

## **Senate Estimates Opening Statement – Friday 07/06/2024**

Chair and Senators, thank you for the opportunity to provide an opening statement in advance of the Budget Estimates program.

Outback Stores previously appeared in front of this Committee over a year ago back in March 2023. This opening statement allows us to provide an overview of some of the challenges faced by the business, specifically in relation to ongoing inflationary pressures, whilst recognising some of the excellent work our business has completed in such a challenging set of economic and social conditions.

As the Committee might be aware, Outback Stores is a wholly owned Commonwealth company that has been operating for 18 years. Over this journey, we have remained committed to assisting remote community stores in maintaining food security and improving affordability of staple and healthy products.

Since our last appearance, we have commenced working with an additional five remote community stores, taking the total number of stores under management to 54. In our short history at Outback Stores, we have been able to halt the closure of 17 stores, managed 13 stores out of administration, 4 through liquidation and assisted an additional 16 stores through significant financial hardships.

To provide further information on our operating context, our business functions as a service provider only and ensures that all profits made by stores are retained by the store's owners. Where stores are not financially viable due to population or the challenge of their geographical location, Outback Stores provides operating funds to these stores to ensure the community has continuous access to fresh, healthy affordable food and basic staple products; within the last financial year, our business provided just over \$1.8million to a group of stores to ensure food security was maintained. Our ongoing efforts to assist communities in need, enables us to continue to receive requests for support from remote community leaders across the country.

It should be noted that Outback Stores does not receive any ongoing funding or allocations and has not received any substantial allocations since its original set up funding in 2009. In relation to ongoing inflationary pressures, Outback Stores have not been immune from these economic challenges and continues to endure an impact on its operating model. We continue to see significant wholesale price rises, increased freight costs and other indirect business costs rising due to inflation. This added pressure has required us to take a balanced approach over the past 12 months to ensure that our customers are not feeling the full effects of these price increases.

As a business, we continue to share our experience and expertise through the Remote Food Security Working Group in addressing some of the challenges faced by the remote retail industry and we are encouraged by the Australian Government's initiative of developing a National Strategy for Food Security in Remote First Nations Communities.

Each year we continue to contribute towards positive health and nutrition outcomes in these remote locations. One of the key nutritional objectives we use to measure this outcome is through the reduction in proportion of sugary drinks sold, which in the last financial year has declined by 2.51%, equating to nearly 7 tonnes of less sugar consumed by community members from the stores that we manage.

Improving access to nutritious and affordable food continues to be a key priority in the Outback Stores Health and Nutrition Policy. In the last financial year, customers purchased a total of 560 tonnes of fresh fruit and vegetables, which greatly reflects our ongoing commitment to improve access to affordable nutritious food.

Providing meaningful employment pathways to local staff in communities continues to remain a key focus for the business. Currently, there are 367 Aboriginal and Torres Strait Islander team members employed across our community stores, which equates to 85% of all store staff. Eighty-one of these Indigenous team members are currently engaged in completing a nationally accredited retail qualification.

Outback Stores realises the critical role it plays in ensuring food security for the communities it works with, whilst recognising that we continue to operate within a difficult environment now and into the near future. This operating environment continues to present new challenges, whether it's due to inflationary pressures, community unrest, weather impacts or a challenging employment market. Outback Stores is committed to working with its stakeholders and community leaders with a vision to ensure food security needs are met for remote communities who request our assistance.

Once again, I thank you for the opportunity to provide an opening statement and look forward to taking questions from the Committee.

Michael Borg  
Chief Executive Officer | Outback Stores