

Senate Estimates Opening Statement – Tuesday 21/03/2023

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

The last time Outback Stores presented to this Committee was twelve months ago, so this statement allows me, as the CEO of Outback Stores, an opportunity to provide a brief business update that includes an overview of the positive outcomes achieved and challenges we are currently experiencing.

As a wholly owned Commonwealth company, we have remained committed in supporting remote community stores in maintaining food security and improving affordability. In the recent fiscal year, Outback Stores celebrated its 15th year anniversary in operation which is a significant milestone for our business. Over this 15-year journey, Outback Stores has been successful in halting the potential closure of 24 stores, managing 11 stores out of administration, 3 out of liquidation and a further 10 stores through significant financial challenges.

Outback Stores provides retail store management and support services to Indigenous-owned community stores across 49 remote locations within Australia. We work with community leaders to improve health, nutrition, employment, training and economic outcomes in remote communities.

Our business is a service provider only, and all profits for stores are retained by their owners. We continue to financially support a number of stores that we manage on behalf of communities, which are not financially viable due to small population and geographical challenges. Last financial year we provided \$1,253,000 of operating funds to support 12 stores to ensure continuous access to a fresh, healthy and affordable food supply. An additional \$513,000 was invested on capital improvements for stores that were also unable to support themselves commercially.

It should be noted that Outback Stores does not receive any ongoing funding or allocations and has not received any substantial allocations since the last of its original start-up funding allocated in 2009. Our ongoing aim remains to be a self-sustainable, not-for-profit service provider which delivers improved social outcomes and provides ongoing support to remote communities.

Each year we continue to contribute towards the positive health and nutrition outcomes in remote communities. One of the key metrics we use to measure this outcome is the proportion of sugary drinks sold, which in the last financial year declined by 3.76%; this equates nearly 150,000 litres less, of full sugar soft drink consumed by community members from stores that we manage.

Improving access to nutritious and affordable food continues to be a key component in the Outback Stores Health and Nutrition Policy. In the last financial year, customers purchased a total of 557 tonnes of fresh fruit and vegetables, which truly reflects on our ongoing commitment to improve access to affordable nutritious fresh produce.

Providing meaningful employment pathways to local staff in communities also remains a priority. Across community stores, 300 Aboriginal and Torres Strait Islander people are currently employed in stores, which equates to 86% of all store staff. Fifty-nine of these Indigenous team members are currently engaged in completing a nationally accredited retail qualification.

In previous estimate hearings, we have provided the Committee with updates on the challenges of managing through the COVID-19 pandemic. Across this three-year journey we have continued to maintain food security with consistent level of supply of goods despite facing many challenges. More recently in a post COVID-19 environment, we have faced significant challenges recruiting and retaining experienced staff to support stores. These challenges are ongoing and we are continuing to be innovative in this space to ensure stability within our business.

An additional challenge we face in assisting remote locations in our country this time of year, is the anticipated weather conditions, which usually creates additional workload. This wet season is no different and our team have worked tirelessly with industry stakeholders to ensure food security needs are met across flood affected communities. This wet season, out of the forty-nine stores under management, thirty of the communities were impacted and in many cases stock was required to be flown in to maintain food security. More specifically the damage to road infrastructure in Western Australia is unprecedented and we are still currently working on temporary logistical structures to ensure community needs are met.

Further to the above challenges, and like many businesses across the country, Outback Stores has also endured the impact of global financial pressures. Specifically in relation to inflation, the business has not been immune to significant cost increases being passed on through our suppliers and freight providers. Our focus through this period has been to ensure that fresh produce and our core staple products do not wear the full brunt of inflation. We have been able to maintain consistent pricing on the most wanted products but have chosen to balance our pricing structure, seeing more discretionary items increase in line with national retail inflation. Work in this space is amongst our number one business priorities at the moment and we are challenging ourselves and our business partners to come up with solutions to minimise affordability impacts.

Whilst our business continues to work with some unique challenges, Outback Stores as always is committed to improving outcomes for the organisation we currently work with and continue to be available to assist other communities in need of our help.

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

Michael Borg
Chief Executive Officer | Outback Stores