

Senate select COVID-19 hearing opening Statement – 2/6/20

Chair and Senators, thank you for the opportunity to provide an opening statement on behalf of Outback Stores.

Outback Stores is a wholly owned Commonwealth company, governed by an independent board of directors, and are currently managing forty remote retail stores across South Australia, Western Australia, and the Northern Territory. Outback Stores is a service provider only and all profits for stores are retained by their owners. Outback Stores works in line with non-for-profit principles and does not request any ongoing funding from state or commonwealth governments.

In regard to COVID-19, firstly I would like to acknowledge the high level of collaboration between the community leaders we work with and our team, as we have worked through what can only be called a very challenging set of circumstances over the past three months.

As we are all aware, the focus on keeping community members safe was and is still the top priority of all stakeholders, and we have seen examples of excellent leadership from specific community's and remote districts in areas where we are engaged across the country. Community leaders should be very proud of their actions, they have put the health and well-being of their community members first and showed the appropriate behaviors by looking out for each other in these trying times.

Leading into March, the focus was on community members staying on country, the lock down of bio security zones and any impact of government's initiative to support the economy. We knew that from this activity, we would be faced with many challenges as an organisation.

Our focus first and foremost, was ensuring the safety of Outback Stores employees as well as community members working and shopping within the stores we manage. Secondly, a significant amount emphasis was placed on food security and ensuring that community members had consistent access to core food products. In addition to this, a priority for the business was to work with all stakeholders and influence further positive outcome's in relation to affordability. The term "price gouging" has been recently utilised within the industry, and I would like to ensure the senate committee understands, that unequivocally Outback Stores demonstrates no evidence of such behavior. In fact, quite the opposite, with the team working on adding value by reducing pricing to benefit community members across the stores we manage.

Furthermore, in regard to food security, the Outback Stores teams worked tirelessly supporting stores to maintain a high level of in stock performance. Whereas across the country, it appeared that retailers struggled to maintain supply of stock to outlets in and around larger populated regions due to unprecedented demand. Outback Stores was able to work collaboratively with key stakeholders to ensure that for the majority of the time, stores were extremely well stocked with all key products available across the forty stores we service.

Outback Stores partnered with other industry leaders including Arnhem Land Progress Association (ALPA) and Community Enterprise Queensland (CEQ). In addition to this we worked closely with Federal and Territory Governments and were heavily involved in supporting independent remote retailers across the country. We also worked with corporate retailers that supported our industry working closely with manufactures to prioritise supply for remote communities.

The stores that we manage on behalf of communities have seen a sales uplift of an average of 95%, this coming from the first one-off stimulus payment of \$750 that was given to welfare recipients. The additional ongoing payment of \$550 per fortnight that was released in late April, has seen a consistent trend of trading just above 75% growth on the previous year throughout the month of May.

Outback Stores worked with its supply chain partners to meet the individual specific needs of the community stores aligned to our business. In advance of both stimulus releases, Outback Stores managed sites procured stock to ensure food security was guaranteed. Whilst we were challenged at times in some locations, for the most, community stores under our guidance have been extremely well serviced through this period.

Regarding pricing, Outback Stores, as always, has a focus on ensuring we continue to improve affordability for Indigenous Australians who live in remote communities. Throughout the pandemic, Outback Stores drove prices down on essential items such as fresh produce, tinned food, frozen vegetables, cooking oil, flour, cereal, soap, sanitary products, and winter goods including blankets and clothing. In addition to this, on the request of some communities, specific pricing structures were adjusted, or goods were sourced to suit the certain needs of particular remote locations. Outback Stores was challenged at times where national availability for some items was poor, this meant that alternative products had to be procured at a higher cost price such as sanitiser, toilet paper and rice which incurred additional costs from suppliers.

In summary, whilst we have challenges still to face due to COVID-19. Outback Stores is committed to its customers it services and will continue to collaborate externally to help the broader network of remote community stores across the country.

In closing, I would like to take the opportunity to recognise the work of our team at Outback Stores and more specifically recognise the resilience, dedication and commitment of our store managers working on country and supporting community stores throughout this pandemic.

Michael Borg

CEO Outback Stores