referred to as food sovereignty in the global Indigenous policy context. As my submission highlights, COVID has been a surprising boon for many Indigenous people in remote communities, who have been equitably lifted out of deep poverty with a COVID supplement which has been paid to all Australians, freeing them from the inequitably applied Work for the Dole requirements and enabling many to return to a way of living that has allowed supplementation of state income support with self-provisioning with bush foods. Unfortunately, this week we have seen a decline in the COVID supplement by $300 per fortnight and the return of the onerous Mutual Obligation that requires people to look for work that does not exist or to participate in Work for the Dole five days a week for 20 hours year-round.

The issues this committee is addressing cannot be compartmentalised from the broader economic and social circumstances of remote Indigenous communities. Indeed, my reading of the many submissions to this inquiry and evidence to date indicates that they have opened up a Pandora's box of insights into the many deep development challenges that residents of remote Indigenous communities face daily. Without being too reductionist, Indigenous communities in remote Australia are unusual places that still carry the deep scars of colonial legacy when most were established as government settlements and missions, and the contemporary scars from the last decade or two of unhelpful interventions by Commonwealth, state and territory governments of all political persuasions.

In the last two decades, consumer capitalism has made significant inroads into the remotest places, but at the same time, production capitalism and the possibilities of wage labour and opportunities to deploy native title rights and interests for self-provisioning have not kept pace. Indeed, overall poverty levels have increased, not declined. This is very evident in any statistical analysis of how the Closing the Gap targets have fared in any single remote community. I think the member for Lingiari, who is deputy chair of this committee, would be more familiar than most with the declining situation in the remote places in his electorate.

Last month, we saw the release of the new and negotiated Closing the Gap Refresh Framework with 16 targets, many to be met in the next decade. Unfortunately, United Nations Sustainable Development Goals 1 and 2, eliminating poverty and hunger, were not among them, nor are the issues that are being addressed by this committee, which raises important questions around coordination and prioritisation in Indigenous policymaking. If eliminating poverty and hunger are priorities 1 and 2 for the SDG goals that Australia endorsed and is pursuing, why aren't they 1 and 2 in Closing the Gap Refresh?

We know that competition is useful as a price control mechanism, but most remote Indigenous communities are too small to sustain multiple stores and the consumer choice and the downward pressure on food prices that might result. This is especially so if choice is constrained by income management. We also know that food security cannot come from the store alone because people do not earn enough, so either we need to increase incomes, prices need to decline or food needs to come from elsewhere beyond the store. The control on prices that

might have been achieved by store licensing under the Stronger Futures legislation wielding the big stick from Canberra have failed, like so many measures that have origins in the Northern Territory intervention 13 years ago.

So the difficult question this committee faces is: what is the role of government in all this and, if there is a role for government, which government, given interstate variation? If government intervention is having little impact, how might decision-making governance be devolved to the community level to assist those who do the practical work that matters most? I wish there were easy answers to such questions. I suspect that self-determination and empowerment are part of the answer, but this will require a fundamental re-figuring of the Indigenous policy approach for remote Indigenous Australia. However, that is probably the task of a different committee. Thank you.

**CHAIR:** Thanks, Professor Altman. I am pleased that you drew our attention to the minister's determination in relation to price-gouging of essential goods. I was not aware of this; I don't believe that we've heard this in evidence previously. But that particular determination didn't include food. The essential goods they were looking at there were things like alcohol wipes, sanitiser, face masks, gowns and the like. The minister in that determination—we haven't had a clear definition of 'price-gouging'—says that a person engages in price-gouging in relation to essential goods if the person supplies or offers to supply goods during the COVID-19 human biosecurity emergency period and if the person purchased those goods in a retail transaction after 30 January 2020 and if the value of the consideration for which that person supplies or offers to supply the goods is more than 120 per cent of the value of the consideration for which the person has purchased the goods. Is that a reasonable definition of price-gouging, and how do you think it might apply to a food scenario?

**Prof. Altman:** That ministerial determination by Minister Hunt ended in remote Australia, I think, in June this year. With retrospectivity, that sort of notion of price gouging might have been appropriate and might have served us well if evidence of price-gouging was tendered to the ACCC.

**CHAIR:** I'm asking what you think of that as a definition. I'm only pressing the point because I don't think anybody else has drawn our attention to this set of circumstances. We have been looking for a definition of price-gouging—we even asked the ACCC for a definition. So, given that you have raised this with us, I am interested in whether you think that is a reasonable definition of price-gouging.

**Prof. Altman:** I think that would be a reasonable definition.

**CHAIR:** Thanks; I appreciate that. If I take your submission in the following way—tell me if I've got the right end of the pineapple—you would like to see people being able to spend more time self-provisioning if they didn't have other obligations like Mutual Obligation and the like. You and others have been critics of the CDP arrangements and effectively say that self-provisioning is not possible because of the Mutual Obligation requirements and also because of the inadequacy of CDP. Is that basically right?

**Prof. Altman:** Yes, it is right. I think CDP has many shortcomings in relation to people's self-provisioning. The requirement is that people work every weekday, basically, in centralised communities. That means that, of course, they can't leave those places of work for the dole or training to participate in self-provisioning if that involves on-country collection of what are often referred to as country foods: foods from hunting, fishing and gathering.

But beyond that, one of the problems with CDP as well is the very strict compliance regime that it has. As we've found out over the last five years, it often results in people being penalised when they don't turn up for their work for the dole requirements. And this reduces their income, and any reduction in people's already extraordinarily low income levels reduces the discretionary income that people need to actually participate in food collection activities because, of course, they need to be able to pay for petrol and they need to be able to register vehicles et cetera. So we mustn't have the view that people exercising their food-security or food-sovereignty opportunities is cost-free. They do need some cash. If that's reduced and they're living in poverty, it's likely that they won't be able to participate in those activities.

I guess the flip side of that is that, when we had the previous Community Development Employment Project scheme, people were actually able to participate in self-provisioning because their community-based organisations facilitated their going out onto country and exercising their native title rights and interests to utilise bush foods to participate, if you like, in the non-market economy and to provision themselves with bush foods.

**CHAIR:** Play the devil's advocate for me for a minute. Let's say that we were to make a recommendation that people should be able to do that again, as long as they're able to demonstrate that they are self-provisioning and provisioning more for themselves and their immediate family. What's the argument against being able to do that?

**Prof. Altman:** I don't believe that there is a valid argument against being able to do that, because the whole idea of the Community Development Program, as currently constituted, is that people are engaging in work for

the dole or training for mainstream employment, but what we see from the available statistics from the census and the National Aboriginal and Torres Strait Islander Social Survey is that in very remote Australia only three in 10 Indigenous adults are actually in paid employment. To find the other seven out of 10 jobs looks, at least in the foreseeable future, impossible. I think what's much more productive is to define people who are engaged in useful productive activity as part-time employed, give them a certain level of income support—at the moment that's the JobSeeker payment—and liberate them to participate in productive activity, which might be in self-provisioning with bush foods, but that productive activity might also be in working on country, it might be working in the arts sector. There's a whole range of productive activities that people used to undertake under the CDEP scheme—but getting their now JobSeeker payment as a minimum income—that they were then able to supplement either with market activity and additional work and pay or with non-market activity which wasn't paid but nevertheless delivered them with nutritious foods from the bush or from market gardens or from other productive activity.

**CHAIR:** I have two more quick questions. We've heard in some places about specific biosecurity laws or regulations making self-provisioning difficult. Are there any particular state or federal laws, do you think, that are getting in the way of people sourcing their own food?

**Prof. Altman:** I don't think there are barriers to people sourcing their own foods for self-provisioning for their immediate households, and I think that that right is protected under section 211 of the Native Title Act. I think where we run into problems is where people then try and market their foods, for instance, by selling them either through community stores or informally in peripheral markets and townships. There I think you get a whole host of regulations coming in, particularly health-related regulations, where there's concern about the quality of fish or meat, particularly when it's being provided in a tropical environment or a desert environment. I think those concerns can be valid, but I think that there is also potential for the application of community fishing licences and the utilisation of appropriate technology, like mobile abattoirs, to assist people to harvest bush foods, for example feral buffalo in the Top End, which are highly nutritious and extremely plentiful. There are 100,000 feral buffalo across Arnhem Land that could be harvested, could be put into mobile abattoirs and could be sold into the communities.

**Mr SNOWDON:** From my memory, you've done a fair bit of work in the past about the impact of self-provisioning on nutrition. Is that correct?

**Prof. Altman:** That's correct.

**Mr SNOWDON:** Would you mind telling the committee about self-provisioning as a source of nutrition and what it means in terms of replacement?

**Prof. Altman:** Most of the work that I've done as an economist and an anthropologist has been on the market replacement value of self-provisioning and I started doing that in 1979 and 1980, living at an outstation in Arnhem Land where I was quite surprised to find that, when one quantified the value of bush foods that were hunted, fished and harvested, the majority of the local economy at that outstation came from the bush. In other words, if you gave a market valuation to what people were able to hunt, fish and gather, this accounted for 64 per cent of their local economy at that time, and 36 per cent came from welfare and 10 per cent came from the sale of art. That was in 1979-80 and subsequently there have been enormous changes. But the most recent work that I've done in Arnhem Land that actually quantifies the contribution of bush foods to the local economy still suggests that somewhere in the region of 25 to 30 per cent of incomes come from bush foods. The other thing that I did with this work was convert it. You can also convert kilos of meat or kilos of fish into kilocalories or kilojoules and grams of protein. And what I found was that a significant proportion of people's dietary intake, about 80 per cent of protein, came from bush foods and a far lower proportion, less than 50 per cent, of carbohydrates came from bush foods—mainly because buying carbohydrates in the market, particularly in the nature of goods like flour and bread, was much more efficient. Nevertheless, bush meats from hunting buffalo and kangaroo, catching fish and hunting bird life formed the majority of people's intake of protein.

Overall, I have to say—and I'm not a medical doctor, and I'm not a nutritionist but I've certainly worked with nutritionists—that my overall impression is that, when people are actively engaged in hunting and gathering activity, not only is their dietary intake far superior to what they can just get from the store where they're buying expensive foods with limited cash income but also the activity itself is helpful to keeping people active and healthy when participating in these activities on country.

**Mr SNOWDON:** Just to pursue this line of thinking, if you were looking at what the total economy of Maningrida looks like and, instead of determining it by dollar inputs coming from subsidies or from Newstart, you included the broader inputs that you could possibly quantify, as you've done in terms of bush foods, the size of the economy would be substantially bigger than is currently determined. Is that correct?

**Prof. Altman:** That's correct. The size of the economy would be larger. People would be less dependent on the state because they would be producing a proportion of their economic activity themselves and, importantly, they would be less dependent on the store for food. I partly say that because your inquiry is focusing on food pricing at stores but people also utilise stores for non-food items, including the equipment that they need for hunting, fishing and gathering. So what you might see is that the cash incomes that people get will actually be utilised more on purchasing productive capital and less on purchasing cheap foodstuffs, as they shift to become more self-sufficient by producing food for their own consumption.

**Mr SNOWDON:** I don't want to put words in your mouth, but the way I perceive it, given the discussion that you had with the Chair around CDP, is that if you were to liberate CDP—in other words, just get rid of all the stupid definitions that are currently being used to define what work is—and allow the community to determine what they see as work, including gathering bush foods, that would change the scenario substantially. Is that correct?

**Prof. Altman:** I think that any change in that direction that abolished CDP and empowered communities to define what is productive activity would be enormously positive and would take us some steps back towards what we used to have under the Community Development Employment Project scheme, which has to be fundamentally differentiated from the current regime. Of course, a very important psychological and symbolic aspect of that is that people who will be engaged in productive activity, as they define it, will be categorised as employed, not as unemployed. I think that is an extraordinarily important distinction to make. Of course, from a government perspective, when government is looking to close the gap in employment between Indigenous and other Australians, it would actually close that gap by properly recognising that the productive activities that people undertake, the productive work that they do, are a form of employment. It's just not in the mainstream labour market; it is in the Indigenous economy.

**Mr SNOWDON:** I'll just go back to your earlier comment where you pointed out that only three in 10 people in the bush at the moment would be seen as having a job. Given the unlikely possibility of additional jobs of any substantial nature being created, then, as you point out, if you had a similar program operating now to the old CDEP, which was part-time work for part-time pay, that would change that scenario substantially, would it not?

**Prof. Altman:** It certainly would. I guess the other point that I'd make is that the old CDEP engaged people for around 15 hours per week but paid them at the minimum award rate. At the moment, for example, if you paid people for 15 hours of engagement at around the minimum award of $20 a week, you'd be paying them in the region of $300 a week; you might, as with the current CDP, make that 20 hours a week, so it might be $400 a week. But the other important thing about CDEP, the old scheme, is that it didn't have the income taper, so it wasn't income tested and it wasn't work tested. So, on top of that base of, say, $400 a week, people would be able to earn additional income without being caught in poverty traps, as they currently are with the Jobseeker or Newstart system.

**Mr SNOWDON:** Thanks for that. This inquiry is around stores but also around the issue of food security. I look at food security in a number of ways, not only being able to access food but being able to access nutritious food so that it has a positive health income. I'm interested in this discussion about bush foods, and their contribution to diet means a lot in terms of what they would be replacing that bush food with if they have to purchase from the store. We know what that means, and it's typically been seen through the nature of chronic disease in bush communities. I just wonder, given your discussion in your submission about the MPA, whether they've given you any information about how store purchasing habits may have changed over recent times, including during this COVID period.

**Prof. Altman:** The main information that I've got from discussions with management of the Maningrida Progress Association is that, during the COVID period, expenditure at their supermarket in Maningrida has increased quite substantially. I think in my submission I refer to a figure of around 35 per cent being the increase in their turnover compared to the previous year. The observation that was made by staff of the Maningrida Progress Association but also by other people in Maningrida is that the enhanced income that people have had from the supplement has been expended primarily on additional purchases of food. That makes you realise that, without that COVID supplement, that expenditure wouldn't have occurred and people were probably undernourished and going hungry without access to the COVID supplement.

**Mr SNOWDON:** Do you have any visibility or knowledge of what happened prior to COVID, when breaching of people on CDEP was commonplace in those communities and what impact that may have had on store turnover?

**Prof. Altman:** There's obviously enormous variation in breaching rates across the, I think, 60 CDEP regions. But in places like Maningrida, where you had some of the highest breaching rates, what you basically saw was

community income decrease through penalties. I think the latest information we have been provided by the National Indigenous Australians Agency is that, between 1 July 2015 and 31 December 2019, there were 775,000 penalties imposed and each of those penalties would have reduced people's incomes. In places like Maningrida, where you have a very high dependency on CDP—there is somewhere in the region of 900 people on that scheme there—every time you have a penalty you get a loss of income and that loss of income has an impact on families, because people who don't have income need to rely on their families for their food intake.

One of the issues that arose was that, if people get penalised multiple times for breaching, they can experience serious penalties which might take them out of the income support system for eight weeks. Even worse, if they get disillusioned with the whole social security system, they might just drop out of the system altogether and become people who are not in the labour force, and then they become totally dependent on their families for income. So what you, in fact, see is poverty levels increasing. One of the points that I've made and that is in the research that I've done with Francis Markham from the ANU is that CDP breaching is likely one of the explanators for the increase in poverty levels that we've seen in very remote Australia between the 2011 and 2016 censuses, and that was only at the very beginning of CDP breaching. It's likely that, between 2016 and the present, poverty levels would have been even more enhanced by the high level of breaching of people on that program.

**Mr SNOWDON:** Thanks, Jon. That completes all the questions that I had, Chair. Thank you very much, Jon, for your submission and for your evidence.

**CHAIR:** Mr Young, do you have any questions?

**Mr YOUNG:** Chair, I think most of them have been covered. I had a couple, but Warren has asked them, so that's fine. Thank you.

**CHAIR:** Ms Claydon?

**Ms CLAYDON:** Thank you, Chair. Thanks, Professor Altman, for that submission. You've made an incredibly strong case for the connectivity between the issues of poverty and food security. I concur with your observation that that's really the big issue for us: this broader issue of people's access to, as Warren might have said, nutritional food but also affordable foods and increased capacity for self-provisioning. I'll make one more observation. I think COVID-19 has given us, as policymakers, some fairly interesting insights into some very forced, quick observations around what happens when you increase people's income and provide housing, for example, in situations where we've wondered what a housing-first policy or more liveable safety network might look like in Australia. What we've actually seen—and your evidence about how remote communities have fared so much better, paradoxically, during COVID-19—was really to that point. We've had a bit of evidence around self-provisioning.

Your observations about the need for people to be able to exercise native title rights is well taken. Some have brought up issues where there have been people fishing, for example, and then coming back and trying to sell fish through the community store. Different places have varying sorts of barriers, I think it would be fair to say, to that being done. Do you have any sense of that self-provisioning being more than just providing for immediate kin in community but being able to kind of contribute in some broader economy? It still may be fairly localised. Have you given much thought to that and what the barriers have been for providing fish or bush foods to a broader community or neighbouring community environment?

**Prof. Altman:** Thanks for that question. I've not only given it thought; I've actually observed it at work, and I think the community of Maningrida and the operations of the Bawinanga Aboriginal Corporation are certainly instructive in this regard. Historically, I've certainly seen, for example, the Bawinanga job rangers provide bush meats throughout the community from the harvesting of feral buffalo and feral cattle and making that readily available. I've also seen bush foods being provided through the fishing enterprise there and also through the rangers program, for example, to the old people's home that's in Maningrida. Old people are actually being given access to bush foods that, again, not only have nutritional value but for them are a dietary preference. It has enormous symbolic and psychological value for people, for instance, to be able to taste barramundi that comes out of the fresh water and billabongs on their country. I think there's enormous opportunity there.

In all of this we just need to be realistic about what impact these productive activities might have on communities that are invariably struggling with health issues, with poverty and with being able to access foods. The fresher and more nutritious the food in the store, the more expensive it is. So, if we can somehow switch how people are able to get those similarly healthy expensive foods from the bush rather than from the store, we're actually liberating their incomes to buy other things that they might not be able to get from the bush, and those things can be healthy too. I just think that, in the immediate term, we really need to recognise the extraordinarily

positive impact of facilitating self-provisioning. It can also, of course, be from small-scale horticultural activities on community and homelands, and we haven't really talked about homelands. But clearly that activity is of fundamental importance. We've got to remember that, in places like the Northern Territory, there are an enumerated 500 or more communities with very small populations where there is no labour market, so the productive activity has to be limited to living off the land and, of course, participating in other work, like producing art for sale. But the range of activities to make a livelihood are quite limited and, where people have a comparative or competitive advantage, this should be recognised and supported and not undermined by requiring them to centralise for Work for the Dole, which often involves work that's reasonably meaningless.

**Ms CLAYDON:** Thank you. That in part has answered my next question, which was really just about the interface, if any, between something like the Indigenous rangers program—whenever I've had the opportunity to be on country and talk to people about that, it's been very highly regarded as being purposeful, meaningful work—and what you've referred to as productive activity. I was interested in that you were saying that people have had some degree of success in utilising that program too for self-provisioning, so that's great to hear.

There is one other question that I just want to ask from a policy perspective. You're the first person to bring to my attention the fact that the sustainable development goals are not adhered to within the refresh of the Close the Gap goals and targets, and it seems like a blinding omission now. I just wonder if you have any thoughts as to why that might have been the case, given the strong commitment that the government has to both the domestic implementation of the SDGs and a concern around issues of food pricing and security in remote communities. Do you think we just dropped the ball? What's happening?

**Prof. Altman:** We may have overlooked the lack of correlation between those two national goals. I note, though, that it was only when the Aboriginal Employment Development Policy was launched by the Hawke government in 1987 that the issue of income equality between Indigenous and non-Indigenous Australians was looked at. There was nothing in the 2008 Closing the Gap framework that looked at the issue of income equality between Indigenous and other Australians. An element of that would be, of course, poverty reduction. Without putting too fine a point on it, nobody is saying that Indigenous Australians should only experience poverty at the same level as other Australians, bearing in mind that the sustainable development goals have a reasonably unrealistic goal of eliminating poverty altogether. I do not know whether by 2030 we can have no poverty—at least, as we measure it with poverty lines in Australia; it is a moot point. When you look at the depth of poverty in remote and very remote Australia, particularly in very remote Australia, where more than 50 per cent of the population is living in households that are below the poverty line—that is, pre-COVID, pre the COVID supplement—it makes you think that that should be the No. 1 goal of a Closing the Gap refresh.

In my view, it's an oversight. In the overall framework, there's probably too little emphasis on economic indicators. Of course, in all of these negotiated frameworks, you have a diversity of interest groups. Some people want to give priority to health or education, or to reduce incarceration, and these are all very worthwhile goals. I would argue, without being an economic determinist, that, for people's economic wellbeing, relative autonomy and independence would make a big difference to their health status and their interaction with the criminal justice system.

One of the things that's overlooked—you mentioned the Indigenous ranger program—is that those people who work as Indigenous rangers have an enormous range of skills, some of which are customary or based on tradition and others which are Western. They're an exemplar of how, when you live in remote Australia and you are taking advantage of opportunities to engage in biodiversity conservation, running Indigenous protected areas and, across Arnhem Land, the extraordinary work they're doing in carbon abatement or carbon farming, you need a range of skills and education that isn't just about matching Indigenous education with non-Indigenous education but which also recognises that there are other forms of education and training that come from the Indigenous domain and are extraordinarily important in those contexts.

**Ms CLAYDON:** I know that we're probably running out of time. Given your highlighting of the fact that many of the remote communities have actually, paradoxically, done well under COVID-19 because we've addressed alleviation of poverty and lifted the kinds of mandatory mutual obligations and those kinds of barriers that have been in place with people's capacity to exercise native title rights and self-provision, I would be interested to know whether some work is being done on improvements to people's wellbeing, whether it's economic or health. Our next witnesses will be from the National Rural Health Alliance and they may well be doing some work in that space about improvements to health and wellbeing; I'll ask them. Are you aware of anybody doing some research at the moment on how things have improved for people in these unprecedented times?

**Prof. Altman:** Obviously, the time frame is quite tight. It would certainly be interesting, for instance, to consult with some of the remote health centres, have a bit of an analysis of their caseload and see whether there is a reduction in some of the non-communicable diseases that Warren was referring to—recognising, of course, that morbidity is something that one might get in one's childhood that might have impacts in adulthood. Nevertheless, in terms of the presentation at the health clinics, we could see whether there's been an immediate difference, just in terms of the numbers. In particular, in relation to children, we could look at whether we're seeing any evidence of better nutrition and better outcomes, even in the shorter term. That evidence from people who have an eye on people's health status could be extraordinarily valuable. Certainly, historically, there has been research done, for example, on the benefit of unconditional income support that used to come with the CDEP scheme and a whole range of indicators that were shown to be superior. I'd be quite happy to provide some published material to the committee as additional information that might be helpful in documenting what we've seen in the past. There's absolutely no reason why we shouldn't, in the present in policymaking, be learning from some of the better practice from the past than what we're doing at present.

**Ms CLAYDON:** Thank you very much. I know I've probably stretched the chair's generosity in my allocation of time.

**CHAIR:** I'm always prepared to be generous to you, Ms Claydon, because you're such a terrific contributor to the committee, so it's not a problem. Thanks, Professor Altman, for your attendance today. If you have been asked to provide any additional information to us or if there is anything else that you would like to provide, please forward it to the secretariat by Friday 9 October. You will receive a copy of the transcript of your evidence to which you may suggest corrections.

**COLMAN, Ms Colette, Director, Policy and Strategic Development, National Rural Health Alliance**

**O'KANE, Dr Gabrielle, Chief Executive Officer, National Rural Health Alliance**

*Evidence was taken via teleconference—*

[11:03]

**CHAIR:** I now call our next witnesses, from the National Rural Health Alliance. As these proceedings are public, they're being broadcast and recorded by Hansard. All of the evidence given today attracts parliamentary privilege. Although the committee doesn't require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament; therefore it has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I'd now like to invite you to make a brief opening statement before we proceed to a discussion.

**Dr O'Kane:** The National Rural Health Alliance thanks the committee for the invitation to attend this committee hearing and welcomes the opportunity to speak with you today. The alliance is a peak national body for rural and remote health in Australia. The alliance comprises 44 member organisations and is committed to improving the health and wellbeing of the seven million people living in rural, regional and remote Australia. Our vision is for healthy and sustainable rural, regional and remote communities. The alliance's membership is diverse and geographically dispersed. This reflects the complex nature of rural health. Our members include consumer groups, such as the Country Women's Association of Australia; the Aboriginal and Torres Strait Islander health sector, such as NACCHO and the Australian Indigenous Doctors Association; health professional organisations that represent doctors, nurses, midwives, allied health professionals, dentists, pharmacists, optometrists and more; and service providers, such as the Royal Flying Doctor Service.

The alliance commends the committee on its consideration of the critical issue of food pricing and food security in remote Aboriginal communities. In aggregate, people who live in rural areas have shorter lives and higher levels of illness and disease risk factors than those in major cities. This burden of disease increases with remoteness. This is also disproportionately true for Aboriginal Australians. The life expectancy of Aboriginal and Torres Strait Islander people is approximately 10 years fewer than for non-Indigenous Australians. The majority of this gap is due to chronic disease—especially cardiovascular disease and cancer—and injury for those in the 35- to 74-year age group.

Dietary intake is a key factor contributing to this gap. The National Strategy for Food Security in Remote Indigenous Communities estimated that up to 19 per cent of the national Indigenous health gap is attributable to diet-related causes, including low fruit and vegetable intake. This occurs in an environment where the cost of store-purchased food is high and cash incomes are low—factors that affect both food insecurity and health outcomes. As the alliance's submission also notes, Aboriginal and Torres Strait Islander people in remote areas are more likely to run out of food than those in non-remote areas and more likely to go without food.

The committee will have already heard that there are many contributing factors to food insecurity in remote Aboriginal communities, including price, especially relative to income, quality, access to food preparation and storage infrastructure, logistics, and limited choice. As noted in the alliance's submission, solutions require coordinated efforts from governments, transport and supply chains, community health providers and community stores. However, fundamental to any solution must be co-designed processes and consensus solutions from the communities themselves.

While Aboriginal community-controlled health organisations are working to address chronic disease issues in Aboriginal communities, the provision of high-quality, affordable, healthy food choices will be an essential element in the management and, more significantly, the prevention of chronic disease in remote Aboriginal communities. I would be happy to discuss with the committee any issues raised in the alliance's submission.

**CHAIR:** I want to take you to your recommendations first. In your first recommendation you state:

> Suppliers need to formally adopt strategies which recognise the particular needs of remote and very remote communities and build in flexibility and contingencies to accommodate vast distances, unpredictable weather and poor road infrastructure.

What do those strategies actually look like? It is a nice sentiment; how do we turn that into change?

**Dr O'Kane:** I'm not suggesting that it will be an easy thing to do. There have to be good contributions by the transport industries, as well as working with the local stores and working with those communities to enable food to continue to get through to the communities. These are the sorts of things we would have to consider.

**CHAIR:** Getting around a table to talk about things: is that effectively the nature of the recommendation?

**Dr O'Kane:** You have to think about those demand issues and supply issues at the same time, and consider that it is difficult to get through, so you need to have good infrastructure in the actual stores themselves, by

making sure that there is good refrigeration and good storage. Those things need to be considered within the stores themselves. It is also about the time it takes to get from point A to point B, and getting to those more dispersed communities.

**CHAIR:** Recommendation 3 talks about the importance of viewing the community stores as an essential service. What does that mean? How does it change the nature of what would go on there, in relation to some of the issues we've been dealing with in this inquiry?

**Dr O'Kane:** It is about different market forces. There is only one community store in most of these communities, so you do not get the same market forces you might get in a metropolitan area or even in other parts of rural Australia. So delivering healthy food, and perhaps healthy food programs as well, has to be seen as part of delivering the food itself. It's an interplay between making sure we get improved health outcomes while also giving people choice in what they buy. The situation is terribly different where you don't have competitive pricing and people can go to different stores to choose what they want. The people who live there have only one place to go, so it has to be seen as essential for those communities. The high prices they are expected to pay in those communities are not reasonable.

**CHAIR:** Recommendation 6 is probably the recommendation I have the most trouble visualising. You have effectively said that store managers decide what is provided on the basis of profit, instead of health. This is different to what others have told us. How did you reach that conclusion? Then I'll come to recommendation 6, which is slightly related to that.

**Dr O'Kane:** Were you referring to recommendation 5 or 6 in the first part of what you were saying?

**CHAIR:** I'm going to come back to recommendation 6 but, before I do, I want to deal with the issue where you have suggested, effectively, that store managers decide what is provided on the basis of profit instead of health. This is different from what we have been told by others. On what did you base your conclusion? Many people are telling us that communities and store managers decide that they are going to prioritise low-sugar drinks or healthy food because of an overall policy for a particular group. But you are telling us the opposite. I want to unpack your conclusion.

**Dr O'Kane:** I will get Colette to speak to that.

**Ms Colman:** This goes to the issue at the core of some of the challenges for stores, and that is the balance between trying to make a profit but also trying to provide healthy food. Sometimes there might be a contested situation between those two competing priorities. The community may have made a decision that they want to encourage, increase the supply of, and reduce the cost of, healthy food. But it's the alignment between the supply of food and the demand for food. It goes to that conflicting pressure on stores and the need to make sure that supply and demand are operating to achieve the same outcome.

**CHAIR:** We appreciate that. Do you have evidence that store managers are deciding that, effectively, the health imperatives that help govern prices are basically being ignored and store managers are just deciding, 'Let's put the expensive food and drinks up the front, even if they're bad for people, and bury the healthy food alternatives elsewhere'?

**Dr O'Kane:** We are certainly aware that in some parts of the Northern Territory that wouldn't be the case, because ALPA, which is the Arnhem Land Progressive Association, run stores where they employ a nutritionist. They have programs where they have tried to increase the price of unhealthy foods and reduce the price of more healthy options. They have also done some work around product placing those sorts of things. So we are not suggesting that all stores in rural Australia are doing the wrong thing or are trying to price-gouge or any of those things, but I do not believe that's necessarily the same across all remote stores.

**CHAIR:** Recommendation 6 is that the community be consulted on the application of price signals. That's not taking place at the moment, as far as you can see?

**Dr O'Kane:** Not that we're aware of. We have seen documents that talk about the whole notion of making sure that, when you are designing things to improve the health of people as well as offering choice for people, you consult with them about the way those things are done. One of the studies that was done—I think it's Julie Brimblecombe's work with ALPA—was around some of those issues where they've increased the price of some unhealthy soft drinks but not necessarily others. So then there has been some purchase of other unhealthy foods, like biscuits and cordials. The recommendation is around making sure that you work with your community to get some understanding of the things they want to achieve to improve their health as well as making sure that those stores remain viable so that people can continue going there; that it's a sustainable business approach so that they remain there for those communities.

**CHAIR:** As you have indicated, you are not purely an Indigenous organisation or an organisation that serves purely Indigenous people; you have the Country Women's Association and other rural and regional organisations as your members. Are the pricing and food supply issues you are seeing in remote Indigenous communities the same as those you are seeing in other remote communities?

**Dr O'Kane:** That is the information we receive, certainly in my experience of having gone to many remote areas in the last few years, yes, and also based on even healthy food access baskets; Queensland does those on a regular basis and other states do them as well. So there is evidence that prices in more remote communities are higher for reasons around the distance the food has to travel to get to those places.

**CHAIR:** So this is not necessarily just an Indigenous challenge; it is a remoteness challenge, primarily.

**Dr O'Kane:** It is probably a bit of both because in many of these remote communities there is only one store. In other remote parts of Australia there may be more than one store that people can go to, but not necessarily. Wherever there's less choice, there's a good chance that the pricing situation would be different.

**CHAIR:** Thanks. I'll hand over to the deputy chair.

**Mr SNOWDON:** Thank you, Gabriel and Collette, for your submission and for appearing before the committee today. Good morning.

**Dr O'Kane:** Good morning to you too.

**Mr SNOWDON:** It's a pleasure to hear your voice. Recommendation 4 is around exploring options to provide critical food preparation infrastructure. Could you expand on that and detail precisely what you mean?

**Dr O'Kane:** I would not say that this is necessarily only in remote Aboriginal communities, but many people living in poverty do not have the equipment to prepare healthy food. Lack of refrigeration, stoves, bench space and a clean water supply often prevent people from preparing healthy food. There are food literacy issues—not just for people living in poverty but for other people as well—with little education about healthy foods. Those things have an impact as well.

**Mr SNOWDON:** What sorts of options would you be talking about in terms of what that food preparation might look like?

**Dr O'Kane:** The sorts of options we need to look at go to making sure that housing in remote areas is well-equipped and has the infrastructure that is available. If you find ways to increase people's income, the more income you have, the more likely you are to have functioning stoves and fridges to enable you to prepare food in ways that might be better for the family.

**Mr SNOWDON:** But in that context, if you have 15 or 20 people living in a house, the prospect of having any real food security is going to be difficult.

**Dr O'Kane:** Exactly.

**Mr SNOWDON:** Overcrowding and poverty obviously go hand-in-glove and impact upon the capacity of people to properly keep food and prepare it, I imagine.

**Dr O'Kane:** Yes. There's also the issue of food safety. If you don't have a functioning fridge and those sorts of things, there are issues around food safety. People rely on tinned foods. I am not suggesting that there's anything wrong with tinned foods, but we have to be aware that food safety is an issue as well.

**Mr SNOWDON:** You have a section in your submission about economic costs and impact. In the last sentence of that paragraph, you talk about the economic cost of food insecurity. Can you expand on your thinking there?

**Dr O'Kane:** These things are related to direct healthcare costs—what poor diet means in terms of health outcomes; that's the connection between those things. Those things lead to overweight and obesity in people. That is the cost of not having a good diet.

**Mr SNOWDON:** Has any research been done specifically on that issue?

**Dr O'Kane:** We would be able to find that sort of work for you.

**Mr SNOWDON:** It would be useful for us to look at the notion of economic cost around health—it will change depending on location and geography—and the impact of food insecurity on chronic disease.

**Dr O'Kane:** Yes. There are some excellent researchers. Julie Brimblecombe does a lot of work in the Aboriginal space. Amanda Lee and Christine Pollard are nutrition people in the public health space. I am sure they would be across this sort of work.

**Mr SNOWDON:** Good. Thank you and thank you for your submission.

**Ms CLAYDON:** Thanks, Dr O'Kane and Ms Coleman, for your submission and evidence this morning. I note that the pages in your submission are not numbered, but in your submission under 'government initiatives' you refer to the need to progress work on developing a new national nutrition policy as a priority area for us policymakers. Do you have any updates on that front? Have you made any progress in your endeavours to get work happening on a new national nutritional policy?

**Dr O'Kane:** The Dieticians Association of Australia, of which I am a member—that is my background—has been lobbying to get a national nutrition policy. There hasn't been one since 1992. We are desperately in need of a national nutrition policy. The benefit of having that policy is that the states and territories can then design programs and their implementation can lead towards getting some outcomes based on that policy.

**Ms CLAYDON:** So you would see that very much as the Commonwealth government needing to take the lead on the development of a national policy that states and territories would then implement locally in their jurisdictions?

**Dr O'Kane:** Yes.

**Ms CLAYDON:** Could you just talk to us about why that's an important issue for obviously you as a dietician? I take your point: there hasn't been an update since 1992, which is almost two decades. What would you hope to be the value of such a policy? Why is it a priority for you?

**Dr O'Kane:** I think what it does is that it focuses attention on matters such as food security, and that would be very high on the agenda, but also the impact that a poor diet has on the health of the nation is significant. I think we're all aware that things like obesity and a lack of physical activity—all of these things—are leading to our major chronic diseases such as heart disease, cancer, et cetera. So having a national nutrition policy that provides direction in the way in which government should be addressing those issues is absolutely critical to the health of the nation. And it affects obviously things like productivity. But also it's about dignity. For people who are food insecure, there's no dignity in that either. Those things just contribute to poorer diet and poorer health outcomes. As for the direction that that national nutrition policy would take, I'd personally be wanting to address some hard policies around that so that there are more structures in place but it wouldn't just be soft policy direction, where it was just about education. I think we have to have a structural change to the way in which food is sold and the incentives to encourage people's uptake of healthy food choices and also things that would actually perhaps prevent people from drinking sugar-sweetened soft drink and those sorts of things. So I think there needs to be a range of different policy directions that you would take within that national nutrition policy.

**Ms CLAYDON:** You also make a number of comments around local community gardens and remind us that this has been a kind of recommendation of previous inquiries and, indeed, a COAG kind of action plan as one means of, I guess, remedying some of the issues around lack of access to fresh nutritional foods. We're going to hear more about this from other witnesses today. Do you have anything further to put to the committee in terms of success or otherwise? I have to say to you that some of the funding bodies, when we have raised this issue, kind of roll their eyes at the term 'market garden'; so I'm interested to know how you think this would be best progressed. Is it a matter of better understanding why there have been barriers to some of those projects not being as successful as communities might have liked? How do you think we would best progress this issue around enabling or increasing people's capacity to self-provision in their communities?

**Dr O'Kane:** Thanks for that question. My own research has been in the space of sustainable food systems and local food systems; so it is fairly close to my heart. However, I am pragmatic enough to know that you can't just expect that you're going to be able to start up local community gardens or market gardens in all communities and in all circumstances, because what doesn't work is if you try to impose these things on top of people or on top of a community and say, 'Oh, this is going to be a really good idea for you.' It actually works a bit more in being about community development. I guess my own thinking through my research has been around that social connection, I suppose, to food. I think all of us in Australia are quite remote from the way in which our food is produced. Our food supply chains and the concentration of our supermarkets et cetera or just our lifestyle have actually led to us having less connection to our food system. The same sort of thing has obviously happened for people in remote communities as well because, historically, Aboriginal people would have been eating their own traditional foods and using their own methods for acquiring those foods. Those things have over time not necessarily been destroyed—not being Aboriginal myself, I can't speak for other people—but my feeling is that there is knowledge on how to actually find and procure their own traditional foods. But over the period of time of settlement those things changed, and the types of food that Aboriginal and Torres Strait Islander people are exposed to now is much more of a Western diet.

So, to turn those things around, you actually do have to get community development. You've got to get community action into that. So it has to be very much at a local level. To get that level of enthusiasm you need champions and champions that are going to stay and I think those are the sorts of mechanisms by which you can get a successful garden happening. But again, it's about that co-design working with the community to get that happening. Personally, I'd really be pleased if that were the direction of government in supporting those ideas. It would be good but, again, you wouldn't be doing it without that community desire.

**Ms CLAYDON:** Just finally, I'm interested in whether you have received any data or observations from your member groups or organisations about improvements to people's health and wellbeing over COVID-19. We've just had some evidence from Professor Altman around the improved economic wellbeing of people in remote Indigenous communities because of the significant increases to JobSeeker payments, coronavirus supplements and changes to some of the conditions that would ordinarily be applied in terms of mutual obligation to those payments and that. So it's had some unexpected, paradoxical consequences of actually improving significantly life for many people. Have you, from your health perspective, or any of your member organisations on the ground perhaps observed any changes to presentations in your clinics such as changes in caseload or different kinds of things? I'm sure that you would see some changes around people's mental health but are there other aspects that have perhaps improved in any way?

**Dr O'Kane:** I can't actually give you any sort of on-the-ground kind of evidence about that unfortunately. We were aware, just through the work that ACOSS has done, that the increase in payments through JobSeeker has actually meant that fewer people have gone hungry. How that translates specifically to Aboriginal remote communities, I can't be sure, because of supply chain issues and increasing prices. They may have cut each other out, if that makes sense. I think in some environments, through COVID, there could have been some improvements but in other environments it may not have been so. But I can't be specific for you.

**Ms CLAYDON:** Thank you very much for your evidence today. It's much appreciated.

**CHAIR:** I don't think that there are any other questions for these witnesses. Can I thank you very much for being with us today. If you've been asked to provide any additional information or if there's anything else that you would like to provide, please forward it to the secretariat by Friday, 9 October. You'll be sent a copy of the transcript of your evidence, to which you may suggest corrections.

**WEBER, Mr Scott, Chief Executive Officer, Police Federation of Australia**

*Evidence was taken via teleconference—*

[11:35]

**CHAIR:** I now call representatives of the Police Federation of Australia. As these proceedings are public, they're being broadcast and recorded by Hansard and all of the evidence today attracts parliamentary privilege. Although the committee does not require you to give your evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as proceedings of the House of Representatives. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. My name is Julian Leeser and I'm the Chair of the committee. Joining me in the conference today is our Deputy Chair, Warren Snowdon, Sharon Claydon, Anne Stanley and Terry Young. I'd now like to invite you to make a brief opening statement before we proceed to questions.

**Mr Weber:** The Police Federation of Australia represents over 64,000 police officers across the country in all jurisdictions and also we represent in New Zealand 6,000 police officers there. This is a very important issue for us and I thank the committee for giving us time to present. Obviously police officers are at the forefront in regard to protecting remote bush Indigenous communities across the entire country, especially in our jurisdictions in South Australia, Western Australia, Northern Territory and Queensland. It's been especially prominent during COVID-19, with biosecurity arrangements and making sure that COVID-19 doesn't enter these communities. And our police have been responding and continue to still respond to this issue. In saying that, extra police resources are being deployed there. It has not only become clear during COVID-19 but previously that food security and food pricing is a massive issue not only for the local community but for the police officers who are there to protect them. For us, it's a big issue not only in regard to keeping communities safe and maintaining their health and wellbeing but also for police officer attraction and retention in these far, remote communities.

**CHAIR:** I wanted to ask you: how much of this, in your view, is a particular issue relating to remote Indigenous communities as opposed to other remote communities? I note that you talk about Eucla in your submission and that is not an Indigenous community. I wanted to get a sense of how much of this is just a remoteness question that we are looking at.

**Mr Weber:** It definitely is a remoteness question. Again, the tyranny of distance is a huge issue and, as we highlighted in our submission, it's just the cost of transport, of getting food there, especially fresh and healthy food. I know that some of the previous submissions highlighted the availability of fresh food and the pricing of it. Obviously, canned goods can be transported, and things that are usually unhealthy, that have a lot of preservatives, last a lot longer on the shelves. With those remote communities it is a very difficult issue. But with those far remote communities that have an Indigenous population, it adds an even more complex situation, that is with regard to the health and wellbeing of that community and the propensity for perhaps price gouging, but also with the availability of food and those health issues that have been highlighted in numerous submissions. And those health issues can lead into other issues that police have to deal with.

Again, we want a holistic approach with regard to this. It's about making sure that the communities, whether they be just remote communities or especially those Indigenous communities, have the opportunity to have fresh food and vegetables and also variety at a reasonable price. That then doesn't lead to other issues, such as, if we're talking about poverty issues and we're talking about not being able to have an adequate feed, then that could lead to issues where law enforcement becomes involved in regard to stealing, or issues with mental health and wellbeing as well.

**CHAIR:** Given that you've raised that issue about stealing and the like, we've heard of costs associated with theft and vandalism in some remote stores. Is this an issue that police are dealing with regularly? Tell me about the experience on the ground and what, if anything, we can do about it. And to what extent does it contribute to higher costs?

**Mr Weber:** Definitely. The shop is not 24 hours, which is in most cases. It's about security, making sure that there are appropriate deterrents so you don't break into the store. Again, we're talking about poverty issues. COVID-19, as highlighted in some of the submissions, has seen a boost in regard to funding of those communities. The stealing, malicious damage and break and enters haven't been on such a large magnitude.

Also, there's been an increased policing population and monitoring of people because people have been in their own communities. The local store is a hub of the community, so most people don't want to damage it. But when an issue does occur, whether it be sorry time or there have been issues between different tribes or clans in those communities, sometimes that can be a focal point because that's where everyone congregates. It can cause incidents of assaults, acts of malicious damage and break and enters. But, at the present moment, dealing with

COVID-19, their issues have subsided a little bit. Obviously, as we have seen across the whole general community, issues such as domestic violence have increased as well.

**CHAIR:** Have you seen any of those criminal behaviour-type issues disrupt supply at all?

**Mr Weber:** Especially in dry communities there are big issues there, where alcohol is at such a premium price. A bottle of Bundaberg rum can range from $300 to $400. That brings a real criminal element to it. Mostly we see the supply chains with a focus on freshness and keeping the food fresh until it gets to the location. Also, the wet season is coming upon us. That makes transport extremely difficult. With regard to people attacking the supply chains, it is not of such a severe magnitude at the moment. It's more likely to occur at the local store because, again, that's a focal point for the community and it's something you can do late at night. It's not really about attacking the barges or the road trains or the trucks that are coming in, or the airlifting, because the supply chains are usually well monitored. There's GPS and, on top of that, the police are usually aware where they're coming from.

**CHAIR:** You highlighted in your submission, though, an instance where there was a crucial food delivery at Yarrabah that was turned away. Can you explain what happened there?

**Mr Weber:** Yes. I have limited details. I'm quite happy to get more details for the committee. My understanding is that it was incorrect paperwork and, due to COVID-19, the biosecurity policy and restrictions they put in place were enacted and it wasn't allowed through. I think it is something for the committee. A lot of submissions touch upon it. The red tape and also the transport and supply lines need to be streamlined so that food can get there, so that we can transport it quite easily and we don't have these issues occur. That's a very isolated case. In saying that, I think there's been a lot of due diligence and discretion by police and authorities making sure those communities are properly supplied.

**CHAIR:** When you look at that and come back to us on that, I'd be interested to understand what happened there: how and when the community eventually got the food that was to be delivered on the date and was turned around. Obviously, those biosecurity laws are in place to protect people from the transmission of COVID-19. But if you've got a situation where people couldn't get critical food, there's a real question about what happened there. I'm keen to find out a little bit more.

One of the other issues you raise in your submission is that in some locations attempts at sourcing fresh produce are undermined by other community members. Can you explain this? What can we do to encourage more own-sourced, locally sourced food production in areas?

**Mr Weber:** Again—and other submissions have raised it—I think that farmers markets, growing your own food or bush tucker, going out and sourcing the food, is a brilliant strategy. It's about making sure that people are involved in activities that look after the local community, and making sure that they actually have jobs that contribute back to the local community. I think what's occurred is that different clans, different tribes, different relationships, have caused problems. They don't want someone to get ahead of them or to feel like that person or that group or that family is doing better than them, so there's a little bit of sabotage there. There's a little of bit envy and a little bit of misinterpretation of what that person has and what they don't have. Again, they're more family issues. They are very difficult to deal with. There are education programs out there, as has been highlighted. We're talking about healthy foods and also giving those local communities and local families an opportunity to start to grow their food, to have that self-work and to actually put that fresh produce on the table for themselves. I think that's very commendable.

**CHAIR:** Can I ask you about staffing and how the police handle this. One of the issues that have been raised with us is the staffing in remote communities. Tell us a bit about the life of a police officer in a remote community. How long do you tend to have people there? How difficult is it to recruit people to remote communities? Do you have to pay people extra to take on those sorts of responsibilities? Give us a bit of a sense of the work environment and the recruitment environment for police in remote communities.

**Mr Weber:** I think you're all quite well aware that it's sometimes very difficult to not only attract but also retain officers in those remote communities. One example is that, just in the Northern Territory, the police force is about 10 per cent Indigenous. But, even with that percentage, it is still extremely hard to keep officers in those far remote communities, being so isolated. There are incentives across Australia in those far remote communities such as making sure there is internet, extra leave for staying out there for a certain period of time, housing allowances or housing for free, and electricity allowances—incentives like that. Even so, the tyranny of distance and being far away from friends and colleagues—and also backup—is a big issue. There are usually secondments for a period of time. They range between, depending on how remote the location is, one, two and three years.

We've had a huge issue with COVID-19 where officers could leave their biosecurity locations and, if they did, they had to isolate when they came back or isolate when they left. Therefore, they couldn't take leave. Police officers living in those communities are police officers 24/7. Everyone knows where you live. Everyone knows where your kids go to school. Everyone knows where you go for a run. So there's no way of having any downtime whatsoever. It's not only about the internet, going to the local police station or a having mobile phone; that police officer is functional the whole time. We've had a lot of police officers with high workload and a lot of burnout. In saying that, we do thank the federal government for its assistance with regard to involving the military and the assistance that has occurred on numerous borders and also at the biosecurity locations. One thing that has always been an issue for policing—and it continues into the future—is attracting officers to those far remote locations. It's all well and good to have allowances and extra money, but that's not the attraction that sends them there or keeps them there. We have numerous programs with Indigenous communities to accelerate Indigenous officers into those communities or across the police forces. But, again, with the extra added burden of COVID-19, it's been very stressful. We really thank the federal government for its assistance with that extra staffing and especially the AFP, the 104 officers, that went to the Northern Territory as well.

**Mr SNOWDON:** G'day, Mr Weber; how are you?

**Mr Weber:** Good, Deputy Chair.

**Mr SNOWDON:** Thank you very much for your submission and your evidence today. You should know that, just as a general observation—it's not relevant directly to the inquiry—your police officers, as you've described, have been working really hard in difficult circumstances in the last few months at least in the Northern Territory and they need to be commended for it and thanked for it, because they've been doing extraordinarily good work. So thank you. Could you pass on my thanks and, I am sure, the committee's thanks to your members for the work that they're doing around COVID-19, with all the stress it's placed on them and their families?

**Mr Weber:** Thank you, Deputy Chair.

**Mr SNOWDON:** Can I just go to the observation you made about how behaviour may have changed during the COVID period. Can you expand on that a little bit for us, please?

**Mr Weber:** I think previous submissions have highlighted it as well. From our point of view, there's a lot more—I wouldn't say a lot more, but there's more money in the community in regard to the subsidies that have occurred through the federal government. On top of that, in some of those communities and especially on the borders, there's more of a policing presence. We're having more of a conversation with the local community. Again, bar the example that we highlighted in our submission, most of the food and transport lorries are getting through there. There are still areas where police officers and the local community go without milk and bread sometimes. But, in saying that, there has been more of a conversation in the community. I think the communities are more aware, too, of how vulnerable they are in regard to COVID-19. There's a bit more of an awareness, so we can have more of a conversation. Those conversations can lead into: 'Well, hang on. We're at the Police and Citizens Youth Club; come down. We have breakfast free for the kids before they go to school'. Or we say: 'We've got a pack at the moment because of COVID-19. We'll actually give that to you'. Or it might be that school's not on at the present moment so police officers will stop in at those houses and have conversations. It is a different situation, compared with some of the capital cities, with relationships and police officers being the face of social distancing. In some of those far remote communities it's actually helped build a bond.

But there is another side to it, of course. With the restrictions in place not many are able to leave their community. There are a lot of stressors and a lot of extra burdens placed on family, sometimes not financially, but sometimes just relationships. We are seeing—and I think we'll find that out in the next couple of months with more statistical data—an increase in domestic violence across the board. We're seeing that whether you're in a far remote community or in the city. Whether that means neighbours are home and more often are hearing it and are calling the police, or those incidents are coming to a head because one of the partners can't go and vent their frustrations at the local gym or go out; they can't go and stay at someone else's house for a period of time.

COVID-19 has been a curse and a blessing in different ways. In saying that, as you highlighted before, Deputy Chair, the police officers are doing a sensational job with limited resources in regard to keeping those communities safe from COVID-19 but also making sure that when they are restricted in their behaviours we're keeping them safe at home as well.

**Mr SNOWDON:** Certainly, in the Northern Territory the local police have been central to the development of COVID plans for their communities. Do you have any observations to make about changes that may have occurred as a result of the biosecurity zones? Presumably, people weren't travelling, so that was positive, to the extent that there was less alcohol and a range of other substances that might have affected people's behaviour.

There were also suggestions that stores were running short of food during the initial period when the biosecurity zones were set up. Since it's been lifted there has been, again, a change of behaviour. For example, there is now direct evidence of large amounts of grog being run into communities, which wasn't happening when the biosecurity zones were set up because people weren't able to travel. Do you have any observations to make about those things?

**Mr Weber:** We saw through COVID-19 a massive drop in methamphetamines in Western Australia and the Northern Territory. Again it was still available; there were still local manufacturers. A lot of those shipments coming from South-East Asia were restricted. As you highlighted, Deputy Chair, people were a lot more visible. They couldn't run alcohol, large quantities of alcohol or any sort of illicit drugs because they were being stopped at every checkpoint. Police officers would say: 'What's the purpose? What are you doing?' We could search the vehicles. There was a massive restriction in that regard.

As you said, it's about supply and demand. A lot of people haven't had access to those illicit substances or to alcohol. What we're seeing now, with that opened up again, is that there are a lot more people travelling; therefore there are a lot more transport routes occurring, not only for illicit drugs but for alcohol. We are yet to see a spike statistically, but, as you well know, alcohol and illicit drugs are not a good mix, especially in a family environment.

I'd say there would be the same continuing levels of domestic violence that we're having across the country at present, because those levels of social distancing and restrictions in regard to travel kept a lot of people at home and caused a lot of frustrations, whether it be financially, with domestic relationships or for other reasons. Now, people can travel and vent those frustrations. There is also the other side of it where people are having more alcohol and illicit drugs, and causing those issues as well. Again there hasn't been that huge, dramatic spike. There might be in certain communities that haven't had alcohol for a period of time. At present police officers have been taken away from those checkpoints and put back into the communities. We'll just have to wait and see.

**Mr SNOWDON:** Can I go to the issue of police access to food in communities? I get your point that they're members of the community, like everyone else; they and their families suffer from the same issues when stores are short of food, they don't have nutritious food or the food is out of date—all of those things. Do you know if many police members have access to bush orders?

**Mr Weber:** No, not to my knowledge. I was up at Aurukun, which is near Weipa, about 800 kilometres north of Cairns, at the start of the year. There was a large escalation of police sent to that area because a homicide had occurred and the community was quite volatile. There are about five different clans of people there, in a population of about 1,500. Police officers were sleeping in the court and in the police station. Extra food had to be flown in. When we were flying officers in, we were flying in food supplies as well.

It highlights that, with any of those issues that occur, whether it be COVID-19, a flash food, a drought or a road or bridge being out, food security is a huge issue. As this committee has highlighted before, food insecurity leads to poverty, and poverty can lead to crime or law enforcement issues. That's why it is critically important for us.

Our police officers who are there will travel large distances to stock up on essential items. Fresh food is one of those luxuries, and you pay a premium price. On top of that, too, you might have to go without milk and bread for a week. That's why police officers have large chest freezers. One thing that we're pretty good at, Deputy Chair, is preparing for the worst. It is something for which we do a lot of contingency planning.

What we would like out of this committee inquiry is better transport for food and better availability of fresh food, not only for our local communities, which leads to better health outcomes for them, which means it's a better job for us, but also for our members and our families. If that opportunity is there, we might have more police officers putting their hands up to go to these remote communities; therefore we would have a better policing outcome for all.

**Mr SNOWDON:** Mr Weber, thank you for your evidence today and for your submission.

**Ms CLAYDON:** Mr Weber, it's been quite insightful to listen to your evidence this morning. I want to pick up on a part of your submission regarding something that the WA Police Union had observed, and that was around the WA food relief framework. The committee has had some evidence about that particular framework—the mapping of the levels of food stress that exist in Western Australia—so we're familiar with the project.

There were two matters. One was that, for some store managers, the majority thought that food insecurity was not an issue in the community, yet 52 per cent said that hunger remained in those communities because people simply didn't have enough money to buy food from them. There was a slight disjuncture there. The WA Police Union made the observation that the framework doesn't mention the role of police officers or law enforcement implications. Do you know whether there's been an opportunity for the police union to talk to the WA Council of

Social Service, who are the lead agency, I think, for that framework? Do you know if they have had an opportunity to talk to each other about how they might account for those omissions that you raised in your submission?

**Mr Weber:** The Western Australian Police Union, the Queensland Police Union and the Northern Territory Police Association have all assisted with this submission or have had ongoing issues. It comes back to what we were raising before—the attraction and retention of police officers in those remote communities. Especially in the far north of Western Australia, retention is a huge issue and attraction is a huge issue. These conversations with the Western Australian government are ongoing through Harry Arnott, the President of the Western Australian Police Union. He speaks regularly with the police minister. On top of that they want to make sure there are appropriate police numbers up there. There have been ongoing issues for a couple of years.

I'm not aware of whether they've had direct conversations with the main body. Definitely, through the police commissioner and the police minister, this is a standard agenda item because it's such an ongoing issue. It occurs across virtually all states where they have a large tyranny of distance. Whether it is New South Wales, South Australia, Northern Territory, Queensland or Western Australia, there are huge issues with getting people out to those remote locations and retaining them there. We do have incentives, as I highlighted before, and allowances. But those conversations about food are ongoing. That's why it's so important for us, as police officers, because your committee is raising this from an Indigenous point of view. Hopefully, some recommendations and remedies can come out of that. That can only add to the general wealth of the entire community, as well as with regard to the police officers that deal with that community and the police officers that we can possibly attract to those communities.

**Ms CLAYDON:** Yes, point taken. You made a comment in the submission that a lack of early planning and protocols at the start of COVID-19 made a situation that already existed worse, really, for your officers and their communities. Are you confident, through the opportunities you've had to engage with the various jurisdictions, that those plans and protocols are now adequate? Did we learn the lessons from that early stage of COVID-19, and are you confident that we now have a set of plans and protocols in place that will serve us well in the future for other pandemics or emergencies?

**Mr Weber:** Yes, bar Victoria, and I won't go too far into that. Police were the lead agency in regard to social distancing restrictions on behaviour in all states, bar Victoria. That's still an ongoing issue there. At the start a lot of police officers, and very high ranking officers, were learning what the restrictions were and what was occurring from the media or the press conference. It was something that hadn't occurred in a hundred years, and everything was on the hop.

Police officers are very quick to adapt to those situations. We usually have a lot of planning and preparation. For example, with the Olympic Games 20 years ago—we are celebrating the anniversary at present—that was something that we planned for and did extremely well. With COVID-19 we learned as we went along. There were some issues, especially in regard to communication and logistics. As we highlighted in our submission, officers turned up and there were no amenities and no showers.

Just to touch on your state, when the New South Wales-Victoria border first popped up, there was a rapid response. Eventually, we built up a capability. We rotated officers through. There were appropriate amenities, equipment and food allocations. When the border restrictions occurred in Queensland, there was a massive allocation of Queensland resources. One in 10 officers were just dealing with the border controls. That's why I do thank the federal government for their assistance. Whether it is the AFP or the armed forces, that's been a great help with supplementing the police officers, because we are still out there doing our job. On top of that, not only do we have to look after the borders but we have to enforce the health regulations of social distancing and self-isolation. It makes it extremely difficult.

Have we learned the lessons? Yes, definitely. What has been occurring across the board is a great response from all police officers. Will there be anomalies or mistakes in the future? I think so, as it's such an infectious disease and there are so many different variables. The *Ruby Princess* fiasco and what occurred in Melbourne are things that should never occur again. I think that all jurisdictions—the federal government, the states and the police forces—have definitely learnt from that, and put that into their ongoing plans, moving forward.

The other big issue for us with the plans was PPE, our personal protective equipment. That was a huge issue for us, especially in those remote communities. There wasn't an adequate supply, and that was probably the biggest issue, bar the amenities, straight off the bat, because we weren't getting that adequate supply. A stockpile has occurred. On top of that, logistically, police and the health agencies are building a stockpile and we can utilise that again. In the remote communities, with bushfires, floods in the wet season or the bushfires down south, that's a huge logistical issue. We want to make sure not only that we can deal with those natural disasters, or any

disaster that occurs, but also that we can protect the people and make sure while we are evacuating people that we are not spreading the virus as well.

**CHAIR:** Mr Weber, thank you for your appearance. If you have been asked to provide further information, could you provide that back to the committee by Friday 9 October. You will be sent a copy of the transcript of evidence, to which you may suggest corrections. Thank you very much for your attendance here today.

**KATTER, Mr Robert, Member for Kennedy, Commonwealth Parliament**

*Evidence was taken via teleconference—*

[12:15]

**CHAIR:** Let's resume the hearing. As these proceedings are public, they are being broadcast and recorded by Hansard. All evidence given today attracts parliamentary privilege. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament. It therefore has the same standing as proceedings of the House of Representatives. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of parliament. Please ensure that when you are not speaking you keep your microphone on mute, to avoid interference, and do not put the call on hold as that will interrupt this all together. I remind you that you will need to say your name prior to speaking. I now invite you to make a brief opening statement before we proceed to discussion.

**Mr Katter:** I was the responsible minister for the First Australian communities, which are the Gulf and Cape York communities and the Torres Strait. Two-thirds of the real First Australian population are in those three areas. I was Minister for Aboriginal Affairs for about seven years. When the government fell, there were market gardens in every single community. The missionaries realised that if people foraged for food they would get shot, raped, whatever. It was a pretty bad scene in those days; there were some bad people. The missionaries protected them, but by protecting them, they could not traditionally forage for food, so the missionaries put in market gardens. Fresh fruit and vegetables were available on all the communities.

The Torres Strait was different. Prior to the fall of government in 1990, every house had its own fruit and vegetable garden. I went to Torres Strait 70 to 100 times during my time as minister, and I never ate a skerrick of food that wasn't entirely Indigenous. It would be yam, taro, sweet potatoes, bananas, and mangos, depending upon the season, and turtle, dugong and fish—fish mainly—and crayfish. That was the diet. It was an adequate and healthy diet. I cannot remember eating any mainland food whatsoever at any meal.

What happened? After 1990—I am not going to go into the reasons why, nor am I interested in playing politics here—the money allocated for market gardens was mainlined, so it just became part of the local government set-up. No money was allocated for the market gardens, so there was no-one to look after the market gardens and they ceased to exist. Now there is not a single market garden in any of those 30-odd communities. In the Torres Strait it was infinitely worse. The government committee of inquiry went there under Chairman Richard Marles. I went on the committee. Let me be specific: Joey Mosby, at Masig Island kept screaming out to me, 'Bobby, they're murdering us'. Richard Marles asked me, off record, 'What's he going on about?' I said, 'You made it illegal to have a fruit and vegetable garden in the backyard'. Richard Marles said, 'Why did we do that? It's an extraordinary thing to do. You're starving these people to death'. I said: 'It's because they said disease could come in from New Guinea'. But the Knuts have been coming down trading and raiding for 110,000 years. Any disease that was going to get here would long since have got here, and that's probably truer today than then. The decision was outrageous. They picked seven leaders of the area and paid them a squillion dollars to run the ordinance that closed down all the backyard fruit and vegetable gardens, which was a staple diet.

The other staple diet came from an offshoot of commercial fishing, commercial dingy fishing. They haven't got any big boats, so they did their fishing from dinghies. But it was commercial; they were making a big quid out of it. One of the little companies up there, three islanders, turned over $3.5 million in one year in their cray-fishing operations. But it was dingy fishing. They introduced new Barrier Reef laws, which cover the Torres Strait, so all commercial dingy fishing was abolished. You had to get a licence and the licence meant a big boat; so no-one could get that. Now it has gone.

So all of their food supply was taken out by decision of the federal government; one, to ban all fruit and vegetable backyard gardens; and two, to license, and then not give a licence, to any of the islanders. So when Joe Mosby yelled out, 'They are murdering us, Bobby', he was dead right. You are murdering them. You took away all of their fresh food supply. And not only the fresh food supply; their food supply was also fishing. You say, 'They can still fish'. Who is going to go out and spend all day to catch three fish, so you have a feed for the next week? Nobody. If you went out and got $300 worth of fish four or five times a week, then you were making serious money; it was worthwhile doing it. But the freezers are gone now, so it is no use going out. You cannot possibly justify going out just to fish for your family. That's not going to happen. You would be much better served going on the dole. I'm not going to go into the reasons why. This is the situation that was imposed upon these people. I am not going to use the word 'genocide', or any of those words. Someone else can explain to me why you took away their source of food in the Torres Strait—and in Cape York as well, to a lesser degree.

Let me turn to what they have to do now. Twenty per cent of Australia's fruit and vegetables comes from between Ayr, Tully and Mareeba. The vast bulk of that is Tully and Mareeba. It is harvested there and sent to Brisbane; I have no idea why. Then it comes back to Cairns. Then there is a weekly service—I would like it to go on record that I am not sure of that figure. I have been informed, but not officially, that the figure is a weekly service. So you have lost a bit over a week in harvesting it and getting it to Brisbane and then you have lost another week bringing it back up. You've lost another week when it goes out there. So it is not fresh fruit and vegetables by the time it gets to the community areas. Its shelf-life is shot to pieces. Potatoes and onions will last a while. The food is not overripe, but it's getting close to overripe when it arrives there, and it is super expensive. You have this huge addition to the price because you have carried it all the way from far North Queensland to Brisbane, back again, and then on a truck going out to these community areas, which costs a fortune because there are no bitumen roads. It is still all dirt roads into all these community areas. So the situation is grim indeed.

Before I shut up I'll give you fairly horrific statistics. I'm not going to name the place, but if I could communicate to you, Chair and to the deputy chair personally—I'm not going to do this over the airways but I'll do it to you personally; I'll name the community—the life expectancy in that community is 43 for males and 51 for females. I'll repeat that slowly. The life expectancy on that island is—I shouldn't say 'island', let's say a First Australian community—43 for males and 51 for females. For those of you that don't know, life expectancy for an Australian is 81 for males and 83 for females. And that's what the governments of Australia have done to these people. And I am very welcoming of your inquiry because these matters need to be put on public record.

These figures are not proper figures. They are subjective figures. So I would ask that, please, they be handled extremely cautiously because the figures are much worse than this. But they were subjectively assessed; so I've just got to run with them. There was a mistake made by the people compiling these figures. But I'll give you the figures for what they are worth before I shut up: 10 items at 74 per cent higher price than in our capital cities; three items are 450 per cent higher price, and three items are the same price as the capital cities.

Remember I come from north-west Queensland, the Gulf country, where I've had cattle all my life and played football with these people, First Australians people. When I say 'these people' I mean Cloncurry people, not Western Australian people. But half the teams would have been First Australians. So these are my mates. I'm related to a lot of them. They are relatives of mine. And I intimately know these communities. I was minister for a long period of time.

My final comment is that malnutrition-related diseases are killing 420 more people than should be dying in Cape York, the Gulf and Torres Strait—420. That's an official figure given to me by a senior health authority. I can say that there are 72 people dying more than should be dying from diabetes. That's just one disease. But the figure that I think is a global figure for diseases related to malnutrition is, let's just say, over 400. If I had to put an exact figure on it I'd put it at 421. So there are 400 people dying that we know are dying and we know how to fix it up. You put market gardens in. You put market gardens in.

The Torres Strait people, after 13 and 15 years of fighting, have got the right to fruit and vegetable gardens but it's been gone now for 20 years and you are giving it back to them. They don't know how to do it. Backyard fruit and vegetable gardens are long gone. The know-how is gone, the culture is gone. So you can't just put it back overnight. And short of a backyard fruit and vegetable initiative, where we pay people to go around and do it and get it started again, it's never going to come back and you're never going to be able to get people up there to have access to fresh fruit and vegetables, the same as the mainland, and a staple diet, which in this case is fish, turtle, dugong, crayfish, et cetera.

So at this point I'll shut up. Thank you, Chair. It's a very great honour to be presenting to your committee. And I am so pleased that someone is doing something about something that, quite literally, keeps me awake at night. And it should keep every Australian awake at night. It is a disgrace and the most terrible sin upon the soul of my nation, what is going on.

**CHAIR:** Thanks very much for your submission, both your statement and also the written submission that you have given us. Can I just summarise, to make sure that I've got the right end of the pineapple here, if we wanted to get market gardens happening again and people being able to supply them, what you're basically saying is, 'Change regulations that prohibit them from growing food in their own backyard; allow people to trade with Papua New Guinea up in the Torres Strait; and we need to get people into the community who have got skills and knowledge about how you get the gardens going again.' Is that basically correct?

**Mr Katter:** There has to be a team of people, and I'd say you'd need 10 people working full time to put the backyard fruit and vegetable gardens back up. And I'm not sure that it will work. It's a cultural thing and the culture's gone.

But it would be a terrible sin upon the soul of Australia if we don't make an effort to get the backyard fruit and vegetable gardens going. I would say 10 would be an absolute minimum. And you might even have to pay the people to put the fruit and vegetables in their backyard. But the way back is very long and very hard.

In the mainland communities, the Aboriginal—if you want to use that word—communities, you restore the market gardens. And this is easy to do. That is terribly easy to do. Within four or five years they'll be paying for themselves. They won't even cost the government anything.

The government goes in there and says, 'Oh, they can't get any land to do it. Because of the native title holders, the negotiations are still going on,' or, 'Because the whitefella dictator, the CEO'—when I say 'whitefella dictator', there are exceptions but mostly they're just whitefellas drunk and sick with power that are running these communities—'they don't want to do it.' They couldn't care less because they go over to Cairns and get all their groceries and come back again. And they've got enough money to do that. So they don't care.

There is a letter in existence which proves what I'm saying, which will go to the Prime Minister. I know who it came from. I know who wrote it. The new council got sucked in immediately when they went in there. So the government—

**CHAIR:** Let me put something to you—

**Mr Katter:** You just take a piece of land and that's it, 'A market garden's going in there,' and if there are some people in the community that don't like it, too bad. 'Your community is starving to death and we're not going to play silly little legal games so that you can line your pocket at the expense of the death of so many people on the island.' Two or three permanent jobs in these communities would be tremendously valuable in itself. And they don't cost the government anything. Ultimately when you get these things going they pay for themselves. We weren't putting much money into it at all when we were there as a government.

**CHAIR:** Let me put something to you that is put to us about this as a proposition. I think there is a fair degree of sympathy for the position that you put to us today but I want to test the proposition that is put to us by others. Effectively you can set up these market gardens but unless the community really wants them they don't survive and they effectively go into disuse and disrepair. Do you want to comment on that?

**Mr Katter:** You've had people who are deprived of a living for nearly 200 years and who have built in a cultural expectation. Let me just quote from a letter to the head of the department. It was called community services. Before that it was called Aboriginal and Islander Affairs. The letter to the head of the department is from Eric Law, who was chairman of all the mayors of all the community areas in Queensland. Later on he was head of Catholic education for communities in Queensland and he was the head of the state and federal government advisory council for education. He was deputy principal of the biggest school in Queensland. Eric Law was his name.

Lawsie said, 'I'd tell a lie to these people. I'd say, "Go out and make a quid and get a job". There're no jobs. There's no way of making a quid. I'm just lying to them. The thing for them to do is to throw themselves on the ground and howl and cry and ask for a handout. That's the best thing they can do to get an income for themselves.' And that's 200 years of cultural conditioning. So don't you dare blame the blackfella. I am not intimating, Chair, that you are blaming the blackfellas. But don't blame we blackfellas. You culturally trained us for 200 years to do this, and to think this way.

If you read a book that should have got the Nobel Prize but did not get the Nobel Prize—it was very controversial—that Hernando de Soto, a World Bank economist, wrote, in it he said, 'Why are Peru, the Philippines and Egypt the three poorest countries on earth? Because they can't get a title deed. It is not possible to own a piece of land in any of those three countries.' It is not possible. He said that the average downtime is over seven years if you apply for a title deed, and it will cost you a lot of money. There are 230 processes, many of which require a lawyer. So ordinary people just can't get a title deed.

To give you an example, there was a bloke in my hometown, Cloncurry. He applied for 12 acres on the river. It was vacant crown land, as are all the Aboriginal lands effectively. They're exactly the same status as an Aboriginal reserve. He applied for 12 acres. He put a fence on. He put a shed on it. He put water on it. And he sold it as a horse paddock for a thousand dollars, which was the cost of a Holden motor car at the time—a top of the range Holden motor car.

He then bought a mob of cattle. Within nine years he owned 250,000 acres, with no debt. But what got him to make all that money was his ability to take up a title deed. He took up that title deed, sold it and then he bought some land elsewhere and he sold that. And he bought cattle and sold that. I know that story to be true because that bloke was me.

When I went in there I asked the people what they wanted for their land. What they wanted was a title deed, the same as every other Australian. That's what they asked for. And this is all fully documented. They were asked what they wanted in land ownership—

**CHAIR:** We are getting slightly off topic from the market garden issue.

**Mr Katter:** Yes. We'll see. But people are saying, 'Well why don't they have their own cattle station?' or 'Why aren't there cattle there?' or 'Why haven't they got their own fruit and vegetable gardens?' Why? Because they can't get a title deed to the land. They can't own the land to do it.

Regardless of what the government did to destroy the market gardens and the culture in the Torres Straits—put that aside for a moment and just say we're starting with blank paper—what is the first thing you put on the blank paper? I just went to the community and said, 'So what do you want? What do you want? Do you want a continuation of government ownership?' It's a trust area. Really the government owns it. 'Do you want your local shire council, is that worth setting up, to own it?' 'You've got tribunal ownership.' It was before Mabo. 'Do you want tribunal ownership, or some other form, or do you want just ordinary ownership like everyone else has got?' And 3,000 voted, and only three voted against.

But if you've got the title deed—you've got a bit of land—you can start working that bit of land and make a quid out of it, whether it's a market garden or a piggery or a cattle station or whatever. But if you can't get the title deed you can't do anything. And where's a race of people—

**CHAIR:** I am going to give my other colleagues a chance to ask a question as well, if that's okay.

**Mr Katter:** I'm sorry.

**CHAIR:** I'll hand over to Terry Young.

**Mr YOUNG:** Thanks, Chair. Thanks for your input, Bob. I just wanted to ask a question on non-perishable goods which would be transported by truck—basic grocery items, canned and bottled goods and that sort of thing. You've been up in that area a long time. Has the price gouging or the difference in price between the cities become worse recently or has this always been a problem and it's about the same level as it's always been?

**Mr Katter:** The instrumentality that was running the supermarkets was owned by the state government. In my time as minister it was basically answerable to Lester Rosendale but particularly Eric Law, who was effectively the head of the department. Both of these were black blokes and both of them came off what were reserve areas—Cherbourg in one case; Hope Vale in the other. They were local boys from the community. They ensured that there was no price gouging. Now, if you start paying people a couple of hundred thousand a year for managing stores, which they can justify, and you've got all whitefellas running it, a whitefella will not go to Kowanyama or Pormpuraaw. He won't go there for under 120,000 a year. Or, as it should be, if a black person is doing it, he'll do it for considerably less than that figure.

Once again, you get back to local ownership versus a bureaucracy. IBIS became a bureaucracy and it was a very unpleasant bureaucracy. There was a culture that I inherited from Queensland government that said: 'Oh, we must look after the people. We must look after them'. Well, when they tried to open their own stores, you closed them down because you wanted to look after them. Well, excuse me, sometimes I speak as a blackfella. I think I've got a bit of blackfella in the family tree. But speaking as a blackfella I don't want you whitefellas in Brisbane and Canberra telling me what I can and can't do out there. It's not your land. It's no business of yours. You've got no right to tell me that I can or can't do any of these things. But you do.

**Mr YOUNG:** What are the solutions? What do you think we should do?

**Mr Katter:** It's white person competition.

**Mr YOUNG:** You're saying that one of the solutions is to put more, maybe, resources into training the local Indigenous people to run the stores as their own and that will reduce some of the employee costs and that, therefore, will reduce the cost of the groceries in store. Is that what you're saying?

**Mr Katter:** You've got to understand I come from these areas. Half of those in the football teams and rugby league teams I played with would have been people, the grandfathers and fathers, from cattle stations where they lived or the community areas where they lived. Sorry, just give me the question again.

**Mr YOUNG:** I'm just saying that your belief would be that if we—

**Mr Katter:** Ask the question.

**Mr YOUNG:** put some more resources into maybe training the Indigenous people in the area to run the stores, that would reduce the cost to the business and, therefore, reduce the cost of the groceries on the shelves?

**Mr Katter:** I don't mean to be disrespectful to you, but we don't need to be trained. You give us an opportunity to make a quid; we don't need any training. There are probably 200 blackfellas owning cattle stations—not as, you know, the Bullamakanka tribe, but Shirley Macnamara, and I'm quoting Shirley Macnamara. She runs a very big station outside of Cloncurry. The biggest cattle station probably in Australia is Delta Downs. They'll say it's tribal owned. It's owned by two families, and they fight all the time, but they run the most successful cattle station in Australia. No-one trained them; they were never trained. You just get out there and have a go. No-one trained me to mine copper. I just went out there and had a go.

When we put up self-management, where people in these communities could run their own affairs, they used the argument—and, please, I'm not being disrespectful to you—'Oh, we're not properly trained for this'. All the coconuts were running around saying: 'Oh, we're not trained for this. We couldn't possibly run our own communities'. I said: 'Well, no-one trained me to run a copper mine. I worked it out myself. No-one trained me to run cattle. I worked it out myself by having a go'.

**Mr YOUNG:** Fair enough. I get your point on that.

**Mr Katter:** No, please, I just want to add to that. There were 100 leadership representatives in the community of Torres Strait. I said, 'Name me one whitefella that ever trained a blackfella to take his job'. The whole meeting burst out laughing. A whitefella's never going to train a blackfella to take his job off him. That's simply not going to happen. Paternalism is a mechanism that runs these communities, and it is infinitely more cancerous than some of those bad bastards that were trying to shoot us 200 or 150 years ago. They were trying to shoot us out. More cancerous and more dangerous to us is paternalism. I know you asked the question in good faith, but I've just got to answer it by saying that if you're waiting around for training, it's never going to happen. Give them the opportunity to make a quid and they'll do it.

**Mr YOUNG:** You've given the answer, and I respect that. The other costs that we keep getting told are an issue are logistics and freight costs. As you say, the roads are unsealed, there is the tyranny of distance and all that sort of stuff. Do you have a solution to reduce the costs of freight and so on?

**Mr Katter:** Kowanyama and Pormpuraaw can be joined—60 kilometres of bitumen—and it's 100 kilometres from Pormpuraaw back onto the Peninsula highway, which goes right up to the tip of Cape York. That seal will be there within two years. But if we started now on connecting those two communities and then Aurukun through to Weipa, and then Weipa onto the Peninsula road, you have accounted for four communities and half the population of Cape York. You've accounted for it already. If you just introduced those programs that would be a hell of a big thing.

I represent Domadgee and we're connected by bitumen now. That's very helpful indeed. You're dead right in what you're saying. There's still the cost of groceries, non-perishable. Take the fruit, vegetables and fresh meat and those things out. Bear in mind that we haven't got a single butcher shop out of 28 communities. There are no freezers on any of the Torres Strait islands now. That in itself is a terrible condemnation of government. It was all there when I was minister in 1990.

**Mr YOUNG:** That's great. Thanks for your feedback there, Bob. I really appreciate it. Thanks, Chair.

**CHAIR:** Deputy Chair.

**Mr SNOWDON:** G'day, Bob.

**Mr Katter:** G'day.

**Mr SNOWDON:** Good to see you've got your tie on, son.

**Mr Katter:** We've been out on the Barrier Reef. Please excuse me for not being properly dressed. I apologise for that, Mr Chair.

**CHAIR:** It's fine.

**Mr Katter:** We've been doing some big tourist promotion trying to get tourism going again. It was a very enjoyable day. I've been a bit naughty. Keep going.

**Mr SNOWDON:** Your submission talks about store ownership and Community Enterprise Queensland. Do you want to give us a bit of background on Community Enterprise Queensland and how they operate their stores?

**Mr Katter:** I think it's just another bureaucracy and, like all bureaucracies, it's top-heavy. I'm not attacking the personnel that run it. You'll hear a lot of stories about them being bad and all that, but I'm not indulging in that. You've got a bureaucracy running it, and so long as you've got a bureaucracy running it, you'll never make a quid. Woolworths and Coles won't go into small communities. It's hard and it's long, but to have local IGAs in those communities is where you want to be going. That's not easy. I was there for six, seven or eight years—whatever it was that I was a minister—and we didn't have many success stories.

Then again, in every society, when they're starting off on a whole new commercial thing, the first step is to give them a title deed. Someone there will be working in Cairns in a store. Nigel Tillett is married to a Torres Strait Islander and he's got one of the biggest IGA stores in Northern Queensland. If his boys could go out and establish a store in, say, Pormpuraaw for a couple of years and make a big quid for themselves, they'd do it. They're First Australian kids, or half First Australian anyway. They would on-sell it to a local who was working in the store. That's the way this thing would work, as I see it unfolding.

But so long as you've got a big, top-heavy whitefella bureaucracy, well, I haven't been into a single community store where I've seen a blackfella in charge—not one. There is something badly wrong there. My whole department was run by blackfellas. In relation to house building, we built 2,000 houses in about 4½ years. That was all exclusively blackfellas; no whitefellas were involved at all. So if you can build 2,000 houses, I don't think running a grocery store would be a particularly big problem.

**Mr SNOWDON:** Are there any communities in your electorate, as far as you know, up in the Cape or in Torres Strait, that have more than one store?

**Mr Katter:** Yes, the Bamaga area. That's a very good question. Who's speaking, by the way?

**Mr SNOWDON:** It's Warren Snowdon here.

**Mr Katter:** I thought it was you, Warren. We deal with a lot more sophisticated sorts of people in Queensland. Most of the mayors would have secondary education. Some have even got tertiary education—most of our mayors. They've had a lot more interface with the big cities like Cairns and Townsville, Mount Isa, Mareeba and Charters Towers. It's an infinitely more sophisticated person than you're dealing with in the Territory. Coming back to your question: what was it again, Warren?

**Mr SNOWDON:** Have you got any examples of—

**Mr Katter:** Yes, sorry. In Seisia, Joseph Elu and Rosendale are two representatives on the national Aboriginal council, which is the peak body for Australia. They were both elected to it again and again. So they were very big in the bigger picture in Indigenous affairs in Queensland. But Elu wanted separate title deeds for Seisia. I said: 'You want a local government area for 23 people?' and he said, 'Don't you lie, Minister. I can prove that I've got 26 people'. I mean, 26 people wanted their own local authority area. You know, I set it up—it was a bit of an experiment—but because he had that he got the title deeds. The title deeds went into the hands of the local tribal council, which was effectively the Elu family.

Now, Joseph owns one of the prime pieces of real estate in North Queensland. He's up at Atherton where it's cool all year round. You know what it's like, Warren. It's lovely and beautiful, it's extremely expensive and he owns his own farm there. It cost millions and millions of dollars. Joseph's made a lot of money. He opened a store in Bamaga competing against the government store. They've got two supermarkets and a motel turning over about $7½ million a year. They've made an awful lot of money out of it. Good on Joseph Elu for making a quid for himself, his family and his own community up there. Warren, that was a very good question. That is proof positive that if you get the title deed, you provide the profit incentive. I'm not trying to have a go at Joseph Elu by saying this, but each of the stores had a whitefella running it, and I don't think that's good. By the same token Joseph is the owner, and is the boss in every sense of the word. He got the title deeds. He could borrow money from the banks to build the motels and the stores, once he had the title deeds, and he just soared. It was a great success story.

With Delta Downs—I mentioned it before—effectively the families of Freddie Pascoe and Paulie Edwards own it. They say it's tribal, but it's just the two families. It's been terrifically successful. Those were Indigenous initiatives. That was a good question, Warren.

**Mr SNOWDON:** Thanks very much, Bob, for your submission and for your evidence today.

**CHAIR:** Thanks so much for your attendance at the hearing today. If you have been asked to provide any additional information or if there is anything else that you want to provide, please forward it to the secretariat by 9 October. You will be sent a copy of the transcript of your evidence to which you may suggest corrections. Thanks so much for your time today.

**Mr Katter:** Mr Chairman, sooner or later those figures that I cited will get to the United Nations, and my country will have its name dragged through the mud. We'll be like South Africa: people will spit on us. Quite frankly, if this situation continues, we deserve to be spat upon. I'm quite happy to go on the public record with that. I think Warren would strongly agree with me.

**CHAIR:** Thanks, Mr Katter. We'll now suspend the hearing until 2 pm.

**Proceedings suspended from 12:57 to 14:02**

**ANNISON, Dr Geoffrey, Deputy Chief Executive Officer, Australian Food and Grocery Council**

**BLAKE, Ms Samantha, Director, Industry Affairs, Australian Food and Grocery Council**

*Evidence was taken via teleconference—*

**CHAIR:** I welcome representatives of the Australian Food and Grocery Council. Although the committee doesn't require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of parliament; therefore it attracts the same standing as proceedings of the House of Representatives. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. These proceedings are public and are being broadcast and recorded by Hansard, and all of the evidence given today attracts parliamentary privilege. I now invite you to make an opening statement before we proceed to a discussion.

**Dr Annison:** First of all, thank you very much for the opportunity for the council to participate in this public meeting of the Standing Committee on Indigenous Affairs inquiry into food pricing and food security in remote Indigenous communities. By way of introduction, the Food and Grocery Council is the peak national body representing food and non-food grocery manufacturers in Australia. Our membership includes most of the major multinationals, but more than half of our members are Australian-owned small to medium enterprise businesses. We cover all of the major fast-moving consumer goods product categories, but we do not represent alcoholic beverages or tobacco manufacturers. Also, the AFGC membership does not include wholesalers or retailers. The AFGC's broad areas of advocacy and activities include sustainability, food nutrition and human health, international trade, regulatory policy and supply chain issues, with the latter being the most pertinent to the current inquiry.

I'd now like to make some observations about the ongoing COVID-19 pandemic, because it is germane to this inquiry. Prior to the COVID-19 pandemic, the Food and Grocery Council had not considered supply chain issues in relation to remote Indigenous communities; it simply had not featured on our radar. From the beginning of the COVID-19 crisis in Australia, essentially in March 2020, the Food and Grocery Council did recognise that supply chains might be disrupted, particularly overseas supply chains. As Australian governments started to respond to the COVID wave, the AFGC became concerned regarding domestic supply chains, particularly across state borders which closed. Most issues in this regard were resolved reasonably quickly.

As has been well publicised, the first wave also saw a very dramatic upswing in consumer demand for both food and non-food grocery products. Pasta, rice, mincemeat and home-baking ingredients all experienced some shortages in supermarkets; also, toilet paper, hand sanitisers and some over-the-counter medications, such as paracetamol, had great increases in demand.

The food and grocery supply sector responded primarily by increasing manufacture. Many companies moved to 24-hour, seven-day-per-week shifts. Some products were brought forward down the supply chain. There was also product rationalisation to concentrate on high-volume product lines. In addition, there were measures such as temporarily removing curfews on stock delivery to supermarkets, some deliveries were made directly from manufacturers to supermarkets rather than going through distribution centres, and manufacturers and suppliers were actively allocating stock to areas where shortages were more acute.

A significant contribution to ensuring continuity of supply across Australia was the interim authorisation provided by the ACCC to the major retailers to collaborate in estimating demand and allocating supply. This allowed all players in the supply chain to respond collectively to market demand signals originating in different localities across the community.

I'd like to talk very briefly about the supply to remote Indigenous communities. Some weeks after the first COVID wave started, the Australian Food and Grocery Council was contacted for assistance to supply to remote Indigenous communities. The AFGC has worked closely since then with the National Indigenous Australians Agency food security working group. Specifically, we were informed that, in these communities, there were instances of relatively small local supermarkets being completely denuded of stock, with very low rates of replenishment coming through normal supply chains. Over subsequent weeks, the AFGC worked with retailers, wholesalers, representatives of Indigenous communities and manufacturers to improve supply of goods to remote areas.

The types of measures taken were as follows: we were contacting major supermarkets and retailers to seek assistance under ACCC authorisation; we were liaising with manufacturers and suppliers where there had been product availability issues, with the request that they reserve small portions of their production for dedicated supply to remote Indigenous areas; and companies were also advised when Indigenous communities were

experiencing shortages of their preferred products—low-volume lines like canned meats. This resulted in improvements in stock on the store shelves, but it did take some time to work through the system, as there was not only strong demand for products from other parts of Australia but also demand remained very high, much above normal levels, in the remote communities.

With regard to the current situation, the AFGC remains committed to engaging with Indigenous people and policymakers to safeguard food security during the COVID-19 pandemic. The pandemic has highlighted a weakness in the supply chain and the AFGC is currently responding to the call by the government to increase resilience in the food and grocery supply chain, reflecting that it is an essential industry.

Given that the focus of this inquiry is on pricing, we would also like to clarify for the committee the role of suppliers of food, beverages and grocery products. In accordance with the requirements of the ACCC, fast-moving consumer goods businesses set recommended retail prices for each product and provide this advice to customers, including the retailers. The price paid for products by consumers in remote communities, or the shelf price, is set by the suppliers' customers—that is, the retailers and the wholesalers. They may consider many factors, such as remote operational costs. The fast-moving consumer goods manufacturers and suppliers do not have line of sight of these costs and have no influence on the price to consumers. The supply chain operates such that the retailer or wholesaler will provide the supplier with a forecast for product—a demand forecast. The forecast provides an indication of the products and volumes that are likely to be required by the retailer or wholesaler. The retailer or wholesaler will then place an order with the supplier for the products and the amounts of each product they wish to purchase. This will include time lines of the location for delivery of the product. The delivery takes place at the retailer's or wholesaler's distribution centre. Once the goods are received into those distribution centres, the goods change ownership and become the responsibility of the retailer or the wholesaler. The supplier does not have a line of sight of where the products are shipped to or in what volumes.

The AFGC remain committed to continuing to work with the National Indigenous Australians Agency and we will do all we can to ensure the supply of food, beverages and grocery products at remote and regional Indigenous communities over the coming weeks and months. Thank you for the opportunity to make that opening statement. We are happy to take questions and expand on any of the points I have made.

**CHAIR:** Thank you. I am interested in the supply chain issues you have raised. What are the key issues in the supply chain that need to be considered in terms of hardening up that chain? We have heard a lot about continuous cold storage and how the cold chain has been an issue in different places. What else has the pandemic laid bare about the supply chain to remote Indigenous communities that we did not realise previously?

**Ms Blake:** As Geoffrey indicated, whilst we're not intimately involved in the distribution of the products post the retail or wholesale distribution, we have anecdotal information from our experience on the working group that would lend into this. The most important thing we can do as a sector is deliver the products in full and on time into the retail distribution centres. One of the biggest factors we faced throughout the early days of the product shortages in those areas was the upswing in demand across Australia that resulted in the requirement to have to ring-fence product at the retailer or wholesaler that was going to be dedicated to the supply into those areas. The transport and infrastructure to get into those spaces, whilst working smoothly now, was somewhat problematic in the early stages because of the volumes of product we were shifting. I don't have a lot of commentary on the chill chain, although that has been an issue; the volume of product we have been getting into those areas has been more of a problem.

**CHAIR:** We have heard a lot about the rebate system in the context of this inquiry. We know there is a rebate system between wholesalers and retailers. Is the same true between suppliers and wholesalers? What can you tell us about that?

**Ms Blake:** A supplier will do a deal with a retailer or a wholesaler and set up a range of trading terms with that wholesaler or retailer. Those trading terms can include a number of factors. There could be a rebate for volume. So the more volume that you're selling into a retailer or wholesaler, there may be a rebate. There may be rebates for promotional activity. There may be rebates for the location where the product is stored in a supermarket or retail store. These are the types of activities from the supplier to the retailer/wholesaler relationship that we will manage as part of those broader trading term arrangements.

**CHAIR:** But there is nothing illegitimate about rebates. Is there any leeway as to what people should be spending the money from rebates on?

**Ms Blake:** Rebates are not illegal. They are common practice in the relationship between a supplier and a retailer or wholesaler. They will be agreed at the beginning of the relationship. They will be managed and modified throughout that relationship. We are now governed by the Food and Grocery Code of Conduct that sets

the behavioural standards between a supplier and the retailer, and there are some things within that code that are not permitted, such as retrospective rebates. A retailer or wholesaler cannot require a supplier to pay a rebate that is retrospective. So there is some governance around them.

**CHAIR:** What about rebates to achieve a healthy food outcome? For instance, if you're a soft drink conglomerate like Coca-Cola Amatil, manufacturing a whole range of different soft drink products, and you have a deal with one of these stores or a store group and you know that the policy is that stores wish to try to charge more for your sugary drinks and less for your bottled water, is it ethical or unethical for you to offer a rebate on the basis of people pumping out Coca-Cola and high-sugar products into the front of the store as opposed to the bottled water? Are you aware of any evidence of soft drink companies doing that?

**Dr Annison:** I am certainly not aware of that type of behaviour.

**CHAIR:** If they were doing it, would you regard it as highly unethical?

**Dr Annison:** I am not sure exactly what the basis is. I have never heard of anything like that happening. We are not aware of any company deliberately promoting a product or suggesting that a product, based on its health characteristics or its nutritional characteristics, be promoted otherwise in particular communities.

**CHAIR:** Many of these communities have as a policy wanting to charge differential prices to discourage people from making bad food choices. We have some anecdotal evidence, conjecture in some respects, that in some places these soft drink companies have been offering discounted prices, rebates, if people put the sugary drinks up the front, contrary to the policy objectives of the community. We have asked these soft drink companies to front up and tell us the truth or otherwise, and they have failed to do so.

**Dr Annison:** We don't get involved—

**CHAIR:** But those soft drink companies are your members, aren't they?

**Dr Annison:** We do have some of the soft drink companies as our members. We represent many multinational companies, including some of the major soft drink companies. But we as an industry association do not get involved in the commercial operations of the companies for obvious reasons. They don't share with us their marketing strategies and we certainly don't ask them for that.

**CHAIR:** But do you set industry standards or standards of ethical behaviour among particular industries under your umbrella, as it were?

**Dr Annison:** As Samantha Blake just mentioned, we do have a supermarket code of conduct which talks about behaviour between the retailers and suppliers. That has been in operation since 2015, coming up to five years. But we don't have other codes of practice or codes of conduct requiring specific behaviour in any other commercial arrangements. We have had, but have no longer, a code of practice in advertising; it has recently been taken over by the Australian Association of National Advertisers. So there are codes of practice which go across not only the food and grocery industry but other industries about codes of behaviour that one could say have an ethical background. For example, these codes talk about the portrayal of women, the sexualisation of children, the amount of violence that might appear in advertising and so forth. But the Food and Grocery Council, which has been in operation for 25 years—25 years this year—has never had a formal code of ethics and, quite frankly, I don't think there has ever been any evidence that we need one.

**CHAIR:** Do you have a reconciliation action plan?

**Dr Annison:** No, we do not have a reconciliation action plan. I have been with the Food and Grocery Council for a long time and was involved to some extent when the organisation was first established. The areas that we work in, as I mentioned, have been in sustainability, food, nutrition and human health, industry affairs, which is the relationship between the retailers and the suppliers, international trade and so on. We have not had a portfolio that looks at social issues such as reconciliation, and we don't deal with a number of other things. We do not have a view or a position, except for general acceptance, on community values like people's sexuality, religions or creeds. We have a specific brief on the areas we work on.

**CHAIR:** The deputy chair will probably get stuck into some of these issues a bit more. I want to move on to one other point before I hand the conch over, as it were. Tell me about the manufacture of food in Australia. Whereabouts is food mainly manufactured? Is it mainly manufactured in Sydney and Melbourne, or is it more dispersed?

**Dr Annison:** Most of the food in terms of volume is manufactured in Victoria and New South Wales. It is approximately 30 to 35 per cent in each state, with Queensland following up with around 10 per cent, and then the rest of the food manufacturing is dotted around the country. About 40 per cent of manufacturing is in regional Australia. There are pockets which have a lot of manufacturing, like northern Victoria and southern New South

Wales. It's about a 40-60 spread urban to regional. If you take into account the distribution of the population, it tends to favour, on a per capita basis, regional Australia. There are good reasons for that. One is the proximity of the ingredients and the commodities that go into the manufacture.

**CHAIR:** So, if I have a food manufacturing plant or factory, or whatever it may be, in an area that's close to the areas where there are remote Indigenous communities in Western Australia, in Queensland or in the Northern Territory, what would usually happen with my goods if I wanted to get them to the Indigenous community? Would they go from my plant to some central distribution centre either in the capital city or back in Sydney or Melbourne, or in most instances could I get them from my factory to the relevant community? If I could not do that, what sorts of things should we be trying to put in place to ensure that food that is produced closer to Indigenous communities is getting to Indigenous communities rather than going around the country to get back to them? Does that question make sense?

**Ms Blake:** Yes, it does. I'll talk first about the national footprint of the supermarket retailers and wholesalers, remembering of course that we don't represent them. Then I'll talk about the move towards more localised sourcing and, hopefully, this will answer your question. The supermarket retailers and wholesalers operate a national distribution centre. They'll have major distribution centres or DCs as we call them—warehouses—around Australia. You'll need to speak directly to them to get the location of those. Our suppliers, our manufacturers, manufacture the product and then distribute it or send it to those distribution centres. It will be at the request of the supermarket or wholesaler to determine which distribution centre they wish it to be sent to. They can then organise the movement of that product from those distribution centres to their stores. You're absolutely right, Mr Leeser, that it is possible that a store a kilometre down the road can have its product shipped into a distribution centre to be reshipped back out to a local store. That does happen because of the scale of moving product around the country.

The second thing that's happened more recently is that the supermarket retailers are looking to localised range review. They're very cognisant of the fact that shoppers are keen to purchase product that is manufactured in their state or their local area; so they're now working hand in hand with suppliers in those areas to develop up networks and processes that will enable them to get those products into those stores in a much more localised area. I would also point out that there's not an awful lot of food production in or close to some of those very remote areas. The majority of manufacturing, as Dr Annison said, happens in the areas that he outlined. I hope that answers your question.

**CHAIR:** I have just one supplementary. Is there anything that we should be recommending to try and see if we can get more food produced closer to regional areas and cut some of the red tape that sends it off to another place or should we not get involved in those sorts of matters?

**Dr Annison:** I think it's true to say that the governance is now looking at how we could be making our supply chains more resilient. One of the impacts of the COVID-19 crisis has been a raising of the awareness amongst government of the importance of critical industries and one of those industries is the food and grocery sector, as we've already noted. One of the ways of increasing the resilience of the food and grocery supply sector is to ensure that the manufacturer of particular goods that might be considered to be priority goods is in Australia. Having said that, we also have to make sure that supply chain and critical ingredients that are brought in from overseas are also secure, and one way of doing that, of course, is to diversify the source of some of those ingredients. The challenge for bringing manufacturing on shore, expanding manufacturing on shore, is one of meeting the economic constraints on the industry. The industry needs proximity to not just a workforce obviously but also proximity to infrastructure in order to move products basically around the country to the communities which need the products, but also some consideration has to be given to the opportunities for export.

The government has made it very clear that, in regard to the resilience of the sector, when it comes to building the resilience of the sector we should be looking at investment which ticks the following boxes. They've talked about it being focused on regional communities; they've talked about making sure there are some jobs—it's to promote jobs; it's about promoting productivity, which means they have to be efficient industries—and they've also talked about smart manufacture. There may be opportunities for positioning of manufacturing plants closer to Indigenous communities but many of those factors would have to be taken into account.

**CHAIR:** I take the point. I'll hand over to the deputy chair now.

**Mr SNOWDON:** Can I just go back and ask a couple of questions around the relationship between manufacturers and the wholesalers and retailers. What part does the manufacturer have in determining the final price, if any?

**Ms Blake:** The supplier or the manufacturer has no involvement in the determination of the final price to the consumer of a product. The supplier or manufacturer will provide a recommended retail price to the retailer or wholesaler and then it is at their discretion as to what the shelf price will be.

**Mr SNOWDON:** We've had evidence about what looks like fairly anomalous pricing of certain products—for example, milk powder—in a remote community in north-western Australia. What's the sort of unethical way, what is the behaviour, that brings about a substantial overpricing of a product in any store anywhere in the country? You can just do as you like, can you?

**Dr Annison:** As my colleague Samantha Blake just said, the retailers have ultimate control over the price. The suppliers sell to the retailers at an agreed price—they have a recommended retail price—but ultimately the shelf price is determined solely by the retailer.

**Ms Blake:** I'll just add one more comment to what Geoffrey mentioned and that's that the price that a supplier charges the retailer for their goods is a national price; it's not a jurisdiction price, if that helps.

**Mr SNOWDON:** If someone was charging two or three times over the odds, over the recommended price, how would you react?

**Dr Annison:** I would be surprised, because we hadn't heard those anecdotes ourselves. We also know that the retail sector is highly competitive, but of course that might not be the case in some remote areas where there might only be one retail outlet.

**Mr SNOWDON:** Most Indigenous communities that we're referring to have got one supplier and that's it, one outlet. In the particular case that I'm referring to, in Balgo, there was a real issue around the price of certain products, and it was very clear that they were well over the odds—two or three times over the odds. I'm just wondering if that were made known, if you were to become aware of it, how would you respond? What could you do about it?

**Dr Annison:** We as an organisation can't do anything about it directly. We don't have any control over our members and the amount they charge, and we've certainly got no control over the retailers. But we would reflect some negative sentiments against that if we were asked, as we do now. We don't believe in overpricing of any goods, for obvious reasons.

**Mr SNOWDON:** So are there national margins that people accept?

**Dr Annison:** The manufacturers and the suppliers are aware of their margins, and margins within the supply and manufacturing sector are fairly low. The retailers, of course, have a different margin call and their margins are available if you were to ask them, I'm sure.

**Mr SNOWDON:** What typically would be the margin from a supplier? I know that it would depend on product but in rough terms are we talking 20 per cent, 50 per cent? What is it?

**Ms Blake:** I think what we do know is that the margins will vary based on product, just as you have said. In some categories that can be as low as a one per cent margin, and in others they can be up around the 10 to 15 per cent.

**Mr SNOWDON:** That would be the range pretty well, between one and 15 or 20?

**Ms Blake:** Without having that full dataset here, I would need to take that question on notice.

**Mr SNOWDON:** Could you please and could you get back to us please? In your submission you talk about suppliers allocating product on a fair and equitable basis. What actually do you mean by that and how does it happen?

**Ms Blake:** A supplier will be hoping to supply all of the major supermarket and wholesaler outlets here in Australia so that they can get scale for doing that. Those retailers and wholesalers will place orders on a supplier and they will of course do their utmost to fulfil those orders in full and on time. If there is a limitation of supply going into those retailers they will use a number of criteria at their disposal to determine who should get what allocation of that product. Some of their allocation will be based on things such as market share of those retailers or wholesalers. One of our key learnings throughout March and April and the reason the Australian and Food and Grocery Council got involved with the NRAA was that we realised very quickly that what this resulted in, this inequitable allocation of product, was that we needed to include an additional step in the process which saw the manufacturers and the suppliers pre-allocating product to Indigenous communities to ensure the supply of the product got through to them. It also resulted in the wholesaler ring-fencing stock so that it was dedicated to those Indigenous communities, and we also leveraged the ACCC interim authorisation to allow supermarkets and wholesalers to work together to ensure the allocation of product into those areas.

**Mr SNOWDON:** I want to go to the question of rebates, if I may, and the question of ethical behaviour. I'll ask you a question which, on its face, may not seem relevant but it is and I'll explain why in a moment. Do you have a view about a sugar tax?

**Dr Annison:** The Australian Food and Grocery Council does have a view about a sugar tax. We do not believe that a sugar tax is an appropriate policy to address some of the concerns about the links between food and nutrition and health. That position is based on two fundamental bodies of evidence, one of which is the role of sugar in the diet and the other is the effectiveness of a tax such as a sugar tax on the choices that consumers might make in the marketplace.

**Mr SNOWDON:** Are you saying that the issue of sugar is debatable in terms of diet?

**Dr Annison:** I'm certainly saying that, yes.

**Mr SNOWDON:** Let me ask you another question. Can you see the relevance of sugar to diabetes, obesity, renal failure, cardiovascular disease and rheumatic heart disease?

**Dr Annison:** I can see that excessive sugar can be a link to those problems, as can excessive energy and excessive other nutrients as well. I think the thing to remember, to put it very succinctly, is that those diseases you mention are what's known as lifestyle diseases and they're also called diet-related diseases. They are not termed food-related diseases. So I would say that the evidence behind those issues is conjecture. I'll give you one other point to my argument, which is that people often link sugar with obesity and I may quote, for example, the World Health Organisation. If you look at the most recent outcomes from the World Health Organisation examining this area, they found that the level of evidence supporting a link between sugar and obesity was low-grade evidence and the two recommendations from the World Health Organisation that had been publicised recently about restricting sugar as a percentage of dietary energy have been related to the effects of sucrose, in particular table sugar, but some of the other carbohydrates and the links to dental caries. So there is definitely a link with dental health but when it comes to obesity, cardiovascular disease, diabetes and so on, there are other stronger links with other dietary characteristics.

**Mr SNOWDON:** I would be very interested in the debate I might see you having with public health experts and those specialists who are involved in diabetes in particular around that discussion.

**Dr Annison:** My only response—

**Mr SNOWDON:** May I finish?

**Dr Annison:** Certainly; I apologise.

**Mr SNOWDON:** I am, in fact, gobsmacked by what you've just said. I just want to ask you a question about ethical behaviour. I've got on my phone photographs of special pricing, what are specials, displayed on a Woolworths store which serves a large Aboriginal community and an IGA store which serves a large Aboriginal community. The specials were on Coca-Cola and other soft drink where the price of the Coca-Cola and other soft drink was substantially less than water. Do you regard that as ethical?

**Dr Annison:** As I've already said, as far as the Food and Grocery Council are concerned, we have no influence on the pricing that's done in the supermarket shelves. How they choose to price is up to them. I do not believe that, in the context of healthy diets, there is any issue around sugar and soft drinks or, indeed, any other sugar-containing food; I just do not believe that. We are not in a position as an organisation to comment on the pricing that the retailers might bring in, particularly as it relates to attempting to influence health outcomes. I do recognise, as indeed all our companies do, that the preferred beverage in terms of the Australian dietary guidelines is water, and we have no issue with that as a guideline. We also recognise that the guidelines talk about restricting certain nutrients, such as salts, saturated fat and added sugar. However, how that relates to how they should actually be priced on the supermarket shelves and for any particular community, being an Indigenous community or any other part of the Australian community, we have no position on that.

**Mr SNOWDON:** Just so that you know—I'm following up from the chair's question earlier about rebates—I'm totally aware of a large organisation that's provided rebates for the sale of Coca-Cola. So, as I say, I'm gobsmacked by your denial of the impact of sugar on lifestyle diseases, as you've described them; I'm totally gobsmacked by it. I've been involved—just so that you know—in Indigenous health for well over a decade, firstly as a member of parliament but most importantly as a minister—and all the evidence that I've read is contrary to the evidence that you've just submitted.

**Dr Annison:** I have given you my view. I've been with the Food and Grocery Council for a number of years. Before that I had a history of working for CSIRO as a research scientist in the division of human nutrition. I've got publications in the area of nutrition. I've designed diets for nutritional outcomes, and I try to keep up on the

literature. I know that this is a topic of some controversy. However, I'm still a firm believer in letting the primary science be what guides us and, as I said, I've given you a reference to the World Health Organisation pronouncements on this issue. That's all I can say.

**Mr SNOWDON:** I just urge you to read widely, if you haven't already—and I'm sure that you have—on the advice from the public health experts in this country, particularly those working in bush and remote communities and dealing with the diseases that are impacting on those communities and how much of them relate to diet, including how much of them relate to sugar. I have no further questions, Chair.

**CHAIR:** Thanks, Deputy Chair. I call on Mr Young.

**Mr YOUNG:** Thank you, Chair. Thank you, Geoffrey and Samantha, for your time and your submission. I just have a question around rebates. I'll declare my hand. I had 35 years in retail and wholesale before I started this last year, so I'm very familiar with rebates and how they work and the benefits of them. I'm not familiar with your particular industry and can only work on what other industries I have been in have done. For example, I can remember that product A that we were selling had a three per cent margin on top of invoice and had a 25 per cent rebate behind it, so the net margin was 28 per cent. Then we had another product in the same category that had a 10 per cent margin on invoice, so it had a 10 per cent gross margin and only had a 10 per cent rebate; so, as a matter of fact, it had a 20 per cent net margin—so it was eight per cent worse off. But, when we were talking margins, we talked of invoice price. Often at the high net margin it actually had a lower profitability, which skews the figures a lot. When the question was asked earlier about you coming back with margins and you said that some products are one per cent and some are 15 or 20 per cent, are you talking margins on invoice there or are you talking margins including the rebate?

**Ms Blake:** In relation to the answer to the earlier question that I took on board, I would need to go and do some more analysis of the information to answer that question more fully.

**Mr YOUNG:** Can I ask that you come back with the net margins rather than the gross margins off invoice? We would like the margins that include the rebate amounts.

**Ms Blake:** Okay.

**Mr YOUNG:** Just so we can get a good like for like.

**Ms Blake:** Please be mindful that we can only do this at a very non-granular level. We do not have the detail of our individual company member commercial relationships, so what I will be able to provide will be at the highest level and not at a very granular level. I hope that that will be useful to you.

**Mr YOUNG:** Okay. We'll have a look at the information and make that determination. Thank you so much for that. Also, I take the point of Geoffrey before and I respect that there's a lot of scientific information on a lot of different subjects and there are always opposing points of view and they all seem to have extremely credible sources and witnesses and you wonder how sometimes they can be so diametrically opposed, but the facts are that they are. But, at the moment, the health advice that we get as a government is that sugar does have a detriment to it, so at this stage we are definitely pushing the fact that we want lower sugar drinks. One of our concerns is that we're putting a concerted effort into reducing the consumption of these sugary goods in remote communities and, in theory, an item with a high sugar content could have a higher rebate and, therefore, be more attractive from a business and profitability point of view than healthy options with maybe a lower rebate, as many times these rebates are not passed on to consumers through the price on the shelf and they are often used for behind the scenes costs, which is a common business practice. I understand that because I've done it myself. This of course is counterintuitive to the original desired outcome of reducing the consumption of higher sugar items. Do you have any direct knowledge that this happens in your particular industry and, if you don't have any direct knowledge of that, in your opinion would it be fair to assume that it is or could be happening?

**Dr Annison:** We have no direct knowledge of that, so we cannot comment about whether it is or it isn't happening.

**Mr YOUNG:** That's fine. I wasn't sure at what level you were on. Just one last thing. You made a comment earlier when you were talking about the upscale of the manufacturing sector during COVID; when it first came out, you were operating 24/7. I have a question about the additional costs of manufacturing 24/7. One of the problems that we have in this country, of course, when I speak to the people who are in manufacturing or want to manufacture, is that because we have penalty rates for people working at night and things like that and weekends they're really struggling to compete on a worldwide market. Did you suffer those sorts of penalty rate issues and what impact did that have on the bottom line?

**Ms Blake:** There were a number of costs that increased for manufacturers and suppliers during the COVID period and continue to do so. Certainly increased labour for running 24 hours a day, seven days a week, was one

increase; increases in transportation, just in terms of getting the volume of product through; increased rates in terms of carriage through the ports—a range of activities. Retailers also faced the same price increases. You may have seen the results from both Coles and Woolworths recently where they indicated a significant increase in operating costs as a result of having to manage in—store security, the perspex glass in front of counters et cetera, increasing staff numbers and reducing people through stores. Those costs have been borne by the suppliers and the retailers in their respective areas. They've not been passed through to consumers.

**Mr YOUNG:** I thought that might be the case. In other words, as an ongoing proposition, it wouldn't be financially viable. I'm not saying that these are my views and I want to make that clear, but I'm getting quite a push from people in the manufacturing industry that, if we want to compete and they want to open up and expand, they would like to see that the award rate is the same no matter what hours you work during the day, whether it be night or weekends or whatever, and penalty rates apply only if you do more than your working week, whether that be 38 or 40 hours. Does your organisation have an opinion on that? Is it for that, against that or is it just not something that it has thought about?

**Dr Annison:** It is just not something that we have thought about and considered. The Food and Grocery Council in its portfolio of activities doesn't include industrial relations and matters pertaining to industrial relations. Our members are members of alternative industry associations where they will have views on policies in those areas.

**Mr YOUNG:** Okay. That's wonderful. That might be the case. Thank you so much for your time; I appreciate it.

**CHAIR:** Ms Claydon.

**Ms CLAYDON:** Thank you, Chair. I know that we're pressed for time. I just want to get some clarification on who it is that would regulate the rebate system. You mentioned earlier the AFGC code of conduct that is in place. Does that have any role in governing or overseeing the rebate system and, if not, who does?

**Ms Blake:** There is no governing body that oversees the rebate process. That is a commercial arrangement between an individual supplier and a retailer, in our case, and obviously further up the chain between a retailer and a store. The Food and Grocery Code of Conduct is a voluntary prescribed code under the Competition and Consumer Act and it governs the behaviours and the relationship between the supplier and the retailer or the wholesaler. It looks to build trust and commercial certainty along that supply chain. Its primary focus is to ensure that the deal that is done between a supplier and a retailer is the one that is maintained through the life of that deal and that it is not changed unilaterally or retrospectively throughout the process of the deal. The only area in the code that goes to specifically the rebate process is that it must be carried out in good faith and both parties must be in agreement with it and there can be no retrospective claims against those rebates. The Food and Grocery Code of Conduct really sets out a framework for enabling a supplier and a retailer to do the best deal for the consumer but provides trust and commercial certainty for the supplier. All the obligations within the Food and Grocery Code of Conduct sit against the retailer or the wholesaler. There are no obligations within the code against the supplier or the manufacturer.

**Ms CLAYDON:** If one of your 200 member companies had any sort of grievance about the way the rebate was operating, how would that be dealt with?

**Ms Blake:** There are a number of options available to them. The most used option and the one that we will promote is that the supplier needs to negotiate with the supermarket, retailer or wholesaler through the commercial arm of their business. We encourage that because that will give us the best outcome; we encourage them to escalate throughout that commercial division if they need to. The second option is that each of the signatories to the Food and Grocery Code of Conduct must employ a code compliance manager. That person must sit outside of the commercial space within a supermarket retailer and are there to hear complaints. The second option is that a supplier, if they have had a problem, can take their complaint through to that code compliance manager. Code compliance managers at this point in time are employees of the retailers. The third area is the ACCC—they can take their grievances through that angle—and the fourth is the legal option.

**Ms CLAYDON:** Is that because the ACCC is regulating the code of conduct?

**Ms Blake:** That's correct. It's a prescribed voluntary code under the Competition and Consumer Act. Indeed the Food and Grocery Code of Conduct, as Geoffrey said, has been in place since 2015. In 2018 the three-year review commenced. That review concluded in 2019, with the government agreeing to 13 out of the 14 recommendations. We are currently going through the final stages of the drafting process, and there should be version 2.0 of the Food and Grocery Code of Conduct imminently—very soon.

**Ms CLAYDON:** That's based on the last five years of operation and from what you've learnt, presumably?

**Ms Blake:** Correct, yes.

**Ms CLAYDON:** You had a seat at the table on behalf of the food and grocery manufacturing sector for the COVID-19 Food Security Working Group that was chaired by the NIAA. Is that still operating?

**Ms Blake:** Yes. I have been participating in that group, and I would very much like to congratulate the group on the work they have done. It's been a very positive experience for both the AFGC and me personally to be involved in that group. The group was meeting weekly. It had a very solid agenda—very structured. We very much focused on the problems and the resolution of those problems, to make sure that we could get food and grocery products to where they were needed. It was very collegiate and very collaborative. The group was meeting weekly. It's now meeting fortnightly and will continue to do so until such time as the chair of the group, with consensus from the group members, feels that it is appropriate to disband.

**Ms CLAYDON:** What challenges are the group addressing now? You're meeting fortnightly. What are the big obstacles or barriers? What are you trying to overcome now?

**Ms Blake:** The group has a bit of structure that we go through. The first thing we will be looking at is what has happened to demand within the stores within those remote areas. We're still seeing somewhere between a 10 and 30 per cent uplift in sales volume going through those stores. As Mr Snowdon indicated, in many of those communities there's only one store, so it's very important that we ensure that the appropriate products are available.

We then look at the service level—our ability to be able to service that demand. That is usually managed by Metcash, who, in most cases, are the wholesaler for those products. We are then listening to and understanding the issues that individual store owners are having. We looked at the out-of-stock situation that's taken place. If there are any patterns occurring in those out-of-stocks that particularly focus on food and grocery products then the Australian Food and Grocery Council will look to see whether there are any broader issues at play. If we can encourage its members to assist in the process, we do so.

**Ms CLAYDON:** I'm assuming, on that note, that you will also track any changes to demand following a decrease in income support going into those communities now.

**Ms Blake:** Yes, that's correct.

**Ms CLAYDON:** Finally, I want to go to something that the chair raised—the capacity to have a manufacturer supply directly to their neighbouring areas or regions rather than send their food 3,000 kilometres to Perth and back again, to go to a point of sale. Do your member companies have a view on or a desire to increase access to fresh, locally produced foods and reduce the food miles and all of the issues that accompany that current system?

**Dr Annison:** We have a view in the sense that we have always been an organisation, since its inception, that has supported manufacturing in Australia, and we've always noted and supported the concept that a large part of that manufacturing takes place in regional Australia. We have companies that, obviously, source raw materials from regional Australia, from production areas. Having said that, we also have an industry that has to be competitive. We have open borders. We compete against products that can be imported into Australia. We produce tinned tomatoes here in Australia; we also get tinned tomatoes from Italy. We get pasta from Italy. We get cheeses from France and so on. We do need an efficient manufacturing sector and an efficient supply chain.

The supply chains involved, over the last 50 years, I suppose, which is just about in my memory, have needed to become much more efficient than they ever were. Those are some of the drivers for the way the food supply manufacturing, wholesale and retail sector is now structured.

Having said that, there's definitely been a move amongst the community to be more interested in the origin of foods. You are seeing companies differentiate products on not only their Australian-ness, if you like, but also the region that they come from. We know that the growth of farmers markets, for example, represents a feeling amongst consumers and communities generally that they are more interested in their food and they would like to source foods locally, if they possibly can.

I expect that, over the coming years and decades, you will see that there will be a slow restructuring of the industry to meet more and more of that consumer demand. By the same token, that will be tempered to some extent, or even promoted to some extent, by the government's own challenge to industry to increase its resilience going forward. I've already spoken to that.

While I am aware that that is an issue, as to how quickly these changes take place, we will see, as they come to pass. There's definitely some movement in the direction that you've alluded to.

**Ms CLAYDON:** Your member companies aren't being more proactive on that front? They're not agitating with you to say, 'We want you to lobby for these kinds of changes, and we could be able to supply to our local

region,' rather than have to go back through a distribution centre which is maybe thousands of kilometres away? It's not a priority at the moment?

**Dr Annison:** We're not quite sure. If they were to do that, they are certainly not doing it en masse. I will say that they are saying we need to advocate for the industry and point out the value of having manufacturing here in Australia. We do recognise the value of having manufacturing near to local communities, to take advantage of the ingredients there. Essentially, we advocate for government policies. I'm not sure what government policy it would be that would, if you like, provide the business environment that would encourage companies to move more quickly to bring in operational practices where product was shipped out directly from the factory to the store down the road.

**Ms CLAYDON:** I'll leave it there. Certainly, some people have raised with us barriers that might well be removed. That could involve governments at various levels and in different jurisdictions. I accept that it has not been a priority for your member groups to raise it with you. That's all the questioning that I have. Thank you to both of you for your evidence this afternoon.

**Mr SNOWDON:** Ms Blake, I was listening to your response to a question from Sharon. Could you expand on who is on this committee dealing with the NIAA?

**Ms Blake:** Certainly. There are a couple of participants from NIAA. We have the Outback Stores—a number of the stores that are in those remote Aboriginal areas are on that group. We have Metcash, a wholesaler, on the group. I am on the group; then we have representation from Western Australia, Northern Territory and Queensland governments.

**Mr SNOWDON:** What input does that committee have from independent stores that are not part of ALPA or Outback Stores and may not get their supplies from Metcash?

**Ms Blake:** I think you would need to have a discussion with NIAA in terms of how they are managing that. I do remember very clearly a conversation early on where it was indicated to me that 70 per cent of the stores in those areas were being serviced by Metcash and the other 30 per cent were being communicated to by NIAA.

**Mr SNOWDON:** I understand that. Let's assume Metcash is providing 70 per cent of supply; where is the other 30 per cent coming from?

**Ms Blake:** I don't know.

**Mr SNOWDON:** I appreciate that. I am not suggesting that you would. Thank you very much for that.

**CHAIR:** It has been quite a lively session. If you have been asked to provide further information or if there is anything else you would like to provide us with, please forward it to the secretariat by 9 October. You will be sent a copy of the transcript of your evidence to which you may suggest corrections. Thank you for your appearance today.

**MACKENZIE, Mr Luke, Manager, Government Relations, Metcash**

**MORRIS, Mr John, General Manager, Wholesale, Metcash**

*Evidence was taken via teleconference—*

[15:07]

**CHAIR:** I now welcome representatives of Metcash. These proceedings are public; they are being broadcast and recorded by Hansard. All of the evidence given today attracts parliamentary privilege. Although the committee doesn't require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament; therefore it has the same standing as proceedings of the House of Representatives. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament.

I invite you to make a brief opening statement before we proceed to a discussion.

**Mr Morris:** Firstly, I would like to thank you for the invitation to participate in the inquiry into food prices and food security in remote Indigenous communities. We greatly appreciate the opportunity to participate and to offer support in any way we can.

I've recently taken on the role of general manager, wholesale, for Metcash. I've only been in that role for approximately six weeks. At present I'm transitioning out of the role of general manager, supermarkets, for Victoria. I have had the opportunity in recent times, since the advent of the COVID pandemic, to see firsthand, from a supermarket perspective, all of the challenges that we face, as well as the amount of work that's been done to ensure food security across the country.

As I mentioned, I am based in Victoria. That, in itself, has challenges at the moment, but we are working closely with the Victorian government and have done so since the start of the COVID-19 pandemic. I hope that I can bring an insight from both the supermarket perspective as well as the wholesale perspective. Thanks again for the opportunity, and I'm very happy to take questions.

**CHAIR:** Thanks, Mr Morris. I might not have a lot of time, so I'm going to get to the guts of what I think is the key issue here. We have heard evidence over the course of the inquiry that, as a result of COVID-19 and the establishment of food security, places have been able to get food supply which was sometimes patchy in the past and they have been able to take advantage of cheaper prices as a result of the participation in that group of Coles and Woolworths, with their buying power. As you are the key supplier for so many of these remote stores, why can't you guarantee more rigorous, regular supply and cheaper prices?

**Mr Morris:** I'll start with the first part of that question. The CEO of Metcash, Scott Marshall, is on the record as stating that supply has been challenged at times across the market through the period due to unprecedented demand. Effectively, that demand and the inability to supply has largely come about through suppliers and manufacturers being unable to meet the demand of Metcash. That would apply to Coles and Woolworths, broadly. So that explains some of the patchy supply. We have worked hard to maintain continuity of supply, but have been challenged during the COVID period, as you have pointed out.

**CHAIR:** I'm less concerned about the COVID period because everybody understands the extraordinary nature of it.

**Mr Morris:** Yes.

**CHAIR:** You have all those people around the table who seem to manage to get supply to places which, we know from the evidence we've heard, in non-COVID had difficulty getting supply from you. What are you doing to improve your supply lines so they are more ready for a non-COVID period?

**Mr Morris:** Part of the reason I am moving into my role is to improve the quality of our supply into the Northern Territory. We will look at where are supplying from and how we are getting that into the Northern Territory. We will continue to look at efficiencies in that supply from the manufacturer to Metcash, and then from Metcash delivery centres into those relevant locations. Improving the supply chain is something we will continue to do. In specific answer to your concern, our primary objective is to be in 100 percent supply all the time. That is my goal in my role. We will continue to drive every angle we can to ensure that continuity of supply.

**CHAIR:** Are you responsible for any of the distribution or, when it gets to your wholesale warehouse, wherever that may be, is that the end for you?

**Mr Morris:** In terms of the Campbells sites and the wholesale sites in the Northern Territory—or any of our Campbells sites across the country—my role is to bring that stock into the warehouses. The customer buys from us, and it is then up to the customer to arrange the transportation of that product to their relevant location.

**CHAIR:** Let me go to the second part of that original question, which is the pricing. Woolworths suggests to us, and it has been put to us by a whole range of witnesses, that if we got Woolworths and Coles involved they could get cheaper prices for the community. What do you say to that?

**Mr Morris:** I don't know their pricing construct and how they operate within their model. From our perspective we will buy at the best price we possibly can. The cost of freight and distribution into our centre comes at a price, which varies. We pass that cost on to consumers, which is part of our normal business practice. However, I am not entirely sure of how Coles and Woolworths are pricing their products. I suggest that amortising prices across their network is perhaps how they are getting a cheaper price than us, because we are distributing into the same locations.

**CHAIR:** The map on your website of where your distribution centres are shows one in Western Australia, which is in Perth, but there is nothing north of Perth. Is everything going to Western Australia coming out of your Perth distribution centre?

**Mr Morris:** It depends on the location. But largely we will supply into Western Australia from Darwin, as an example. From our Campbells site we will provide product for the retailer to purchase from us, and then they will distribute it; they will arrange transport into their stores. They can be three days away. We do not personally distribute it. But we are distributing up into far northern Western Australia from Western Australia by road train and other means. But wherever our Metcash major distribution hubs are, and whichever is the cheapest, most convenient and cost-efficient way of getting product to those sites we will use.

**CHAIR:** What is your most northern Queensland distribution centre? You seem to have quite a few dotted up the coast of Queensland.

**Mr Morris:** Yes. Our main warehouse is based in Brisbane. However, we have Campbells sites in Townsville, Cairns, Mackay and so on.

**CHAIR:** Is an organisation like CEQ buying from your Cairns or your Mackay site, or are they buying from Brisbane?

**Mr Morris:** I can't answer that; I don't know off the top of my head.

**CHAIR:** Are you buying for your particular sites directly from the manufacturer or the producer, or are you buying centrally and distributing out? I should rephrase that. Are your individual sites buying separately—your Mt Isa site buying separately from your Perth site—or are you buying as a conglomeration group?

**Mr Morris:** At Metcash we have a centralised merchandise function. With major accounts, as an example, we will purchase centrally. Those products are dispatched from the supplier into our Metcash locations for distribution to relevant sites, whether they be retail customers or the Campbells wholesale sites. So we will buy centrally and distribute into the locations around the country.

**CHAIR:** And is it priced the same regardless of whether you distributing from Sydney or Mt Isa on any product, or you do not advertise across the group?

**Mr Morris:** We have to be differentiate between the Metcash sites versus the Campbells sites. In the Metcash sites the pricing is the same. The pricing into Campbells sites is the same but includes freight, depending upon the cost to get there.

**CHAIR:** Do you have any rebate arrangements in place with Outback Stores and CEQ, being main players in this market?

**Mr Morris:** I will have to take that on advisement. I do not have that information at hand. That is possibly due to my newness in the role, so I do apologise.

**CHAIR:** Is Mr Mackenzie able to help us with that one?

**Mr Mackenzie:** No, I am not, sorry.

**CHAIR:** Do you have rebates? Is the practice of rebates something that you engage in regularly as a business?

**Mr Morris:** Generally speaking, yes we do. With our Metcash and our IGA retailers, a rebate will be applied to a product with a maximum price-point set, but it is up to the retailer to set their own price-point on-shelf. We don't control that. But rebates are in place for the Metcash business. In relation to the Campbells business, there are some rebates; however, they generally are volumetric-based rebates.

**CHAIR:** Are there any other incentives for retailers to purchase from you?

**Mr Morris:** Again, I will have to take that on advisement. There will be some rebates, but I could not speculate on that because I do not have that information at hand.

**CHAIR:** Can you give us any data about what is your total supply into remote community stores? You are welcome to take that on notice.

**Mr Morris:** I can. It will require some investigation. I don't have that at hand.

**CHAIR:** That is all from me at this point. I am going to hand over to the Deputy Chair.

**ACTING CHAIR (Mr Snowdon):** Is Terry still on the line? Do you have any questions you would like to ask?

**Mr YOUNG:** My questions are around rebates, but I don't think these guys are across them much. I'll go back to what I said to the last organisation that submitted. Just so you know, I've had 35 years in wholesale and retail, so I understand rebates pretty well. The evidence shows us that high-sugar products are no good for the remote Indigenous communities. There are a lot of health issues around high sugar consumption, so we want to see that reduced. Many times some of the more sugary products can have a higher rebate, so it makes it attractive from a business and profitability point of view to put those items in a bulk stack or at the front of a store. They have a business to run, and I understand that it is a commercial decision, but it is almost counterintuitive to what we are trying to achieve. We are trying to understand how big a role the rebate plays in this industry, because it varies from industry to industry. Could it be possible that higher-sugar-content items have more rebate and are therefore causing some of the health issues indirectly?

**Mr Morris:** Rebates exist in the industry, as you well know. I can't comment on the size of the rebates relative to another product, or from one product to the other. I can't comment on the rebates that retailers may be receiving, but from my perspective as a wholesaler, we offer a wholesale price, and it is up to the retailer's discretion to set their own retailing pricing. We don't dictate that in any way, shape or form.

**Mr YOUNG:** That's an ACCC issue; I completely understand that. But if a bottle of water has an upfront margin of 10 per cent with a 10 per cent rebate and a bottle of Coca-Cola has a two per cent upfront margin at a 20 per cent rebate, the Coca-Cola is more attractive economically. That's what we're trying to get to the bottom of, because that can create a whole culture that we do not necessarily want. I don't want to know your trading terms because that's confidential, but can we even find out, as one example, what the rebate is on water compared to soft drink? I am not asking whether it is five or 10 per cent. Can we just find out if it is higher or lower?

**Mr Morris:** I will take that on advisement and we will provide that to you.

**Mr YOUNG:** That would be great; thank you. That's all I have, Deputy Chair.

**ACTING CHAIR:** Our previous witness said that they thought Metcash were providing around 70 per cent of the supply of goods to remote stores. Would that be correct?

**Mr Morris:** It sounds approximately correct. I do not have the exact numbers, but it sounds approximate.

**ACTING CHAIR:** Who are your competitors in this space?

**Mr Morris:** Multiple smaller companies deal in and around wholesale product and food, whether they be creams and fresh product, in the fruit and vegetable space etcetera—there are multiple. Who are the main competitors?

I would say I do understand at this point that Woolworths have opened a wholesale operation. I'm not entirely sure of how that works. But they would be the biggest competitor at the moment that I know of.

**ACTING CHAIR:** Would you mind, just take it on notice, providing us with a list of the stores that you provide to? We'll keep it confidential; it's not something we want to publish. That would give us an understanding of the geography we're talking about and the size of the communities, how big the stores are, those sort of things. That would help us a lot in terms of getting a deeper understanding of what the distribution is and who you're distributing to. Could you do that?

**Mr Morris:** Just a clarification, we supply the product for them but they will transport that product. Just to clarify that question.

**ACTING CHAIR:** I understand that. You are not transporting it to them. The logistics are a different question.

**Mr Morris:** Yes, absolutely. And just to take that one step further, we will provide product into Outback Stores or ALPA et cetera. You're looking for that to be specific by location. Is that correct?

**ACTING CHAIR:** Yes, please, if that's possible. Secondly, I'm just wondering, in terms of company divisions: is IGA part of your team?

**Mr Morris:** Not part of my team. I look after wholesale, which is Campbells Cash & Carry. We look after other major accounts around the country for petrol and convenience. But IGA is part of the Metcash business, broadly.

**ACTING CHAIR:** So individual stores owners would have an IGA franchise, effectively?

**Mr Morris:** Effectively, yes.

**ACTING CHAIR:** Are you the sole providers to those franchises?

**Mr Morris:** No. The provision of product is primarily through Metcash. However, there are other distributors who provide product into those IGA stores. It's at the IGA owner's discretion. They don't have to buy through Metcash. Obviously, it's preferred, but it's not mandatory.

**ACTING CHAIR:** In terms of pricing, apart from selling to them as a retailer, you have no impact, as you have said earlier, on their pricing structure, ultimately. Is that correct?

**Mr Morris:** That's correct.

**ACTING CHAIR:** Other than payments through rebates?

**Mr Morris:** That is true. On a promotional program we will set the retail maximum.

**ACTING CHAIR:** I won't disclose which IGA store it is, but I've got some photographs in my phone. I'll just go back to what Terry just asked you about rebates and sugar. I have a photograph of a price special in an important IGA store in the Northern Territory where Coca-Cola and other soft drinks were substantially cheaper as specials than water. Is that what normally happens? Do people arbitrarily decide they're going to make high-sugar-content drinks cheaper than water?

**Mr Morris:** The Metcash or IGA promotional program is set nationally. So that program is managed centrally and it does filter down into the states. Without going into the process of rebates, the principle of that is that if a supplier is providing a rebate they are entitled to set that retail maximum. Outside of that, it's up to the retailer to set their own retail pricing.

**ACTING CHAIR:** So, in terms of promotional activity, is it conceivable that Metcash might have a promotional activity which would have Coca-Cola cheaper than water?

**Mr Morris:** Possibly. I can't answer that question. I do apologise. I can't answer that. I don't know off the top of my head.

**ACTING CHAIR:** Could you take it on notice, please?

**Mr YOUNG:** You are talking about promotion. I understand with most retailers, when you're in a group, if you put an ad on TV or in a catalogue that you have got Coke for 99c then you have to abide by that because otherwise it would be against the franchise policy. That's what you mean by promotional stuff, right?

**Mr Morris:** Correct.

**Mr YOUNG:** I was very interested in the way that your business is structured. Are you a typical franchisor to these people, or are you just doing it through your wholesale arm? A typical franchise will pay a percentage of turnover for marketing, and franchise fees for operational things like point of sale and things like that. Or are you just making a profit on the wholesale items that you sell to them?

**Mr Morris:** That's correct. The latter part of what you were talking about there is correct. We are a wholesaler. Our businesses aren't franchised. The store owner is, in fact, the proprietor. They buy product through us, and we supply that at a wholesale price. Effectively, when it's not on promotion, for argument's sake, they are entitled to set the pricing.

**Mr Mackenzie:** I might just add a bit more to that answer. The owners of IGA-branded stores in almost all cases across the country enter into a bare licence agreement, by which they use the brand which they pay nothing for. So it's the skinniest of arrangements, legally.

**Mr YOUNG:** I appreciate the clarification.

**ACTING CHAIR:** Just to be clear, if you're an IGA store in a community, a town somewhere, you'll buy some of your product, potentially, through the IGA wholesale network and you might choose to buy local product from another supplier in town and put it in the same shop. So you are not required to buy solely Metcash goods? Is that correct?

**Mr Morris:** Yes. We are the wholesaler. We encourage the retailers to buy through us, of course. However, part of the IGA brand is about being local, and it is about buying and supporting local communities. Therefore, some local producers like to have their product range in the local supermarket. So that is a really important part of

our model, that the core range of products that most supermarkets would carry is preferred, and then they are able to tailor the remainder of their range to their local demographic.

**ACTING CHAIR:** Going back to the questions the Chair asked about your own supply chain during the build-up to COVID and during COVID: what has it taught you about what you need to hold in stock?

**Mr Morris:** The learnings that we take out of the COVID period in terms of the holding of stock—I think it's really important that we sort of recognise that the surge that we saw in demand for product at that time was something that caught suppliers and the supply chain off-guard, in that the drawdown of product happened so quickly that even our sheds couldn't cope with the volumes that were being requested. We drew down on that supply from the suppliers very, very quickly. So I guess the learnings from that are, if I'm saying, 'What have we learned from this?', really, it would be to partner with our suppliers to make sure that we have access to stock to obtain stock as quickly as we possibly can.

**ACTING CHAIR:** There being no further questions, I thank you both for appearing today. If there is additional information that you'd care to provide to us, we'd appreciate that in a fairly timely way, if that's at all possible. I'll now close our committee hearing.

**Committee adjourned at 15:35**