OUTBACK
Stores
Working With Communities
10 Year Anniversary
Annual
REPORT
2016 - 17
36
COMMUNITY
STORES
10
YEARS

36
COMMUNITY
STORES

10
YEARS

OUTBACK STORES COMMITTED TO CLOSING THE GAP

298
Indigenous jobs in remote communities

$105,800
Airlifting emergency supplies to stores impacted by wet season flooding

79%
Of all team members employed in stores are Indigenous

11.5
Tonnes less sugar consumed through the reduction of full sugar drink sales

68%
Of permanent Indigenous employees are enrolled in accredited training

406
Tonnes of fruit & vegetables sold in communities

Front Cover: Amelita John, Store Manager Bagala Store, Barunga, NT.

STORE TIMELINE

2007

Imanpa General Store
Kundat Djaru Community Store, Ringer Soak

2008

Barunga / Bagala Store
Beswick Store
Dungalan Store, Jilkminggan
Engawala Store
Gulin Gulin Community Store, Bulman
Mirnirri Store, Ali Curung
Nguru-Walalja Store, Yuendumu
Nyirripi Community Store
Santa Teresa Community Store
Ti-Tree Food Store
Wetenngerr Store , Epenarra
Wirliyajarrayi Store, Willowra
Wirrimanu Supermarket, Balgo
Yimilyumanja Community Store, Angurugu

2009

Canteen Creek Community Store
Mimili Maku Community Store
Nitjpurru Community Store, Pigeon Hole
Ngukurr General Store

2010

Titjikala Store

2011

Yalata Community Store

2012

Mulan Community Store
Tjuntjuntjarra Community Store
Yiyili Community Store

2013

Illawarra Store, Jigalong
Mt. Liebig Community Store
Piliyamanyirra Supermarket, Nguiu
Warmun Roadhouse
Wungkul Store, Warmun

2014

Lagulalya Store, Milyakburra
Oak Valley Community Store
Uraro Store, Kalumburu

2015

Beagle Bay Community Store
Wirib Store & Tourist Park, Timber Creek

2016

Nguiu Bistro and Social Club

36 COMMUNITY STORES

10 YEARS

VISION

Outback Stores aspires to be the national company of choice by being the most efficient and effective provider of retail services and deliver quality and sustainable retail stores.

MISSION

To make a positive difference in the health, employment and economy of remote Indigenous communities, by providing quality, sustainable retail stores.

NUTRITION AIM

To improve the health of Indigenous people living in remote communities by improving access to a nutritious and affordable food supply.

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LETTER OF TRANSMITTAL

25th of August 2017
Senator the Hon Nigel Scullion
The Minister for Indigenous Affairs
PO Box 6100
Senate
Parliament House Canberra ACT 2600

Dear Minister,

In accordance with Section 97 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), I submit the Annual Report of Outback Stores Pty Ltd for the year ended June 2017.

Under section 97 of the PGPA Act, the Directors of Outback Stores are responsible for producing an Annual Report that includes a Financial Report, Directors Report and Auditors Report that is required by the Corporations Act 2001, and other additional information or report required by the Minister for Finance orders under the PGPA Act.

All reports and Audited Financial Statements contained in this Annual Report were made in accordance with a resolution of Outback Stores Directors on the 24th of August 2017.

Yours Sincerely,

S Bradley

Stephen Bradley
Chairman, Board of Directors

CHAIRMAN'S REPORT

On behalf of the board, I am pleased to report on Outback Stores' performance for the 2016-2017 financial year. We are an Australian Government owned organisation with a mandate to improve the affordability and quality of nutritious food available in communities.

Outback Stores finished 2016-17 with thirty-six remote community stores under management. Twenty-three stores in the Northern Territory, ten in Western Australia and three in South Australia.

This year marked ten years of Outback Stores making a positive difference to the health and employment in communities by operating quality, sustainable retail stores. We passionately believe that access to healthy and affordable food in remote communities is a key element of closing the gap in the health of Aboriginal people. The change in food consumption that we seek has been steady and gradual over the last decade and will require continual support of Outback Stores over many years. The board's strategic focus on achieving an independent self-funded Outback Stores that will be able to deliver our social objectives for the foreseeable future has remained consistent through this time.

This year Outback Stores Pty Ltd made an operating profit of $63,638 managing stores with total sales of $78.2m.

A key objective of Outback Stores is for the underlying operating business to be financially self-sufficient, so that we can fund our core operations, support unviable stores and achieve our social outcomes without the need for further ongoing government subsidy.

A meaningful measure of this objective is comparable cash outflows (excluding store loans and custodian funding). Continued focus on efficiency has seen noted improvement. Outflows totalled $635k against $2.16m last year. Whilst we continue to improve year on year in this area, there is much work to be done as we challenge ourselves to reduce the cash outflow to a point where we are at break even.

All stores we operate are run on sound commercial principles. Unfortunately, some stores are not commercially viable due to small populations and geographic locations. Despite this, we operate these stores as efficiently as possible, enabling us to keep the additional funds required to a minimum.

I am pleased to report that we have further reduced the cost to support stores. In total, we provided $1.45 million of funds to support thirteen unviable stores, with a further $176,730 spent on capital improvements across fourteen stores that we manage.

In October of this year, we recruited Michael Borg to the position of CEO. Michael brings to the organisation many years of senior management experience within corporate retail and wholesale environments. Michael has settled in very well in his short time with Outback Stores and has been strongly focused on achieving improved social outcomes as well as building plans to achieve financial self-sufficiency. The board welcomes his leadership and commitment to our mission and vision.

There was significant change to the composition of the board this year, with the appointment of four new directors and the retirement of one. Kerin O'Dea's term expired 14th July 2016 after six years' service; I would like to thank Kerin for her contribution to the business during this time.

Sophie Cleveland, Stephen Bate, Julie Brimblecombe and Sandra Eades all joined the board on 1st September 2016. Sophie brings a wealth of knowledge and expertise in the legal sector; Julie and Sandra both specialise in health, nutrition and research fields and Stephen is an experienced senior executive in the retail industry, bringing thirty-seven years of corporate knowledge and experience to Outback Stores.

I would like to thank past and present board members and CEO's who have made valuable contributions to the Outback Stores vision. In an often challenging environment, without each individual contribution to improving social and commercial outcomes for remote communities, we would not be where we are today.

We celebrate our 10-year anniversary in this report. I have witnessed many outstanding achievements and inspirational stories at Outback Stores over this time. In this report, we would like to share some of these with you that illustrate our vision, mission and journey over the past decade.

Every year I thank all our dedicated staff members and acknowledge the realities faced by our remote store managers and the many barriers they overcome to deliver Outback Stores objectives. Often isolated from family and friends they deliver our mission year on year; without their commitment, our company could not achieve what we have in the past decade.

Finally, I would like to thank our clients; without the store directors and community's support we would not be able to make such a contribution. Working with communities is one of the most rewarding parts of working at Outback Stores. With their ongoing support, Outback Stores will continue to grow and make a meaningful contribution towards closing the gap in Aboriginal health. We look forward to playing our part in this very important mission over the next 10 years.

Stephen Bradley

Chairman

CEO'S REPORT

As incoming CEO, I would like to acknowledge 10 years of Outback Stores providing retail management services to remote community stores in remote areas of Australia. As an Australian Government owned organisation we have a mandate to improve the affordability and quality of nutritious food available in communities.

Outback Stores' commitment to making a positive difference to the health, employment and economy of remote Indigenous communities is demonstrated by providing the highest quality retail stores in our market sector.

Marking this important milestone in 2017 we have grown to 36 community stores across 3 states and territories. Commemorating the most important asset we have; the people who work tirelessly to build a better future for Indigenous people - our staff.

In my short time, I have been thoroughly impressed by the attitude and work ethic of staff in the 36 community stores we manage. Our staff work in some of the most varied and challenging retail environments imaginable. The daily commitment necessary to logistically supply and provide high-quality retail outlets is extremely challenging, but staff at the coalface lead from the front. During my short time, I have had the privilege of visiting the majority of communities we work with on at least one occasion.

Our commitment to providing affordable healthy food continues to be a core objective. We work with many suppliers and service providers to achieve the best outcomes for the communities we serve. Significantly a new meat tender has been signed which will see substantial improvements in quality and value for money for our customers in remote communities.

This year has seen increased focus from our health and nutrition team on supporting communities to deliver positive health outcomes. In 2017 we continued our success in decreasing consumption of full sugar drinks; 11.5 tonnes less sugar was consumed through these drinks on the previous year. We also added a second nutritionist to our team who possesses extensive experience in working with remote Indigenous communities and were successful in our application of $500, 000 in funding to support further education in remote communities over the next three years.

We are focused on developing an Aboriginal and Torres Strait Islander Employment and Development program, detailing our commitment to Indigenous employment. The highlight this year being the appointment of a local Indigenous employee, Amelita John, as Store Manager at the Bagala Store in Barunga, NT. Indigenous employment in stores remains strong with 79.6% of staff employed being Indigenous.

We continue to go from strength to strength in our training and development department, once again exceeding our target for Indigenous team members enrolled in accredited training whilst also recording a record number of 29 completions.

This wet season was one of the most challenging and difficult in recent times. Significant rain and multiple cyclones meant many stores were unable to be accessed via road for long periods of time. Forty-six flights to stores were utilised to ensure communities had sufficient food, costing in excess of $105,000. Outstanding collaboration and ingenuity between Outback Stores, suppliers and emergency services ensured stores remained well supported throughout the period.

We are tasked with supporting community stores that are financially unviable, due to small population or remote geographic location. These stores require financial support to ensure communities have access to healthy and reasonably priced food. Improved efficiency has seen this amount reduced to $313 per person from $369 per person for the previous year.

Importantly three of our flagship stores; Ngukurr General Store, Nguru-Walalja Store, Wirrimanu Supermarket signed management agreement extensions, with the latter re-launching a $4 million upgrade to the previous store. These outcomes are a testament to the strong long-term sustainable relationships that these communities have developed and grown with Outback Stores over the journey. Excitingly we will continue to work with these communities well into the future.

This year saw significant change in the make-up of the Senior Leadership Team (SLT). Warren Bretag (COO), Evan Ralph (Group Operations Manager), Seraiah Smith (IT and Special Projects Manager) and Adam Wells (Communications Specialist) all joined the team. Each brings a significant amount of experience and expertise to their roles.

Moving into the next phase of our journey, a strong commercial focus will be on improving our cash flow position. We will also continue to grow Indigenous employment, and collaborate with communities on sustainable strategies to deliver improved health and nutrition outcomes. Specifically, continuing the reduction in sales of full-sugar soft drinks, and increasing fruit and vegetable sales.

I would like to finish by saying that Outback Stores is extremely proud of the contribution it makes to the health, employment and economy of the communities. I am sure that with the continued support of our clients the store directors, Outback Stores will continue to grow and be successful for many years to come.

Michael Borg

Chief Executive Officer

36
COMMUNITY
STORES

10
YEARS

HEALTH AND NUTRITION

Outback Stores continues to work with communities to ensure a nutritious, affordable and quality food supply.

Mt. Liebig locals Meryl and Paul Whiskey with the fresh fruit bowls that are now in place on the counter at every store.

Outback Stores has a strong focus on improving nutrition through reducing sugary drinks and supporting healthy food choices. With our new reporting tool OSCAR (Outback Stores Consistent and Accurate Reporting) we have been able to more effectively track and monitor trends in sales, including fruit and vegetables, sugary drinks and takeaways.

REDUCING SUGARY DRINKS

Outback Stores continues to work with a range of partners on community led strategies to reduce sugary drinks.

The Aboriginal and Torres Strait Islander Health Survey reported people 2 years and over had an average of 18 teaspoons of sugar (75 grams) per day – equivalent to more than a 600ml bottle of soft drink a day. Teenage boys had an average of 25 teaspoons (106 grams) of sugar per day or nearly a litre of soft per day[1].

Over the 2017 financial year the proportion of water sold increased 1.18% and diet drinks increased 1.04%. There was a 2.22% drop in the proportion of sugary drinks sold (64.84%) in comparable stores compared to 2016 (67.06%).

The result of this is 118000 litres less sugary drinks or approximately 11500 kilograms less sugar from sugary drinks consumed in remote communities Outback Stores is working with.

Strategies include: education, social marketing, product changes and reduced availability.

Outback Stores identified the potential contribution of fruit drink to sugar

[1] The Australian Aboriginal and Torres Strait Islander Health Survey: Consumption of Food Groups http://abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4727.0.55.009~2012-13~Main%20Features~Key%20Findings~1.

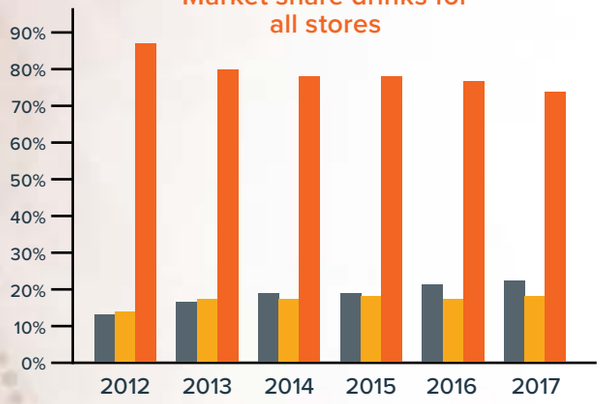
intake and have reviewed their policies to ensure these are also covered.

Different communities have adopted different strategies that are relevant and feasible. The common theme for all promising strategies is strong community leadership and engagement.

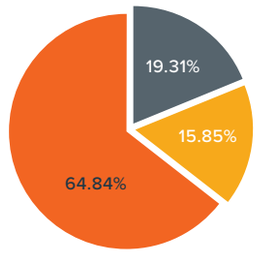
Stores close to competition or regional centres have more difficulty, where people have a choice of retailers. We have also noted substitution sales, with increases in water, diet drinks, fruit drink, fruit juice and flavoured milk.

There is still much more that can be done. For 2018 the Department of the Prime Minister and Cabinet has provided an extra $500,000 over 3 years to reduce sugar in remote community stores with an additional Indigenous nutritionist and resources to support communities to improve their health.

Market share drinks for all stores



Proportion of total drink sales 2017



water diet drink soft drink

FRUIT AND VEGETABLES

Fruit and vegetables and the promotion of healthy choices are a key priority for Outback Stores. Over the past six years fruit and vegetable sales have increased 27% in 21 comparable stores. 2017 was a challenging year, with a number of stores cut off for up to four months during the wet season. Severe weather events including cyclones, storms and floods in a number of growing regions increased prices and reduced supply of fruit and vegetables in the second half of the year.

Volume of fruit and vegetables sold in 2017 was down 2.7% (406 tonnes) in 35 comparable stores (418 tonnes) and up 2.0% on 2015. January and February were particularly hard hit with lower than normal availability of key lines of fruit and vegetables in stores.

To tackle these challenges Outback Stores offered in-store promotions and sales incentives. Produce with special prices was allocated and sent out to stores. In the last three months of the year, volume sold increased by 1.1% compared to quarter 4, 2016. The focus on fruit and vegetables for 2018 will be ramped up to meet Outback Stores target of 2.5% increase in the volume of fruit and vegetables. Outback Stores will continue to work to ensure the best price and quality and improve the display, promotion and sales of fruit and vegetables in store.

Barbara and Nancy Tilmouth have the catering for the Engawala AGM covered

A number of stores managed the challenging conditions particularly well, with Yimilyumanja Community Store increasing the volume of fruit and vegetables sold by 28.5% and My Liebig Community Store by 37.7% compared to 2016. Another 13 stores exceeded fruit and vegetable volume sold in 2016.

Volume of Fruit and Vegetables (kg's) in comparable community stores

Nutrition and Dietetic Student Holly Ranson providing insight to the community on sugary drinks.

WIRRIMANU SUPERMARKET

Outback Stores has been working with the Wirrimanu Aboriginal Corporation on a range of strategies over the last 12 months to reduce sugary drinks. Outback Stores policies around drinks include:

PRICING

- $1 for 600ml water
- Diet drinks more expensive than water
- Diet drinks 25% cheaper than full sugar varieties

PLACEMENT

- Water fridges at the front of the store
- Sugary drinks located towards the back of the store
- At least 50% display of diet drinks and water
- Large (1 litre) long-life fruit drink will not be displayed in fridges

PROMOTION

- Promotions on diet drinks and water
- No discounting or promotion of sugary drinks
- No display of sugary drinks in promotional areas e.g. aisle ends or special tables

PRODUCT

- Full range of diet drinks and water
- Diet sports drinks instead of sugary sports drinks
- Largest size 1.25 litres

In addition to Outback Stores policies around sugary drinks the community has reduced the portion size of the bottles of the most popular selling lines, reduced availability during school hours and ceased selling sugary drinks one day per week.

There are other factors which may have also affected drink sales a long-wet season which saw the community cut by road for months, relocation of the store into a smaller area while the new store was being built, the opening of a new takeaway and the sports carnival was delayed and not held in 2017.

Using proportion of all drink sales takes into account differences in total sales. The proportion of sugary drinks has dropped 6.32% (from 56.44% to 50.12%) in 2017. This is approximately 18700 litres less sugary drink in the community or 1680 kilograms less sugar.

Outback Stores will continue to work with the community to reduce sugary drinks.

TAKEAWAY

Takeaways make up 13% of total food and grocery sales in 23 stores with a takeaway. This increasing trend mirrors non-remote areas sales of takeaway and ready to eat food.

Outback Stores policies support healthy options being available and making up at least 50% of the display. Sales of healthier takeaway choices make up 19.65% of all takeaway items and demand for less healthy options remains very high. This is an increase in healthier items of 1.07% on 2016.

There are opportunities to increase the range and sales of healthy foods. Outback Stores is working with communities to provide consistent healthy options. This includes identifying healthier prepared products, supporting stores to prepare healthier options and standardising processes.

Outback Stores will be progressing this area more in 2018.

NUTRITION AND DIETETIC STUDENTS

Outback Stores is supporting final year Nutrition and Dietetic Students on their community and public health placements. This provides an opportunity for students to complete projects with Outback Stores learning skills about nutrition, working with Indigenous Australians, project management and retail environments.

There is evidence that students who complete placements in an area are more likely to return and pursue a job in that area. Outback Stores receives additional capacity to support stores. The links with the universities increases staff capacity and encourages new and innovative ideas.

AFFORDABILITY

The cost of foods in remote stores is an ongoing issue with higher costs of supplying food in remote areas. Outback Stores has been working with communities and suppliers to ensure staple foods such as fruit and vegetables and meat are affordable.

Jen Savenake
Health and Nutrition Manager

Natalie Brown prepares healthy sandwiches for the day at the Nguru Walaja Store in Yuendumu

INDIGENOUS TRAINING

Training and staff development at Outback Stores has continued to be a strong focus over the past year with an emphasis on developing store staff and store managers.

Offering locally employed staff the opportunity to undertake nationally accredited training on the job is essential to the success of Outback Stores and provides real opportunities for sustainable careers without having to leave their community.

Outback Stores successfully applied to increase the scope of delivery for the Registered Training Organisation in the past year to include Certificate IV in Retail Management, allowing store staff to complete the progression through the Pathways to Management and allow store managers to formalise their skills.

Progression and recognition of store staff achievements has been the highlight of the year, with many stores utilising existing local staff to manage the stores for short periods of time whilst store managers were unavailable.

Bevan Pepperill from Ti-Tree

Ahloma Bara at Yimilyumanja

Christy Joe at Dungalan

Benita Martin at Gulin Gulin

Wendy Baker and Jess Farnan at Dungalan

Fiona Kingsley and Andy Sanderecock, Dungalan

Helena Williams at Beagle Bay

This highlighted the extremely capable and competent staff working in the stores that we manage on behalf of communities. The major highlight being Amelita John from the Beswick Community Store.

Amelita was promoted to the role of store manager at the Bagala Community Store in March.

Training and development of Indigenous staff at Darwin Support Office has also been a key strategy for long-term retention for entry level positions.

The Northern Territory Entitlement Scheme, a funded program that allows all Territorians to obtain their first Certificate III has been pivotal in engaging staff with valuable training and qualifications.

The same scheme has been utilised to offer Certificate III in Retail to store managers and store employees who do not meet the requirements of traineeships. This helped boost total completions to 29 for the year, almost triple that of previous years.

The Outback Stores training team spent a significant amount of time improving the skills of store managers, with all store managers, key store staff and operations team required to undertake nationally accredited food safety training as a benchmark.

This training was specifically developed around Outback Stores policies, procedures and the unique environment we work in and in line with the language, literacy and numeracy requirements of many locally employed staff.

The focus for the year ahead will be to continue to support store managers in developing their staff, by providing them with the tools and support to increase participation and engagement of store staff.

Increasing engagement and participation amongst stores will be a key objective driven across multiple departments of Outback Stores to the benefits of the stores and the communities we work in.

Increasing the number of store managers participating in Certificate III and IV training will also be a key focus, helping to maintain quality sustainable retail stores.

Ashley Thomsen, Ti-Tree >

Gulin Gulin team with member for Arnhem Selina Uibo

INDIGENOUS TEAM MEMBERS SHINE

AMELITA JOHN

Store Manager Amelita is paving the way for aspiring Indigenous leaders to follow in her footsteps.

Amelita John is from the Bulman community located 310km north-west of Katherine and grew up between both Bulman and Beswick communities.

Ms John was employed by the Beswick store in early 2015 as a register operator, later becoming a shop assistant and completing her certificate II in retail operations.

Her outstanding work ethic, attitude and leadership was quickly noticed by store managers Gavin and Tammy Stephens who supported her through completion of certificate III in retail operations and developing her skills as a young retailer and leader.

In March 2017 Amelita was promoted to the position of store manager of the Bagala (Barunga) Community Store.

Topping off a huge year Amelita was named as a semi-finalist in the Genesee & Wyoming Australia Indigenous Achievement Award, and the Glencore McArthur River Mining Regional and Rural Initiative Award. These awards form part of the Northern Territory Young Achiever Awards.

This nomination was received for her efforts in attracting and mentoring young staff into the workplace, the dedication to her job and demonstrating to youth that it is possible to gain a successful career in their own community.

Amelita lists Gavin and Tammy as her biggest influences on her career to date, with her future goals including completing her certificate IV in retail operations along with training local Indigenous staff to follow in her footsteps as a store manager.

Barnabus Turner and Store Manager Amelita John

ALMA NGALMI

Alma Ngalmi is from Numbulwar Community located on the Gulf of Carpentaria 495km east of Katherine, where her family still reside.

Ms Ngalmi moved to Barunga in late 2007 and commenced work at the community store when Outback Stores started first working with the community.

Over the next 5 years Alma worked in various roles at the store including relief store management whilst completing her certificate II in retail. In 2011 she was awarded Outback Stores employee of the year for the region.

Alma also worked with Sunrise Health and Menzies School of Health research working on positive health and nutrition outcomes for Indigenous communities.

In late 2014 she took up a position with the Roper Gulf Region Council working in the Barunga Community Office as an administration assistant. In 2015 Alma was named as the council's employee of the year for the Barunga region.

Alma moved to Darwin and joined Outback Stores in January 2017 as an administration assistant/receptionist and is currently studying her cert III in Business Administration, she is keen to continue learning and further develop her skill set.

Alma has quickly established herself a valuable team member within Outback Stores, bringing great perspective into the operation of retail, health and local shires in remote Indigenous communities.

BRIANNA SANDERSON

Brianna Sanderson is from Alice Springs and has a Central Arrernte background. Brianna completed a Bachelor of Nutrition and Dietetics at Flinders University in 2015, then going on to work for the Northern Territory Government's Department of Health as a Ward Clerk and Rheumatic Heart Disease Coordinator.

While studying for her Degree, Brianna completed a student placement working with the Primary Healthcare Outreach Division in Alice Springs giving her the opportunity to apply her community nutrition knowledge in a remote community health setting.

June 2017, she moved from Alice Springs to Darwin to embark on a journey as a Nutritionist with Outback Stores, immediately making a positive impact on the business.

Ms Sanderson has an interest in improving remote Indigenous health through nutrition due to her Indigenous background and experiences growing up in Alice Springs.

Brianna is excited to grow her knowledge as a professional whilst supporting remote Indigenous communities with healthy strategies to increase fruit and vegetable sales, reduce sugary drinks sales and promote healthy options in stores and takeaways.

Bringing great passion, knowledge and enthusiasm to the organisation, Brianna promises to be a great asset well into the future.

Jen Savenake and Brianna Sanderson

TROY TURNER

Troy Turner is from the Alice Springs area in Central Australia and grew up in Maningrida, Arnhem Land, 500km east of Darwin. Troy attended St. Johns College in Darwin, before returning to Central Australia.

He worked in the horticulture industry before being employed by the Santa Teresa Community Store 100km from Alice Springs in 2009 as a store person where he still works today. Over the last 8 years, Troy has established himself a model employee.

He has progressed through 5 stages on the pathways to management and is currently a supervisor. Troy has embraced the extra responsibility of the role, particularly enjoying coaching, developing and mentoring new employees in the store.

Troy is highly valued by his peers and managers and is an outstanding example of a local Indigenous employee with outstanding drive, dedication and positive attitude. His application in completing his certificate III in retail this year was also a significant achievement. This was recognised by Group Training Northern Territory (GTNT), as Troy was named as a finalist the prestigious GTNT Indigenous trainee of the year award for 2017.

He intends to continue his training and development by enrolling in certificate IV in the future. He lists his fellow workmates Charlotte Flowers and Sharon Williams as his biggest influences. Troy's long-term goal is to one day become a store manager.

L-R Outback Stores team Dominic Robbie, Adam Wells, Troy Turner, Andrew Johanson and Tina Gill. (Photo courtesy of GTNT)

MARLENE PLUMMER

Marlene Plummer is from Tennant Creek, coming from two tribes; her father Warramunga and her mother Mudbara. Marlene now lives in Darwin with her 2 young boys, most of her family still live in Tennant Creek, Elliott and Katherine.

Ms Plummer previously worked for Catholic Care and completed the Karen Sheldon future stars' program before joining Outback Stores in June 2015 as a HR trainee.

In 2017 Marlene completed her certificate III in Business, was promoted into an HR administration and training compliance role and celebrated her 2 year anniversary with the business, an outstanding achievement.

"I am proud of what I have achieved at Outback Stores. I'm excited to further my skills and continue my training by completing Certificate IV in HR in the future, this will help me further develop into my current role", said Marlene.

"My future goals are to continue to learn, achieve and challenge myself."

"I would like to thank Outback Stores for the opportunity and support they have given me while working here."

MANAGING THE CHALLENGING 2016-2017 WET SEASON

The 2016-17 wet season was predicted to deliver higher than average rain fall. This was certainly the case, total rain-fall in the Northern Territory was up 48% on average with the Darwin Airport recording its third wettest wet season on record.

Twelve community stores were adversely affected by flooding and road closures in the Northern Territory and Western Australia.

The Nitjpurru Community Store in Pigeon Hole, 420km south-west of Katherine in the Northern Territory was the worst affected, being inaccessible by road for over 3 months. The one road into the community is routinely cut-off during wet season by the surging Victoria River; with the high level of rainfall this wet season making things particularly challenging.

Seventeen flights were required to Nitjpurru to deliver the community day to day essentials. This included stock being flown in by helicopter from the Camfield Station 50km's away as the community runway was deemed unsafe for a fixed-wing plane to land.

Chopper drops stock off at Nitjpurru

Trapped on the way to Gulin Gulin

Other stores in the Northern Territory that were significantly affected included Ngukurr, Gulin Gulin (Bulman), Canteen Creek, Wetenngerr (Epenarra), Wirliyajarrayi (Wilowra), Nyirripi and Mt. Liebig,

In Western Australia, Wirrimanu (Balgo), Mulan, Kundat Djaru (Ringer Soak) and Tjuntjuntjara were also affected for significant periods of time.

The Western Australian Department of Fire and Emergency Services supported by providing 15 different trips into these communities with a Cessna Caravan aircraft. This is significant as this aircraft can transport 1,000kg of freight at a time, other aircraft can only hold between 200 - 400kg.

The majority were to the Wirrimanu community 250km from Halls Creek.

In total 46 flights at a cost of $105,800. were provided by Outback Stores to ensure all communities had sufficient access to food and day to day essentials throughout the wet season.

The 2016-17 wet season will go down as one of the most difficult and challenging but also one of the most memorable. Outstanding collaboration between stores, merchandise suppliers, freight providers and Outback Stores ensured some of the most remote communities in Australia were supported through one of the wettest seasons on record.

Freight Truck badly bogged near Tjuntjuntjara
[Photo courtesy of Neil Smithies]

WIRRIMANU SUPERMARKET RE-OPENS

December 14th 2016 marked the opening of the new Wirrimanu Supermarket in Balgo. This was a unique and special occasion.

The $4 million development will make a significant improvement to the lives of up to 1000 people in and around the East Kimberley Aboriginal community for many years to come.

The new Supermarket is vastly different to the old with a modern feel throughout. Significant upgrades include a new and improved range of food and general merchandise along with a new kitchen and takeaway facility.

In 2008 the Wirrimanu community were having difficulty running the store effectively and efficiently, thus the community was suffering.

The store had fallen into significant debt and the longevity of the store was in question.

The store directors decided to approach Outback Stores to help. The directors and Outback Stores agreed that a significant refocus on governance and efficient day to day operations was needed to turn the business around.

The community worked vigilantly to embed solid processes and sustainable business practices. Thus, 8 years later all existing debt had been cleared. Impressively the store had also banked $2 million in profit.

The team is all smiles ahead of the first day of trade in the new store.

The directors decided the money was to be used towards building a new and improved supermarket for the community.

The Aboriginal Corporation successfully applied for a commercial loan for the additional $2 million required to complete the development.

The first time an Aboriginal community has initiated and funded its own new store. An outstanding achievement. Over the journey a strong relationship between both organisations has been forged and testament to what can be achieved by a strong community working side by side with Outback Stores.

The idea of a new modern style supermarket was that of the previous chairperson of the store directors, as the old store was not much more than an old tin shed.

Sadly, the previous chairperson Kumuntjayi Bumblebee passed away a few weeks before the opening, his family, the Bumblebees were on hand to cut the ribbon at the opening and signify the amazing legacy left behind for current and future generations.

The opening was an emotional day including speeches, the blessing of the store, traditional dance and a huge community BBQ.

The kitchen and takeaway opened in January 2017, with the focus on providing healthy and nutritious meals for the community.

Sales continue to go from strength to strength since the opening. The news of the new Wirrimanu Supermarket has spread far and wide with many people visiting the community just to see what the new facility and the talk of the Tanami is all about.

A 5 year extension of the current management agreement was signed this year, further solidifying the already strong relationship between the Wirrimanu Supermarket directors and Outback Stores well into the future.

NGUKURR GENERAL STORE & NGURU-WALALJA STORE GO FROM STRENGTH TO STRENGTH

We just asked Outback Stores to give our children good tucker....bananas for our little ones. They've done much more!

Ngukurr General Store Chairperson Bobby Nunggumajbarr

NGUKURR GENERAL STORE

Ngukurr community grew out of an Anglican Mission established on the banks of the Roper River in 1908. It is a remote town situated in southern Arnhem Land, Northern Territory, some three hundred km's from the Township of Katherine.

Seven different clans and language groups are represented in the town, with Kriol being the most common collective language spoken. The area where the community was established was known to local Aboriginal people as Mirlinbarrwarr. The 2016 census lists the Ngukurr population at 904 people.

Indigenous peoples in the Roper River area refer to themselves as Yugul Mangi. The Yugul Mangi Aboriginal Corporation works closely with the Roper Gulf Regional Council and Outback Stores to provide services and economic opportunities in Ngukurr and the surrounding areas.

Ngukurr can often have logistic supply issues given its remote location and catastrophic wet weather events. Cyclones and heavy wet season rainfall often isolate the community creating an island surrounded by water. Getting things done over the wet season has been extremely challenging.

Eight years ago, the directors of Yugul Mangi Aboriginal Corporation devolved their dream; a new store. They wanted to see food security for the community, even throughout the unpredictable

wet season. They were tired of broken promises to build a new store.

The Yugul Mangi Corporation had a dream built on $3 Million of hard earned profit generated from their run down and dilapidated old store. They wanted a fully serviced supermarket that could meet the needs of the community over the next 30 years. These same people had invested their money into that dream by being regular shoppers at Ngukurr General Store over many decades.

The Directors of Yugul Mangi Corporation had a strong long-term relationships with members of the Outback Stores senior leadership team. After much discussion, all agreed that a new store was over-due. 12 months was agreed on as a timeframe to build and open the new store.

Outback Stores delivered on time and within budget. A brand-new store was opened that would be the envy of any rural township. It is the pride of the residents of Ngukurr community; the Yugul Mangi.

It is the pride of Outback Stores and one of the flagship Stores that we honour in our 10th year of operation.

Outback Stores has not only assisted in building a new store but more importantly a long-term sustainable relationship with the community, that is still strong today!

This year the Yugul Mangi signed a five year extension of their management agreement with Outback Stores. We look forward to working together closely in the future in achieving our shared goals of a financially strong store that delivers improved employment, health and economic outcomes for the residents of the Ngukurr community.

NGURU-WALAJA STORE

Nguru-Walalja Store grew as a women's project in the remote settlement of Yuendumu 9 years ago, the women realised how important healthy food was to the well-being of their children. Outback Stores has travelled the whole journey with them.

This proud community of Warlpiri and Anmatyerr Aboriginal people ranks as one of the largest remote communities in Central Australia with a population close to 800 people.

Aboriginal people here are collectively known as "Yappa."

Yuendumu has a vibrant group of Aboriginal artists and a strong history of top-level football (AFL) involvement. The annual sports weekend is the longest running desert carnival in Central Australia with teams from all over the Northern Territory who attend this important event.

Yuendumu lies 293 km northwest of Alice Springs on the Tanami Road on the edge of the Tanami desert and is sometimes cut off from its nearest town Alice Springs when flooding occurs in the wet season.

When the 'Old Ladies' of the Women's Centre decided to build a store, to meet the health needs of their children and grandchildren, they came to Outback Stores. Our team assisted with a financial loan and project management skills to help build an improvised store in the abandoned health clinic.

The tiny store was quickly built in the old clinic; it traded well and was

The directors of Nguru-Walalja Store

The directors of Nguru-Walaja Store

strongly supported by the community. The clinic was not an ideal building for the store, however, the women were adamant that Yappa must have a store that could provide good healthy food to their families at a reasonable cost. By working in partnership with Outback Stores they succeeded with the first step of their journey.

Very quickly the women repaid their loan using the profits from their store. The community could see the strength in sustainable business. With regular financial reporting, they watched as their money grew. They continued to make good decisions on how to disperse profits to their community and to save money for their next step.

Additional financial support was provided from the Aboriginal Benefits Account to build a new supermarket. In conjunction with Outback Stores, the Women built a new store in 2015.

The store at the old clinic had done its job; now the community had a new supermarket under the watchful eye of the Yappa women and in partnership with Outback Stores.

As Outback Stores looks back on 10 years of remote retailing they see the importance of building trust with their clients; of achieving dreams together.

Acknowledging the work of committed managers Frank Lomas and Fay Coleman who stayed 4 years at Yuendumu to see the new supermarket open its doors; listening to Yappa women and meeting their expectations and health priorities; Outback Stores retail managers have built a long and healthy partnership with the people of Yuendumu.

IMPROVING COMMUNICATION WITH REMOTE COMMUNITIES

A decade ago Outback Stores was born out of a rationale to improve the food security of remote communities and build robust, sustainable retail outlets that would strengthen those core objectives.

It became apparent from the outset that good, transparent governance was a critical component in the struggle to achieve sustainability. Indigenous people suffered a lack of reliable financial information delivered in a timely way, enabling them to make strong decisions about their businesses.

Cattle stations, stores, art centres and numerous other enterprises had a history of trading into debt and inevitably collapsing leaving Indigenous people with the shame of enterprise failure.

Outback Stores recognised varying levels of literacy and numeracy levels in remote communities. An effective tool to support understanding financial reports in a cross-cultural environment was needed. As a result, Outback Stores implemented the Money Story.

This Money Story provides directors regular financial, nutrition, Indigenous employment and training reports in a graphical presentation, breaking down literacy and numeracy barriers to understanding a stores health and the challenges of remote retail environments.

After quarterly stocktakes have been completed the area managers coordinate with the directors to present a total picture of the store. This year we have worked towards improving the consistency of delivery by implementing video as our medium for presenting our store reports in the second half of the year.

Brianna Sanderson and Alma Ngalmi

Constant re-evaluation and assessment meant that the company needed to modify its delivery mode in line with community cultural expectations. Funerals (Sorry Business), ceremonies and increased Indigenous leadership consultation meant many of the directors were missing store meetings. The Solution: take a video home and watch it at your leisure.

The Outback Stores team provide real time phone support to answer any questions that the directors may have. In addition, we are currently developing a diagrammatic interpretation of our core social and commercial objectives. This will inform the members on performance and engage them in the solution process.

We remain committed to improving our cross-cultural communication channels, and continue to seek new and innovative ways for Outback Stores to deliver the best outcomes for store owners in into the future.

WORK HEALTH AND SAFETY

This year the key focus for Work Health and Safety was to review all current policies and procedures associated with Work Health and Safety.

Safe Work Procedures (SWP's) for specific tasks have been revisited, updated and revamped to a new format, to encourage further engagement and training of all employees. The roll-out of the enhanced safety management system and SWP's has been well received and proven successful.

Perpetual improvement of safety culture impacting employees who work in remote and challenging environments has been a continued priority. Employees who work in these locations face the most significant safety risk in the business. Results are indicating a sustainable positive change in this area is being made.

Higher levels of hazards are now being reported and fewer incidents are occurring. Whilst there is still much to do, safety culture is substantially more proactive in approach, with a clear emphasis on continual improvement.

A fuel bowser compliance audit has been conducted. Action plans have been put in place, to correct areas of concern. In addition, a desktop audit was performed on the safety management system.

During the desktop audit, the need to improve communication across the business on the importance of health and safety was clearly identified. New employees now complete a thorough induction process outlining business expectations.

Current employees have had additional coaching and training on obligations from line managers. This has resulted in a clear and consistent message, ensuring expectations and accountability is made clear for all employees.

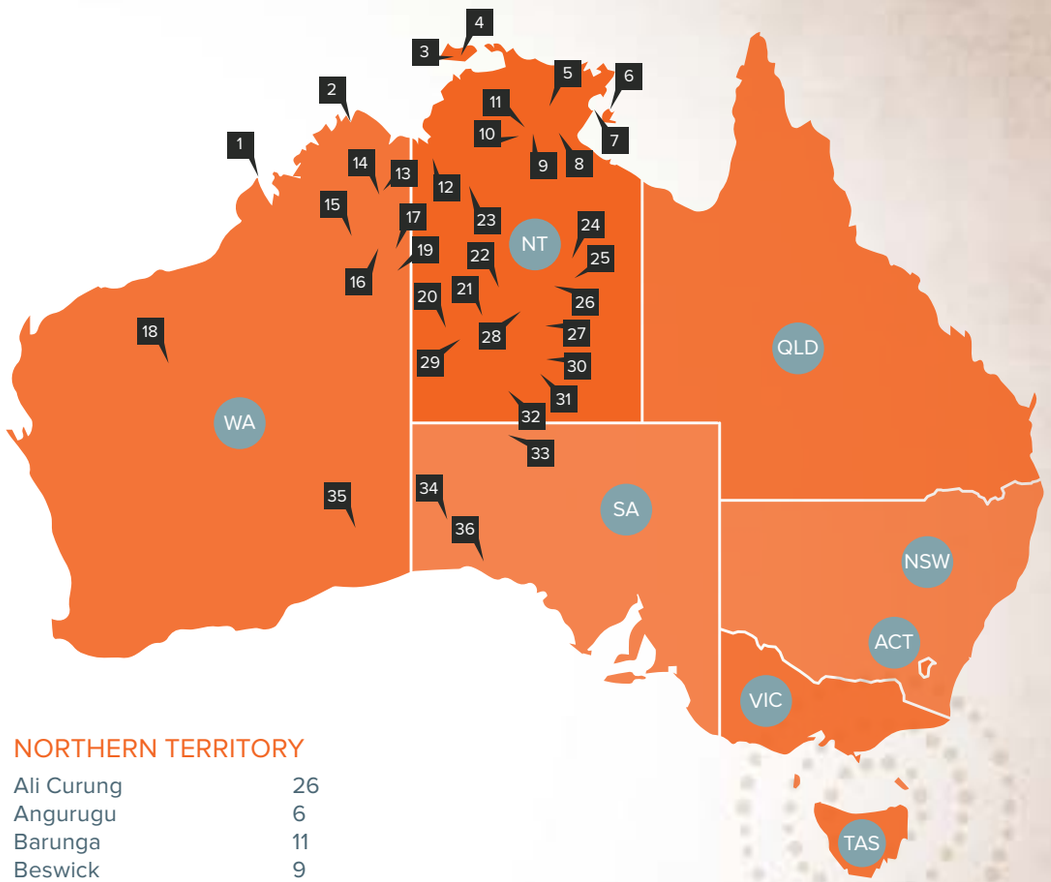
Remote driving was identified as a significant risk within the business. A workgroup was formed, with the objective of mitigating current risk in this area. The remote driving safety procedure was reviewed and discussed with relevant employees. Robust discussions on risk and possible improvements resulted in an updated and comprehensive SWP to accompany the remote driving policy and procedure that was previously in place.

To support the work completed to date, the business has streamlined and improved the internal quarterly Safety Committee meeting. The objective being strengthening capacity to identify and resolve potential risks to the business. This has helped foster a proactive approach to exceeding our health and safety obligations.

This change has resulted in proactive consultation undertaken on potential safety risks in stores throughout all regions.

Under Schedule 2, Part 4 of the *Work Health and Safety Act 2011* there have been no notifiable incidents recorded during the reporting period.

STORE LOCATIONS



NORTHERN TERRITORY

Ali Curung	26
Angurugu	6
Barunga	11
Beswick	9
Bickerton Island	7
Bulman	5
Canteen Creek	25
Engawala	27
Epenarra	24
Imanpa	32
Jilkminggan	10
Mt. Liebig	29
Ngukurr	8
Nyirripi	20
Pigeon Hole	23
Santa Teresa	30
Titjikala	31
Ti Tree	28
Timber Creek	12
Willowra	22
Wurrumiyanga (Nguiu)	3
Wurrumiyanga (Nguiu Club)	4
Yuendumu	21

WESTERN AUSTRALIA

Balgo	19
Beagle Bay	1
Jigalong	18
Kalumburu	2
Mulan	16
Ringer Soak	17
Tjuntjuntjara	35
Wungkul (Store)	14
Warmun (Road House)	13
Yiyili	15

SOUTH AUSTRALIA

Mimili	33
Oak Valley	34
Yalata	36

ORGANISATION STRUCTURE

Chairperson Board of Directors
Stephen Bradley

CEO
Michael Borg

Personal Assistant
Carol Renfrey

Administration / Reception

Group Operations Manager
Evan Ralph

- Group Area Manager
- Area Managers Community Store (4)
- Area Manager Commercial
- Retail Analyst
- Operations Support Coordinator
- Store Managers (74)

Merchandise Manager
Alan Malakou

- Space & Range Manager
- Senior Group Controller
- Group Controller

Health & Nutrition Manager
Jen Savenake

- Nutritionist

HR Manager
Elise Tiehuis

- RTO & Training Supervisor
- Senior HR Advisor
- WHS, Food Safety & Training Coordinator
- HR Admin & Training Compliance

CFO
Jayveer Rathore

- Finance Manager OBS
  - OBS Accountant
    - Corporate Assistant Accountant
      - OBS Finance Officer
- Sage & Special Projects

COO
Warren Bretag

- Finance Manager Stores
  - Management Accountant
    - Finance Team Leader
      - Accounting Officers (2)
      - Reconcilliation / Reporting Offier (5)
      - Finance Officer Stores (5)
      - Finance Officer Stores Relief
      - Finance Administration

Business Development Manager
Andrew Johanson

- Business Development Analyst - Budgets
- Legal & Compliance Officer

Communications Specialist
Adam Wells

IT Manager & Projects
Seraiah Smith

- IT Technical Support Officer (2)
- Service Desk Analyst (2)

OUR ORGANISATION

Purpose

Outback Stores is a Commonwealth owned company with an independent Board of Directors, which provides retail management services to Indigenous owned stores.

It has been established to improve access to affordable, healthy food for Indigenous communities, particularly in remote areas, through providing food supply, store management and support services, and as far as practicable, to operate sustainably, competitively and efficiently, and provide employment and training opportunities for Indigenous people.

Location: Outback Stores Darwin Support Office

67 Pruen Rd, Berrimah NT 0828

Workplace Profile

The number of employees at Outback Stores has decreased slightly from an average of 147 in the 2015-16 financial year to 144 staff in total as at 30th of June 2017.

Approximately 374 staff employed in stores 79.6% are Indigenous, consisting of:

Male Full-time 14	Male Casual 103	Female Full-time 10
Male Part-time 21	Female Casual 188	Female Part-time 38

SENIOR LEADERSHIP TEAM

The senior leadership team (SLT) is led by the chief executive officer. The 10-strong team is responsible for leading the strategic direction of the business and ensuring key objectives are delivered. The team meets on a weekly basis to discuss progress and review performance. Further details of the SLT can be found on the organisational chart on page 60.

Learning and Development

Outback Stores is a Registered Training Organisation (RTO) offering nationally recognised qualifications in retail services. We are able to offer Certificate I, II, III and IV in Retail to all eligible store staff and store managers.

Subsidiaries

Outback Stores has two subsidiaries; these are Ti Tree Grocery Pty Ltd in Ti Tree, Northern Territory and Cardwell Supermarket Pty Ltd in Cardwell, Queensland.

Information regarding these subsidiaries can be found in the financial reports.

OUTBACK STORES' PERFORMANCE

PERFORMANCE SUMMARY

The company has been working towards achieving the following seven strategic priorities over the past financial year.

1. We exceed our shareholders expectations
2. We are recognised as a trusted reliable retail provider
3. We have strong partnerships with current and potential store owners
4. We have an effective healthy food strategy
5. We are an employer of choice
6. We are the most innovative retailer in our market
7. We make a surplus before interest

THE KEY PERFORMANCE INDICATORS

In line with the organisation's purpose, our key focus has been in the following areas:

Employment & training

Permanent Indigenous employees enrolled in accredited training programs

Target	Performance
60%	68%

Health and Nutrition

Increase fruit & vegetables tonnage (Kg)*

Target	Performance
2%	(2.7%)

Reduce full sugar soft drink sales as a % of total drink sales

Target	Performance
(0.1%)	(2.21%)

*Kilogram percentage increase

GOVERNMENT PRIORITIES & OUTBACK STORES' CONTRIBUTION

Outback Stores works towards improving the health and employment of Indigenous Australians. This directly relates to three of the Australian Government's Closing the Gap targets. These are:

Close the gap in life expectancy within a generation.

Outback Stores is committed to providing access to good quality food at an affordable price, leading to better health outcomes for current and future generations. Having access to a broad range of fresh fruit and vegetables not only improves the quality of life, but studies consistently show that diets plentiful in fruits and vegetables help people maintain a healthy weight and protect against cardiovascular disease. This would directly impact closing the gap in life expectancy within a generation.

Halve the gap in mortality rates for Indigenous children under five within a decade.

We work with a number of stores, communities, schools, health care providers and non-government organisations, to promote healthy food and drink choices at a young age. We assist in providing education to help increase community awareness and knowledge about health and nutrition, specifically to make healthy choices easier. Stores have a healthy food policy in place with the goals of reducing the sales of sugary drinks, increasing the sales of fruit and vegetables and increasing healthy takeaway options. Investing in such activities supports community members to make good informed decisions for their young families and helps young children understand healthier options in life.

Halve the gap in employment outcomes between Indigenous and non-Indigenous Australians.

Our focus on providing employment opportunities for Indigenous Australians since 2006 has been strong. At 30th of June 2017, we had 298 Indigenous staff employed in OBS managed stores. Outback Stores is a Registered Training Organisation (RTO), offering nationally recognised qualifications in retail services. This opportunity allows Indigenous Australians to gain accredited qualifications and opens doors for a range of new employment opportunities.

CORPORATE GOVERNANCE

INTRODUCTION

Outback Stores is a wholly owned Commonwealth company and is currently under the Prime Minister and Cabinet Portfolio. The responsible Minister for the 2016-17 reporting period is Senator the Hon Nigel Scullion, Minister for Indigenous Affairs. Outback Stores was required to fulfil the requirements of the *Corporations Act 2001 and Public Governance, Performance and Accountability Act 2013 (PGPA Act)* for the full financial year.

CORPORATE GOVERNANCE STATEMENT

Unless otherwise disclosed below, the company has followed the best practice guide on corporate governance principles, as published by the Australian National Audit Office, for the entire financial year ended 30th June 2017.

BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term of office are detailed in the director's Report on page 77. Outback Stores directors are appointed by the Minister for Indigenous Affairs. All directors are non-executive.

ETHICAL STANDARDS

The board acknowledges and emphasises the importance of directors and employees maintaining the highest standard of corporate governance practice and ethical conduct.

BOARD DEVELOPMENT AND REVIEW

New board members undertake a formal induction into their role, including a meeting with the Chair and other directors. They are given an induction pack that includes the Board Governance Charter. Directors are required to pursue their own development and continuously update their knowledge to attain and maintain the levels of competence demanded of them. Directors are expected to undertake ongoing professional development that is relevant, required and commensurate with Outback Stores' requirements.

REMUNERATION

Outback Stores directors are entitled to remuneration and allowances in accordance with Remuneration Tribunal determinations. Details of directors' remuneration and interests are set out in the financial statements.

INDEMNITY AND INSURANCE

Outback Stores indemnifies current and former directors and staff members against any liability or costs incurred in connection with any claim brought against them as a result of, or in connection with, their appointment to any office or position in Outback Stores or a related entity. Outback Stores holds directors' and officers' liability insurance coverage through Comcover, the Australian Government's self-managed fund. As part of its annual insurance renewal process, Outback Stores reviewed its insurance coverage in 2016-17 financial year to ensure it remained appropriate for its operations. The cost of directors' and officers' indemnity insurance for 2016-17 financial year was $31,986.78.

BOARD OF DIRECTORS

As of 30th June 2017

Stephen Bradley
Chairman

Graham Cook

Robert Hudson

Geoff Thomas

Sophie Cleveland

Stephen Bate

Julie Brimblecombe

Sandra Eades

MEETINGS HELD DURING THE YEAR AND ATTENDANCE

The Board of Directors meet quarterly or as required, this includes any emergency meetings that may be necessary. Further details on directors meetings can be found on page 81.

PERFORMANCE EVALUATION

The performance evaluation of the Board of Directors is conducted yearly. The Chairman discusses with relevant parties whether they feel the board is performing well and any feedback required. The Chairman then discusses the outcomes at the next board meeting to identify appropriate action to remedy any identified shortcomings, to continue to perform effectively.

AUDIT AND RISK COMMITTEE:

The Audit and Risk Committee was established in 2007 and meets quarterly or as required. The Company is required to have an Audit Committee under section 45 of PGPA Act.

The committee charter is to consider any matter relating to the financial reporting, internal control structure (including director reimbursement), internal risk management systems and external audit function of Outback Stores and any of its controlled entities.

The functions of the committee include:

a) Helping the Company and its Directors to comply with obligations under the *Public Governance, Performance and Accountability Act 2013 and the Corporations Act 2001* and

b) Providing a forum for communication between the directors, the senior management, and the external auditors of the Company.

The performance evaluation of the committee is conducted yearly and follows the same process as the board evaluation.

SOCIAL OUTCOMES COMMITTEE:

The board established the Social Outcomes Committee in 2013 and meetings are held quarterly or as required. Its Charter is to consider any matter relating to social outcomes in individual Indigenous communities; including nutrition, employment, community engagement and economic development.

The functions of the committee include:

a) Developing strategies with management on;
   i) Health and nutrition
   ii) Indigenous employment
   iii) Community engagement and
   iv) Economic development in communities

b) Monitor and review progress against approved strategies.

c) Review and approve formal working partnerships with other agencies in nutrition, Indigenous employment, community engagement and economic development.

STORE ASSESSMENT COMMITTEE:

The Store Assessment Committee, previously the Store Acquisition Committee, continued with the responsibilities delegated last financial year. The board established the Store Assessment Committee in 2007 and meetings are held monthly or as required. Its Charter is to consider any matter relating to store management in individual Indigenous communities; including strategy, agreements, termination, expenditure, capital loans and underpinning.

The functions of the committee include:

a) Consider management proposals for store acquisitions under management agreements, leases or purchases.

b) Consider management proposals to discontinue management services.

c) To authorise requested operational underpinning by management for unviable stores.

d) To authorise requested capital underpinning by management for unviable stores.

e) To authorise commercial loans to stores under company management.

f) To ensure robust procedures are implemented and followed for the use of public funds to support remote stores under company management.

MEETING ATTENDANCE:

Further details on committee meeting attendance can be found on page 81.

OTHER INFORMATION

ENVIRONMENTAL PERFORMANCE AND ECOLOGICALLY SUSTAINABLE DEVELOPMENT

Section 516A of the Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act) requires Australian Government organisations-including authorities such as Outback Stores to include in their Annual Report a section detailing their environmental performance and their contribution to Ecologically Sustainable Development (ESD). In doing this, Outback Stores is committed to the principles of ESD as detailed in section 3A of the EPBC Act.

The following table details Outback Stores' ESD activities in accordance with section 516A(6) of the EPBC Act 1999.

ACTIVITY	HOW IT ACCORDS WITH THE PRINCIPLES	HOW IT FURTHERS OR ADVANCES ESD PRINCIPLES
Recycling plan	Integrating both long and short-term economic, environmental considerations.	Implementing and maintaining a recycling plan in the national office to reduce waste.
Store refrigeration	Recognising and considering the environmental impacts of actions and policies.	Refrigeration in stores is upgraded accordingly to reduce power consumption and swapping to more efficient refrigerant gas in new equipment.
Lighting for stores and housing	Recognising and considering the environmental impacts of actions and policies	Remote stores and manager housing is fitted with energy-efficient lighting, where possible, to reduce power consumption.
Hot water for stores and housing	Recognising and considering the environmental impacts of actions and policies	Solar hot water systems are installed in stores and housing, where possible.
Sale of white goods	Maintaining company competitiveness in an environmentally sound manner	Considering all environmental impacts when purchasing all new equipment.
Purchasing new equipment	Integrating both long and short-term economic, environmental considerations.	Considering all environmental impacts when purchasing all new equipment.
Capital improvement programs	Integrating both long and short-term economic, environmental considerations.	Considering all environmental impacts as part of the process of identifying capital improvement programs.
Upgrading computers	Recognising and considering the environmental impacts of actions and policies.	Computers are upgraded accordingly.

OUTBACK STORES' APPROACH TO IMPLEMENTING ESD PRINCIPLES

Outback Stores was established to improve access to affordable healthy food in remote Indigenous communities - our primary focus is on economic and social outcomes, rather than environmental outcomes.

We have continued our efforts to reduce Outback Stores' carbon footprint through various measures such as implementing more sustainable energy practices, water management and waste management. We are continuing the development of programs at our national office and remote stores to reduce environmental impacts and although we are yet to develop metrics to monitor our carbon footprint, we are committed to continual improvement in environmental performance management.

RISK MANAGEMENT

Regular senior management and Audit and Risk committee reviews identify strategic risks in the Company's activities. The Company's risk profile is updated on an ongoing basis and is reported quarterly. This is then discussed at each meeting with any concerns addressed to the board.

SIGNIFICANT ACTIVITIES AND CHANGES AFFECTING THE COMPANY

There were no significant activities and changes affecting the Company in the 2016-2017 Financial year.

DISCLOSURE REQUIREMENTS FOR GOVERNMENT BUSINESS ENTERPRISES

Outback Stores is not currently a government business enterprise and hence has no reporting requirement for this Annual Report relating to changes in financial conditions and community service obligations or information that is commercially prejudicial.

MINISTERIAL DIRECTIONS AND GENERAL POLICY ORDERS

There have been no Ministerial Directions, General Policies or General Policy Orders issued to Outback Stores.

JUDICIAL DECISIONS AND REVIEWS BY OUTSIDE BODIES

There were no judicial decisions or decisions of administrative tribunals that had a significant effect on Outback Stores' operations during 2016-17. The Commonwealth Ombudsman received no complaints regarding Outback Stores.

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Related entity transactions	*Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E*	122
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Judicial decisions and reviews by outside bodies	*Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) Section 28E*	72
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Special thanks to Sue Russell, for the use of her photography..

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ISSN: 2204-0692 (Print)

ISSN: 2204-0706 (Online)

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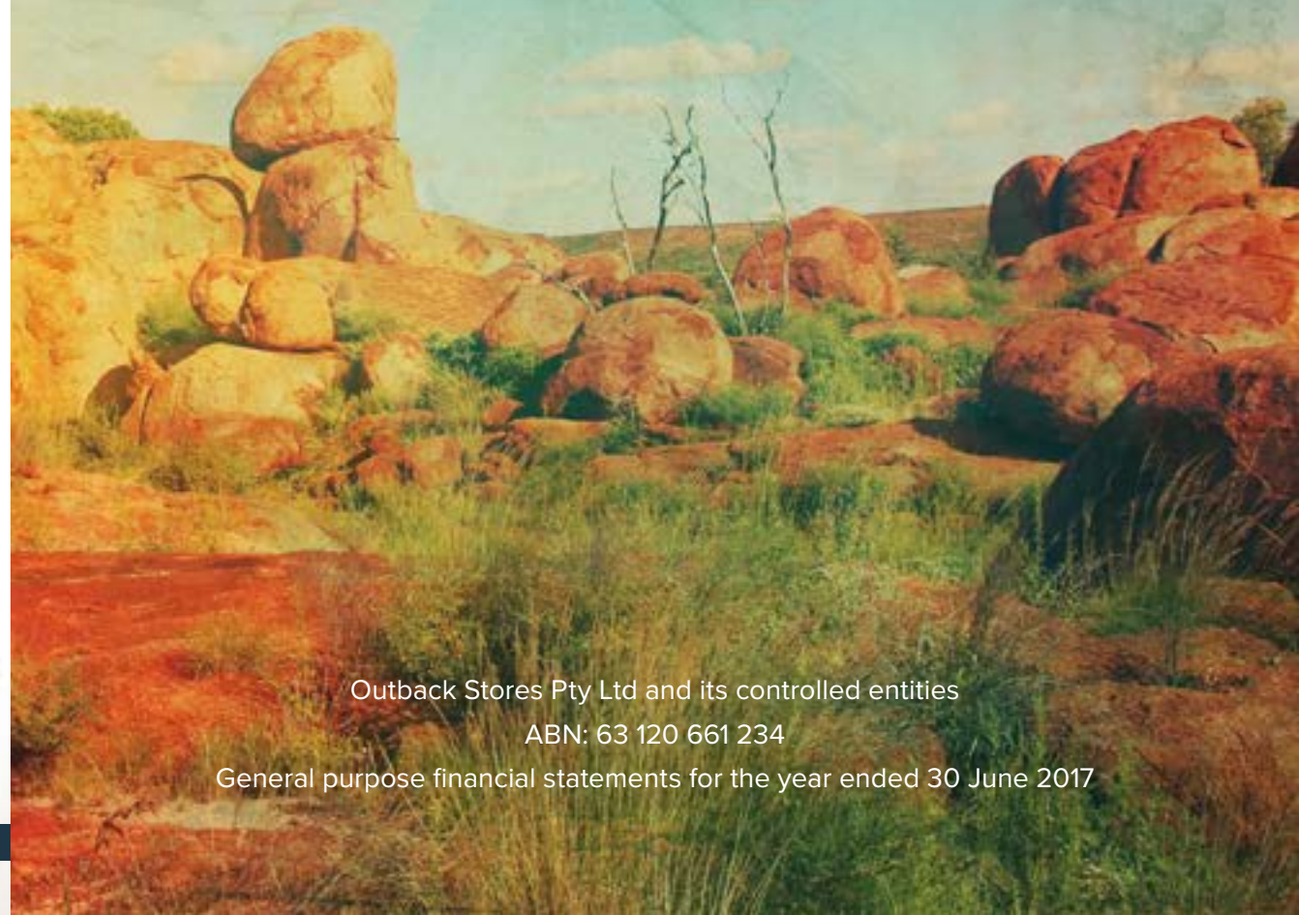
This document must be attributed as the Outback Stores Pty Ltd Annual Report 2016-2017.

OUTBACK Stores
Working With Communities

Financial STATEMENTS



Outback Stores Pty Ltd and its controlled entities

ABN: 63 120 661 234

General purpose financial statements for the year ended 30 June 2017

Outback Stores Pty Ltd and its Controlled Entities

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Outback Stores Pty Ltd and its Controlled Entities

Director's Report

The directors of Outback Stores Pty Ltd (The Company or Outback Stores) and its controlled entities (the Group) submit here with the annual consolidated financial statements of the Group for the year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
Mr. S. Bradley	Chairman, joined the Board on 31 July 2007 in a non-executive capacity. Mr. Bradley specialises in logistics and information technology and was involved in Woolworths, Big W Discount Stores and J. Sainsbury in London.
Mr. R.E. Hudson	Chartered Accountant and former Managing Partner of Deloitte Touche Tohmatsu in the Northern Territory, joined the Board on 24 July 2008 in a non-executive capacity.
Mr. G. Cook	Joined the Board on 16 September 2015 in a non-executive capacity. Mr Cook has a strong background in retail, enterprise development, consultancy, training and tourism. Mr Cook has worked with both mainstream and indigenous enterprises.
Mr. G. Thomas	Joined the Board on 16 September 2015 in a non-executive capacity. Mr Thomas has worked in transforming consumer supply chains for over 25 years. Mr Thomas has spanned senior executive roles, both as a senior business leader with blue chip corporates, as well as an advisor in management consulting. Mr Thomas has acquired deep expertise in the retail and FMCG industries.
Prof. K O'Dea AO	Director of the Sansom Institute of Health Research at the University of South Australia and serves on national committees advising government on health and medical research, Indigenous health, nutrition and diabetes. In 2004, she was made an Officer of the Order of Australia for service to medical and nutrition research and the development of public health policy, particularly research into chronic diseases affecting Indigenous Australians. Appointed to the Board 15th of July 2010 in a non-executive capacity.
Ms. S. Cleveland	Joined the Board on 1 September 2016 in a non-executive capacity. Ms. Cleveland is the partner in charge of the commercial disputes resolution team in the Darwin office of a national law firm, she is an experienced and pragmatic litigator specialising in the areas of construction, employment, and aboriginal land disputes.
Mr. S. Bate	Joined the Board on 1 September 2016 in a non-executive capacity. Mr Bate has extensive experience in retailing, having worked for Woolworths for 37 years. Mr. Bate was part of the Woolworths Senior Management Team, and has experience in both buying and operations at senior executive level.

cont.

Assoc. Prof. J. Brimblecombe	Joined the Board on 1 September 2016 in a non-executive capacity. Assoc. Prof. J. Brimblecombe has worked cross- culturally in the South Pacific and with remote Northern Territory Aboriginal communities for over 20 years. Assoc. Prof. J. Brimblecombe is a principal research fellow with the Menzies School of Health research and is the nutrition program leader in the Wellbeing and Preventable Chronic Diseases Division.
Prof. S. Eades	Joined the Board on 1 September 2016 in a non-executive capacity. Professor Eades completed her medical degree in 1990 and after working as a general practitioner began her career in health research at the Telethon Institute for Child Health Research where her focus was on the epidemiology of Indigenous child health in Australia.

The above named directors held office during the whole of the financial year except for:

Prof. K. O'Dea AO - expired 14 July 2016

Ms. S. Cleveland - appointed 1 September 2016

Mr. S. Bate - appointed 1 September 2016

Assoc. Prof. J. Brimblecombe - appointed 1 September 2016

Prof. S. Eades - appointed 1 September 2016

Shares options granted to directors and senior management

No share options were granted or authorised to directors and senior management.

Company secretary

Dr. B Orme held the position of company secretary of the Group at the end of the financial year.

Principal activities

The Company's principal activities are management services provided to remote Indigenous community stores across Australia and commercial loans and other financial support to unviable remote community stores through the support the department of the Prime Minister and Cabinet (October 2013 to date).

Review of operations

Outback Stores managed 37 stores at the end of the financial year. Combined store turnover for the financial year was over $78.2 million.

We have continued to encourage consumption of healthy food while not withdrawing unhealthy products. We continued to address affordability of fruit and vegetables this year. There was significant disruption to fruit and vegetable supply and delivery due to extreme weather events during the wet season. There was a small increase in volume in the last part of the year. Overall we believe that substantial diet changes will take a significant amount of time and involve continuing to work with health and nutrition groups in the communities.

We have also focused on improving efficiencies within the business reducing operating costs while maintaining high service levels to stores we manage.

The business of managing retail stores in remote communities continues to be challenging due to the ongoing high operating costs both for the stores and for the Group to service and support them. The Company continues to work to reduce costs in stores and become more efficient in the way we manage them. The Company still has a large number of stores that are not viable due to small populations and geographical difficulties.

Outback Stores Pty Ltd and its Controlled Entities

Director's Report

	2017	2016
	$	$
Profit / (Loss) for the year	**(514,259)**	**703,584**
Plus: Income tax	**54,380**	**147,724**
Profit before income tax	**(459,879)**	**851,308**
Less: Adjustments for non-operating profit	**1,630,769**	**3,136,787**
Revenue from Government Grants	**35,998**	**44,549**
Gain on sale of fixed assets	**(559,127)**	**-**
Store grant expenditure (underpinning)	**(1,631,157)**	**(1,888,559)**
Grant expenditure	**-**	**(418,374)**
Total non-operating loss	**(523,517)**	**874,403**
Total operating profit / (loss)	**63,638**	**(23,095)**

Change in state of affairs

There was no significant change in the state of affairs of the Company during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the year end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of its operations, or the state of affairs of the Company other than those matters outlined in Note 20 to the financial statements.

Future developments

The Group will continue to grow through expanding their services to other Indigenous community stores across Australia. There is a possibility that some of the current Indigenous community stores could discontinue their management agreement with the Company, any further information of this nature has been omitted due to the uncertainty involved in the operations of the Company.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors have not recommended the payment of a dividend for the current financial year's performance.

Indemnification of officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above) and all executive officers of the Company against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001 .

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 85.

Director's Report

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Group's directors and its senior management for the financial year ended 30 June 2017.

The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management
- key terms of employment contracts

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

Non-executive Directors

Mr. S. Bradley (Chairman)
Mr. G. Cook
Mr. R.E. Hudson
Mr. G. Thomas
Ms. S. Cleveland
Mr. S. Bate
Assoc. Prof. J. Brimblecombe
Prof. S. Eades
Prof. K. O'Dea AO - expired 14 July 2016

Senior Management

Mr. M. Borg (Chief Executive Officer)
Mr. W. Bretag (Chief Operating Officer)
Mr. J. Rathore (Chief Financial Officer)
Mr. E. Ralph (Group Operations Manager)
Mr. J. Quill (Operations Manager - finished employment 25 November 2016)
Ms. L. Dutton (Chief Operating Officer - finished employment 20 January 2017)
Mr. S. Moore (Chief Executive Officer - finished employment 26 August 2016)

Director's Report

The term 'senior management' is used in this remuneration report to refer to the following persons that have the authority and responsibility for planning, directing and controlling the activities of the company. Except as noted below, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr. M. Borg (Chief Executive Officer, appointed 24 October 2016)

Mr. W. Bretag (Chief Operating Officer, appointed 27 February 2017)

Mr. E. Ralph (Group Operations Manager, appointed 19 December 2016)

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 4 board meetings, 5 store assessment committee meetings, 4 audit and risk committee meetings and 3 social outcomes committee meetings were held.

Directors	Board of directors		Store Assessment Committee		Audit and risk committee		Social and outcomes committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. S. Bradley	4	4	5	3	4	4	3	3
Mr. R.E. Hudson	4	4	-	-	4	4	1	-
Mr. G. Cook	4	4	5	5	-	-	3	3
Mr. G. Thomas	4	4	-	-	4	2	-	-
Ms. S. Cleveland	3	2	-	-	2	2	-	-
Mr. S. Bate	3	3	3	2	2	2	-	-
Assoc. Prof. J. Brimblecombe	3	3	-	-	-	-	2	2
Prof. S. Eades	3	2	-	-	-	-	2	1

Director's Report

Remuneration policy

It is a requirement to agree any remuneration package and wage contract of senior management with the Chairman.

Board approval is required to change the remuneration package of the Chief Executive Officer after determination by the remuneration tribunal.

Remuneration for employees is based on employment contracts that are linked to the individual's and Company performance. The Company's earnings are reported under the statement of profit or loss and other comprehensive income.

Remuneration of directors and senior management

Non-executive

Remuneration has been paid to non-executive directors during or since the end of the financial year.

	2017	2016
	$	$
Short-term employee benefits	282,515	236,651
Total remuneration:	282,515	236,651

Executive officers		
Short-term employee benefits	864,176	821,084
Termination benefits	10,592	-
Total remuneration:	874,768	821,084

Outback Stores Pty Ltd and its Controlled Entities

Director's Report

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

Bonuses to senior management are provided for based on their individual employee contracts and are based on Company performance and at the Board's discretion.

Employee share option plan

None.

Key terms of employment contracts

Employment contracts are negotiated on a per person basis and include the following details. Unless noted otherwise, the termination notice required to terminate the contract is four weeks.

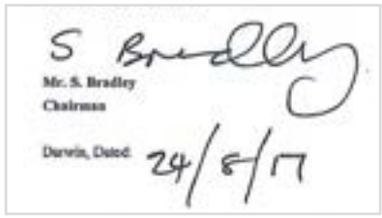
Mr. M. Borg (Chief Executive Officer) - 3 year contract commencing 24 October 2016, with a required termination period of 3 months.

Mr. W. Bretag (Chief Operating Officer) - 1 year contract commencing 27 February 2017, with a required termination period of 4 weeks.

Mr. J. Rathore (Chief Financial Officer) - Position commencing 1 July 2015.

Mr. E. Ralph (Group Operations Manager) - Position commencing 19 December 2016.

On behalf of the Directors



Outback Stores Pty Ltd and its Controlled Entities

Directors' Declaration

In the opinion of the Directors of Outback Stores Pty Ltd:

a. The consolidated financial statements and notes of Outback Stores Pty Ltd are in accordance with the *Corporations Act 2001*, including:
   i. Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
   ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and
b. There are reasonable grounds to believe that Outback Stores Pty Ltd will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors

S Bradley
Mr. S. Bradley
Chairman
Darwin, Dated: 24/8/17

Australian National Audit Office

Mr Stephen Bradley
Chairman of the Board
Outback Stores Pty Ltd
PO Box 1953
Berrimah NT 0828

OUTBACK STORES PTY LTD & CONTROLLED ENTITIES FINANCIAL REPORT 2016-17
AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of the Outback Stores Pty Ltd and consolidated entity for the year ended 30 June 2017, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

J George

Jodi George
Acting Executive Director

Delegate of the Auditor-General

Canberra

24 August 2017

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the members of Outback Stores Pty Ltd

Opinion

In my opinion, the financial report of Outback Stores Pty Ltd for the year ended 30 June 2017 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of Outback Stores Pty Ltd's financial position as at 30 June 2017 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The financial report of Outback Stores Pty Ltd, which I have audited, comprises the following statements as at 30 June 2017 and for the year then ended:

- Directors' Report;
- Directors' Declaration;
- Consolidated Statement of Profit and Loss and Other Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of Outback Stores Pty Ltd in accordance with the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Outback Stores Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Directors' Responsibility for the Financial Report

The directors of Outback Stores Pty Ltd are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing Outback Stores Pty Ltd's ability to continue as a going concern, disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Australian National Audit Office

J George

Jodi George

Acting Executive Director

Delegate of the Auditor-General

Canberra

24 August 2017

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
Revenue			
Revenue from government grants	3A	**1,630,769**	3,136,787
Sale of goods and rendering of services	3B	**9,511,531**	10,458,508
Interest income	3C	**1,306,105**	1,341,377
Rental income	3D	**19,905**	14,993
Store recoveries and charges	3E	**7,783,602**	8,358,768
Rebates		**2,123,777**	2,098,181
Other revenue	3F	**698,287**	680,812
Gain on disposal of fixed assets		**35,998**	44,549
Total Revenue		**23,109,974**	26,133,975
Expenses			
Consulting expenditure	4A	**128,882**	289,598
Cost of goods sold	4B	**4,096,046**	4,952,355
Depreciation and amortisation	4C	**875,673**	1,105,434
Impairment of goodwill		**559,127**	-
Employee benefits expense	4D	**12,334,117**	12,910,078
Rental expenses		**416,611**	411,303
Store grant expenditure	4E	**1,631,157**	1,888,559
Administrative expenditure	4F	**3,528,240**	3,306,966
Other grant expenditure	4G	**-**	418,374
Total Expenses		**23,569,853**	25,282,667
Profit / (Loss) before income tax		**(459,879)**	851,308
Income tax expense	5A	**54,380**	147,724
Profit / (Loss) for the year		**(514,259)**	703,584
Total comprehensive income/(loss)		**(514,259)**	703,584
Profit / (loss) for the year attributable to:			
Owners of the Company		**(514,259)**	703,584
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**(514,259)**	703,584

The above statement should be read in conjunction with the accompanying notes.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	Consolidated 2017 $	Consolidated 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	6A	**49,008,201**	52,349,439
Trade and other receivables	6C	**2,530,364**	2,470,550
Inventories	6B	**253,458**	315,549
Other financial assets	6D	**148,310**	96,237
Other current assets	6E	**152,799**	163,871
Total current assets		**52,093,132**	55,395,646
Non-current assets			
Property, plant and equipment	7	**2,945,544**	3,292,790
Deferred tax assets	5D	**422,520**	450,803
Other financial assets	6D	**2,472,116**	841,804
Intangible assets	8	**135,953**	197,993
Goodwill	18	**-**	559,127
Total non-current assets		**5,976,133**	5,342,517
Total Assets		**58,069,265**	60,738,163
LIABILITIES			
Current liabilities			
Trade and other payables	9A	**1,365,137**	1,276,528
Government grants	9B	**13,667,125**	15,913,773
Provisions	9C	**889,762**	782,294
Current tax liabilities	5C	**22,954**	17,394
Total current liabilities		**15,944,978**	17,989,989
Non-current liabilities			
Provisions	9C	**401,066**	513,837
Deferred tax liabilities	5D	**37,269**	34,126
Total non-current liabilities		**438,335**	547,963
Total Liabilities		**16,383,313**	18,537,952
Net Assets		**41,685,952**	42,200,211
EQUITY			
Issued capital	10	**40,000,001**	40,000,001
Retained earnings		**1,685,951**	2,200,210
Total Equity		**41,685,952**	42,200,211

The above statement should be read in conjunction with the accompanying notes.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

	Issued Capital	Retained Earnings	Total Equity
	$	$	**$**
Balance at 1 July 2015	40,000,001	1,496,626	**41,496,627**
Loss for the year	-	703,584	**703,584**
Total comprehensive income for the year	-	703,584	**703,584**
Balance at 30 June 2016	40,000,001	2,200,210	**42,200,211**
Balance at 1 July 2016	40,000,001	2,200,210	**42,200,211**
Profit for the year	-	(514,259)	**(514,259)**
Total comprehensive income for the year	-	(514,259)	**(514,259)**
Balance at 30 June 2017	40,000,001	1,685,951	**41,685,952**

The above statement should be read in conjunction with the accompanying notes.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2017

	Notes	2017 $	2016 $
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		**20,088,359**	21,737,855
Grants received		**1,630,769**	3,136,876
Total cash received		**21,719,128**	24,874,731
Cash used			
Payments to suppliers and employees		**(22,605,145)**	(23,892,887)
Income taxes paid		**(17,394)**	(277,498)
Total cash used		**(22,622,539)**	(24,170,385)
Net cash from/(used in) operating activities	12B	**(903,411)**	704,346
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**59,725**	100,887
Amounts received from stores under commercial loans		**110,164**	43,728
Bond deposits received/(paid)		**9,079**	8,125
Interest received		**1,306,105**	1,341,377
Total cash received		**1,485,073**	1,494,117
Cash used			
Payments for property, plant and equipment	7	**(490,114)**	(593,930)
Payment for purchase of intangible assets	8	**-**	(52,188)
Underpinning payments for stores and other grants		**(1,631,157)**	(2,306,933)
Payments to stores under commercial loans		**(1,801,629)**	(171,302)
Total cash used		**(3,922,900)**	(3,124,353)
Net cash used in investing activities		**(2,437,827)**	(1,630,236)
FINANCING ACTIVITIES			
Cash used			
Proceeds from / (payments to) borrowings		**-**	(79,740)
Total cash used		**-**	(79,740)
Net cash (used in)/from financing activity		**-**	(79,740)
Net decrease in cash and cash equivalents		**(3,341,238)**	(1,005,630)
Cash and cash equivalents at the beginning of the year		**52,349,439**	53,355,069
Cash and cash equivalents at the end of the year	6A	**49,008,201**	52,349,439

The above statement should be read in conjunction with the accompanying notes.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 1: General information

1. General information

Outback Stores Pty Ltd (Outback Stores or the Company) is a proprietary company limited by shares, incorporated and domiciled in Australia. The Company's principal activities are management services provided to remote Indigenous community stores across Australia and commercial loans and other financial support to unviable remote community stores through the support of Department of The Prime Minister and Cabinet (October 2013 to date).

The Group consists of Outback Stores and the entities controlled by Outback Stores (its controlled entities) referred to as 'the Group' in these financial statements.

The Outback Stores' registered office and principal place of business of the Company are as follows:

67 Pruen Road,
Berrimah

Darwin NT 0828

Note 2: Summary of significant accounting policies

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs and new Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, and therefore relevant for the current year end. The application of these amendments and interpretations does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statatements, the Standards and Interpretations relevant to the company as llisted below were in issue but not yet effective.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 Amendments to Australian Accounting Standards - Effective date of AASB 15', AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2019
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2018	30 June 2019

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 2: Summary of significant accounting policies

2.2 Standards and Interpretations in issue not yet adopted (cont)

At the date of authorisation of the financial statatements, the Standards and Interpretations relevant to the company as listed below were in issue but not yet effective.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and	1 February 2017	30 June 2018
AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-16 Cycle	1 February 2017	30 June 2018

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

Note 2: Summary of significant accounting policies

2.3 Significant accounting policies

2.3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 24 August 2017.

2.3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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Note 2: Summary of significant accounting policies

2.3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; but
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non- controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Refer to note 13 for related party disclosures. Profit and loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition for up to the date of disposal, as applicable.

Note 2: Summary of significant accounting policies

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Sharebased Payment' at the acquisition date;
- and assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition- date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss

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where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Cash and cash equivalents

Cash comprises cash on hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. The Group did not have an overdraft during the financial period.

(d) Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(e) Financial instruments

Financial assets held by the Group are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted

from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories which are applicable to the Group: 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets: Loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced directly by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may hate to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(f) Financial liabilities and equity instruments issued by the Group

Classification of debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Movements in equity instruments in the Group during the reporting period are outlined in the statement of changes in equity and Note 10.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

(g) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

(h) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated

to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(k) Intangible assets

Patents, trademarks and licences

Patents, trademarks and licences are recorded at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IT Software

IT Software is recorded at cost less accumulated amortisation and impairment. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful lives are:

Class of intangible asset	2017	2016
Trademarks	10 years	10 years
IT software	3 years	3 years

(l) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress

billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

As lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Refer to note 2(b). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash- generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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(n) Property, plant and equipment

Buildings represent portable housing and fixtures in remote communities and are stated at cost less accumulated depreciation and accounting impairment losses.

Depreciation on buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued buildings, the attributable revaluation surplus remaining in the revaluation reserve, net of any related taxes, is transferred directly to retained earnings.

Furniture and fittings, containers, leasehold improvements, motor vehicles and components and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements and equipment under finance lease are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets acquired under $1,000 are written off immediately for financial accounting purposes.

The following depreciation rates were used for each class of asset:

Class of Property, Plant and Equipment	2017	2016
Containers	**20%**	20%
Furniture and Fittings	**20%**	20%
Housing	**10%**	10%
IT Equipment	**25% - 66.67%**	25% - 66.67%
Capitalised leased assets	**20% - 66.67%**	20% - 66.67%
Leasehold improvements	**2.50%**	2.50%
Motor vehicles and components	**20% - 33.33%**	20% - 33.33%

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The Group was not subject to an onerous contract during the reporting period.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(p) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and the titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- management and accounting fees are recognised by reference to the management service contract which reflect the performance of contracted services.

Rental income:

The Group's policy for recognition from operating leases is described in note 2(l).

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are recognised in accordance with the accounting policy outline in note 2(g).

Rebate income

Rebate income from suppliers is recognised when it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2.4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Useful lives of property, plant and equipment

As described in note 2(n), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. No changes were made to the useful lives for existing assets.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at

- future increases in wage and salaries;
- future on cost rates; and
- experience of employee departures and period of service

The potential effect of a change in these assumptions is not expected to be material.

Intangible assets

Useful lives for trademarks are based on contractual life for trademark registrations. In determining the estimated useful lives for IT Software, management relies on guidance provided by the Australian Taxation Office. The potential effect of a change in these estimates is not expected to be material.

Inventories

Inventory set out in note 6B represents finished goods purchased for sale in the retail stores owned and managed by the Group and is calculated at the lower of cost and net realisable value as stated in note 2 (j). The net realisable value of inventories is the estimated selling price in the ordinary

Note 2: Summary of significant accounting policies

course of business less estimated cost to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold. The potential effect of a change in these assumptions is not expected to be material.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cashgenerating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2017 was $0 (30 June 2016: $559,127). An impairment loss of $559,127 was recognised during 2017 (2016: nil). Further disclosures are set out in note 18.

Note 3: Revenue

	Consolidated	
	2017	2016
	$	$
Note 3A: Revenue from Government Grants		
Grants from related entities:		
Department of Social Services - Food Grant	**1,018,663**	1,917,032
Department of Social Services - Food Security	**612,106**	1,062,088
Department of Social Services - Governance and Training	**-**	157,667
Total revenue from Government Grants	**1,630,769**	3,136,787
Note 3B: Sale of goods and rendering of services		
Management fees	**3,923,675**	4,003,289
Sale of goods	**5,587,856**	6,455,219
Total sale of goods and rendering of services	**9,511,531**	10,458,508
Note 3C: Interest income		
Financial Institutions	**29,331**	25,328
Interest from Loans to Stores	**79,934**	12,155
Term Deposits	**1,196,840**	1,303,894
Total interest income	**1,306,105**	1,341,377
Note 3D: Rental income		
Operating lease:		
House	**19,905**	14,993
Total rental income	**19,905**	14,993
Note 3E: Store recoveries and charges		
Managers Services On-charged	**6,156,819**	6,687,448
Recoveries from Managed Stores	**1,626,783**	1,671,320
Total store recoveries and charges	**7,783,602**	8,358,768

Note 3: Revenue (cont)

	Consolidated	
	2017	2016
	$	$
Note 3F: Other revenue		
Commission received	**12,363**	12,001
Consultancy fees	**204,719**	305,990
Sundry income	**207,924**	106,128
Training government subsidy	**273,281**	256,693
Total other revenue	**698,287**	680,812

Outback Stores Pty Ltd and its Controlled Entities
Notes to the financial statements for the year ended 30 June 2017

Note 4: Expenses

	Consolidated	
	2017	2016
	$	$
Note 4A: Consulting expenditure		
Consultancy fees	**117,344**	272,089
Legal fees	**11,538**	17,509
Total consulting expenditure	**128,882**	289,598
Note 4B: Cost of goods sold		
Purchases and direct cost	**4,096,046**	4,952,355
Note 4C: Depreciation and amortisation		
Amortisation of intangible assets	**62,040**	53,037
Depreciation of property, plant and equipment	**813,633**	1,052,397
Total depreciation and amortisation	**875,673**	1,105,434
Note 4D: Employee benefits expense		
Wages and salaries	**11,229,847**	11,611,970
Travel and other allowances	**89,185**	124,688
Superannuation contributions - defined contribution plans	**1,005,254**	1,025,727
Staff incentive provision	**15,134**	18,512
Leave and other entitlements	**(5,303)**	129,181
Total employee benefit	**12,334,117**	12,910,078

Note 4: Expenses (cont)

Note 4E: Store grant expenditure

	Consolidated 2017 $	Consolidated 2016 $
Barunga - Barunga Community Store Indigenous Corporation - Ngan Jilngurru Store	**54,524**	5,725
Beagle Bay - Ngarlan Store Indigenous Corporation	**-**	174,052
Jigalong - Jigalong Community Enterprises Pty Ltd atf Jigalong Community Unit Trust	**375**	3,140
Bulman - Gulin Gulin Community Store Aboriginal Corporation	**-**	(9,767)
Canteen Creek - Canteen Creek Store Nominees Pty Ltd atf Canteen Creek Store Charitable Trust	**-**	7,284
Engawala - Ntjaminya General Store Aboriginal Corporation	**28,659**	71,059
Epenarra - Wetengerr Aboriginal Corporation	**154,549**	104,162
Imanpa - Imanpa General Store Anangu Aboriginal Corporation	**234,987**	277,339
Jilkminggan - Dungalan Aboriginal Corporation	**72,567**	172,729
Mulan - Pinanyi Store Aboriginal Corporation	**93,916**	79,385
Pigeon Hole - Nitjpurru Aboriginal Corporation	**74,139**	110,447
Ringer Soak - Kundat Djaru Community Store Aboriginal Corporation	**198,087**	252,919
Titjikala - Titjikala Community Store Aboriginal Corporation	**109,389**	85,225
Ti Tree - Anmatjere Community Store Aboriginal Corporation	**201,946**	93,004
Willowra - Wirliyajarrayi Aboriginal Corporation	**3,485**	19,541
Yiyili - Yiyili Store Indigenous Corporation	**122,778**	79,263
Mt Liebig - Mt Liebig Community Store Aboriginal Corporation	**33,724**	3,000
Tjuntjuntjara - Paupiyala Tjarutja Aboriginal Corporation	**87,766**	179,414
Timber Creek - Wirib Pty Ltd T/as Wirib Store and Tourism Park	**154,391**	182,638
Oak Valley - Oak Valley (Maralinga) Inc T/as Oak Valley Community Store	**5,875**	(2,000)
Total store grant expenditure	**1,631,157**	1,888,559

Store grants represent non-recoverable cash advances and other underpinning to assist unviable remote community stores.

Outback Stores Pty Ltd and its Controlled Entities
Notes to the financial statements for the year ended 30 June 2017

Note 4: Expenses (cont)

Note 4F: Administrative expenditure

	Consolidated 2017 $	Consolidated 2016 $
Travel and accommodation	**384,590**	366,955
Loss on disposal of fixed assets	**-**	9,121
Bad debts	**(61)**	(45,639)
Information technology	**217,318**	219,767
Recruitment costs	**64,159**	57,176
Insurance	**366,852**	361,612
Accountancy fees	**32,225**	40,876
Audit fees (Note 4I)	**43,800**	52,750
Motor vehicle	**190,171**	228,922
Fringe benefit and payroll tax	**711,820**	740,569
Training	**153,335**	182,271
Communication	**111,899**	104,683
Other expenses	**1,252,132**	987,903
Total Administrative expenditure	**3,528,240**	3,306,966

Note 4G: Other grant expenditure

Expenditure of grants received from other entities:		
Food Security	**-**	2,000
Nutrition	**-**	157,667
Other	**-**	258,707
Total other grant expenditure	**-**	418,374

Note 4H: Auditors' remuneration

Amounts paid or payable in respect of the audit or review of the financial statements of the Group to:		
The Australian National Audit Office	**43,800**	52,750
Total auditors' remuneration	**43,800**	52,750

No non-audit services were provided by the Australian National Audit Office.

Note 5: Income tax expense

	Consolidated	
	2017	2016
	$	$
Note 5A: Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense / (income) in respect of the current year	**22,954**	17,394
Current tax	**22,954**	17,394
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	**31,426**	130,330
Total income tax expense	**54,380**	147,724

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense / (benefit) in the financial statements as follows:

Profit before income tax	**(459,879)**	851,308
Income tax expense calculated at 30% (2016: 30%)	**(137,964)**	255,393
Effect of expenses that are not deductible in determining taxable profit	**926,164**	3,983
Effect of income that are deductable in determining taxable profit	**(733,820)**	14,029
Effect of unused tax losses not recognised as deferred tax asset	**-**	(125,681)
Income tax expense in statement of comprehensive income	**54,380**	147,724

The tax rate used in the above reconciliation is the corporate tax rate of 30 % payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Note 5B: Franking Credits		
Opening balance	**2,271,924**	2,002,531
Tax paid	**17,394**	269,393
Closing balance	**2,289,318**	2,271,924

Note 5C: Current tax liabilities		
Current tax liabilities		
Income tax payable	**22,954**	17,394
Closing balance	**22,954**	17,394

Outback Stores Pty Ltd and its Controlled Entities
Notes to the financial statements for the year ended 30 June 2017

Note 5: Income tax expense (cont)

Note 5D: Deferred tax balances
Consolidated
Deferred tax assets / (liabilities) arise from the following:

2017	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	**Total**
	$	$	$	$	**$**
Temporary differences					
Prepayments	(34,126)	-	(3,143)	-	**(37,269)**
Property, plant & equipment and Intangible assets	27,665	-	(26,616)	-	**1,049**
Other assets	14,377	-	(4,830)	-	**9,547**
Accrued expenses	4,311	-	1,718	-	**6,029**
Employee benefits	388,839	-	(309)	-	**388,530**
Provision for audit fees	11,445	-	2,055	-	**13,500**
Fringe benefit and payroll tax	4,166	-	(301)	-	**3,865**
	416,677	-	(31,426)	-	**385,251**
Presented on the statement of financial position as follows:					
Deferred tax liability attributable to continuing operations					37,269
					37,269
Deferred tax asset attributable to continuing operations					422,520
					422,520

2016	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	**Total**
	$	$	$	$	**$**
Temporary differences					
Allowance for impairment	13,690	-	(13,690)	-	**-**
Prepayments	(8,185)	-	(25,941)	-	**(34,126)**
Property, plant & equipment and Intangible assets	154,755	-	(127,090)	-	**27,665**
Other assets	19,484	-	(5,107)	-	**14,377**
Accrued expenses	29,184	-	(24,873)	-	**4,311**
Employee benefits	319,522	-	69,317	-	**388,839**
Provision for audit fees	13,295	-	(1,850)	-	**11,445**
Fringe benefit and payroll tax	5,262	-	(1,096)	-	**4,166**
	547,007	-	(130,330)	-	**416,677**
Presented on the statement of financial position as follows:					
Deferred tax liability attributable to continuing operations					34,126
					34,126
Deferred tax asset attributable to continuing operations					450,803
					450,803

Note 6: Current Assets

	Consolidated	
	2017	2016
	$	$
Note 6A: Cash and cash equivalents		
Cash	**1,808,201**	3,449,439
Short term deposits	**47,200,000**	48,900,000
Total cash and cash equivalents	**49,008,201**	52,349,439

The effective interest rate on short term deposits was 2.6% (2016: 3.03%). The deposits have an average maturity of 84 days.

Note 6B: Inventories		
Finished goods at cost	**253,458**	315,549
	253,458	315,549

Inventories are purchased goods used in trading community stores that are owned and operated by the Group and are expected to be recovered within twelve months.

The cost of inventories recognised as an expense during the year in respect of continuing operations was $4,170,239 (2016: $4,572,591).

Note 6C: Trade and other receivables		
Trade receivables (i)		
Other	**1,985,209**	26,741
Rebates	**-**	615,290
Store debt	**-**	1,432,389
	1,985,209	2,074,420
Allowance for impairment of trade receivables		-
Total trade receivables	**1,985,209**	2,074,420
Other receivables		
Accrued interest	**424,587**	309,358
Bonds	**13,866**	13,866
Sundry receivables	**106,702**	72,906
Total other receivables	**545,155**	396,130
Total trade and other receivables	**2,530,364**	2,470,550

(i) No interest is charged on outstanding debtor balances. An allowance has been made for irrecoverable amounts determined from liquidity review of individual stores and management views. Debtor days is not viewed as an accurate measurement of impairment of receivables.

Note 6: Current Assets (cont)

	Consolidated	
	2017	2016
	$	$
Net receivables are aged as follows:		
Not overdue	**2,451,512**	2,356,501
Overdue:		
30 to 60 days	**15,820**	(6,206)
60 to 90 days	**13,043**	(5,023)
More than 90 days	**49,989**	125,278
Total trade and other receivables	**2,530,364**	2,470,550
Movement in allowance for impairment of trade receivables		
Balance at the beginning of the year	**-**	45,633
Impairment (decrease)/increase recognised on receivables	**-**	(45,633)
Balance at the end of the year	-	-

Note 6D: Other financial assets		
Current		
Loans to other entities (i)	**148,310**	96,237
	148,310	**96,237**
Non-current		
Loans to other entities (i)	**1,925,288**	285,897
Bond deposits	**546,828**	555,907
	2,472,116	841,804
Total other financial assets	**2,620,426**	938,041

(i) Loans to other entities represents unsecured commercial loans to community stores under the terms of management agreements, repayable over the loan agreement period, being between 1 to 10 years. Interest is charged between 5 - 9%.

Note 6E: Other current assets		
Prepayments	**152,799**	163,871
Total other current assets	**152,799**	163,871

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 7: Property, Plant and Equipment

	Consolidated						
	Housing at cost	Containers at cost	Furniture and fittings at cost	Leasehold Improve-ments at cost	Motor Vehicle and components at cost	IT Equipment at cost	Total
	$	$	$	$	$	$	**$**
As at 1 July 2016							
Gross book value	2,174,512	73,024	1,057,276	175,924	2,421,214	2,004,610	**7,906,560**
Accumulated depreciation/ amortisation and impairment	(836,729)	(71,825)	(199,334)	(141,570)	(1,774,906)	(1,589,406)	**(4,613,770)**
Net book value 1 July 2016	**1,337,783**	**1,199**	**857,942**	**34,354**	**646,308**	**415,204**	**3,292,790**
Additions	8,219	-	2,967	406	347,589	130,933	**490,114**
Depreciation	(113,312)	(400)	(73,083)	(4,585)	(375,929)	(246,324)	**(813,633)**
Disposals	-	-	-	-	(23,727)	-	**(23,727)**
Net book value 30 June 2017	**1,232,690**	**799**	**787,826**	**30,175**	**594,241**	**299,813**	**2,945,544**
Net book value at 30 June 2017 represented by:							
Gross book value	2,182,731	73,024	1,060,243	176,330	2,598,374	2,135,543	**8,226,245**
Accumulated depreciation/ amortisation and impairment	(950,041)	(72,225)	(272,417)	(146,155)	(2,004,133)	(1,835,730)	**(5,280,701)**
	1,232,690	**799**	**787,826**	**30,175**	**594,241**	**299,813**	**2,945,544**

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 7: Property, Plant and Equipment (cont)

	Consolidated						
	Housing at cost	Containers at cost	Furniture and fittings at cost	Leasehold Improve-ments at cost	Motor Vehicle and components at cost	IT Equipment at cost	Total
	$	$	$	$	$	$	**$**
As at 1 July 2015							
Gross book value	2,174,512	73,024	1,240,118	175,924	2,374,367	2,194,369	**8,232,314**
Accumulated depreciation/ amortisation and impairment	(725,318)	(71,425)	(296,058)	(135,414)	(1,628,450)	(1,477,715)	**(4,334,380)**
Net book value 1 July 2015	**1,449,194**	**1,599**	**944,060**	**40,510**	**745,917**	**716,654**	**3,897,934**
Additions	-	-	64,238	-	413,822	115,870	**593,930**
Depreciation	(111,411)	(400)	(80,456)	(6,156)	(446,732)	(407,242)	**(1,052,397)**
Disposals	-	-	(69,900)	-	(66,699)	(10,078)	**(146,677)**
Net book value 30 June 2016	**1,337,783**	**1,199**	**857,942**	**34,354**	**646,308**	**415,204**	**3,292,790**
Net book value at 30 June 2016 represented by:							
Gross book value	2,174,512	73,024	1,057,276	175,924	2,421,214	2,004,610	**7,906,560**
Accumulated depreciation/ amortisation and impairment	(836,729)	(71,825)	(199,334)	(141,570)	(1,774,906)	(1,589,406)	**(4,613,770)**
	1,337,783	**1,199**	**857,942**	**34,354**	**646,308**	**415,204**	**3,292,790**

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 8: Intangible Assets

	Consolidated		
	Trademarks	IT Software	**Total**
	$	$	$
As at 1 July 2016			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(15,162)	(468,690)	(483,852)
Net book value 1 July 2016	1,015	196,978	197,993
Amortisation	(1,015)	(61,025)	(62,040)
Net book value 30 June 2017		135,953	135,953
Net book value at 30 June 2017 represented by:			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(16,177)	(529,715)	(545,892)
	-	135,953	135,953
As at 1 July 2015			
Gross book value	16,177	613,480	629,657
Accumulated amortisation and impairment	(13,544)	(417,271)	(430,815)
Net book value 1 July 2015	2,633	196,209	198,842
Additions	-	52,188	52,188
Amortisation	(1,618)	(51,419)	(53,037)
Net book value 30 June 2016	1,015	196,978	197,993
Net book value at 30 June 2016 represented by:			
Gross book value	16,177	665,668	681,845
Accumulated amortisation and impairment	(15,162)	(468,690)	(483,852)
	1,015	**196,978**	**197,993**

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 9: Liabilities

	Consolidated	
	2017	2016
	$	$
Note 9A: Trade and other payables		
Trade creditors	**631,440**	592,951
Goods and services tax payable	**281,930**	270,760
Accrued expenses	**311,254**	279,350
PAYG withholding tax	**23,190**	23,917
Audit fees	**45,000**	38,150
Fringe benefit and payroll taxes	**72,323**	71,400
Total trade and other payables	**1,365,137**	**1,276,528**

The average credit period on purchases of goods is 1 month. No interest is charged on the trade payables for outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note 9B: Government grants		
Unexpended grants - Parent entity		
IBA - Northern Territory Emergency Relief Funding (NTER)	**1,226,177**	7,225,315
Department of Social Services Food Grant	**3,210,675**	8,607,767
Unexpended grants - Other		
Nutritional and minor Grant Funding	**-**	80,691
Governance and Training Grant Funding	**9,230,273**	-
Total grants	**13,667,125**	**15,913,773**
Grants liabilities are represented by:		
Current	**13,667,125**	15,913,773
Total grants	**13,667,125**	**15,913,773**

The deferred government grants are represented by the Department Families, Housing, Community Services and Indigenous Affairs for the purpose of supporting stores.

Note 9C: Provisions		
Current		
Employee benefits	**889,762**	782,294
Total current provisions	**889,762**	782,294
Non-current		
Employee benefits (i)	**401,066**	513,837
Total provisions	**1,290,828**	1,296,131

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 10: Issued Capital

	Consolidated	
	2017	2016
	$	$
Authorised and issued shares:		
40,000,001 fully paid ordinary share (2015: 40,000,001 fully paid ordinary share)	**40,000,001**	40,000,001

Note 11: Leases

Operating leases

Lessee arrangements

Operating leases relate to business premises with lease terms of between 1 to 6 years and residential facilities for temporary accommodation options. The lease terms include options to extend lease periods of between 1 and 2 years and escalation clauses that provide for rental increases based on CPI review. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Non-cancellable operating lease commitments

	Minimum lease payments	
Committed at the reporting date but not recognised as payables:		
Within one year	**207,722**	198,889
One to five years	**578,587**	1,093,278
	786,309	1,292,167

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 12: Cash flow reconciliation

	Consolidated	
	2017	2016
	$	$
Note 12A		
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	**49,008,201**	52,349,439
Total cash and cash equivalents	**49,008,201**	52,349,439
Note 12B		
Reconciliation of profit / (loss) to cash flows from operating activities		
Profit / (loss) for the year after income tax	**(514,259)**	703,584
Items reclassified as investing activities:		
Interest received	**(1,306,105)**	(1,341,377)
Underpinning of stores	**1,631,157**	2,306,933
Non cash flows in profit		
Depreciation and amortisation	**875,673**	1,105,434
Gain on disposal of fixed assets	**(35,998)**	(44,549)
Loss on disposal of fixed assets	**-**	9,121
Impairment of Goodwill	**559,127**	-
Changes in net assets and liabilities:		
(Increase) / decrease in assets:		
Trade and other receivables	**(59,814)**	190,156
Inventories	**62,091**	127,853
Other current assets	**11,072**	(63,561)
Deferred tax assets	**28,283**	104,389
Increase / (decrease) in liabilities:		
Trade and other payables	**43,610**	(413,958)
Grants	**(2,246,648)**	(1,911,002)
Current tax liabilities	**5,560**	(260,104)
Deferred tax liabilities	**3,143**	25,941
Provisions	**39,697**	165,486
Net cash from/(used in) operating activities	**(903,411)**	704,346

Note 13: Related Party Disclosures

Parent and Ultimate Parent Entity

The immediate parent and ultimate controlling party of the Group is the Department of The Prime Minister and Cabinet, on behalf of the Commonwealth of Australia.

Balances and transactions between the company and its subsidiary, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

Relationship

Ti - Tree Grocery Store and Cardwell Supermarket are subsidiaries of Outback Stores Pty Ltd, see note 17.

Mr Cook, who joined the Board in September 2015 provided support services to the management team from 18 July, 2016 to 30 October 2016. This service was provided at a commercial rate.

Transactions with Key Management Personnel

No transactions were entered into with key management personnel, other than that under their employment arrangements.

Terms and conditions

Majority of the POS systems are owned by Outback Stores and rented to stores managed by Outback Stores.

Trading transactions between Outback Stores and ALPA

The following trading transactions were recognised during the financial year:

	Consolidated	
	2017	2016
IT expenses	-	18,068

Outback Stores previously had an agreement with ALPA for IT helpdesk services and this contract expired in August 2015. No amounts were owing to ALPA at the end of the reporting period in relation to trading and other transactions and no related party relationship existed during the financial year.

Note 14: Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated	
	2017	2016
	$	$
Short-term employee benefits	**1,157,283**	1,057,735
Total	**1,157,283**	1,057,735

Details of key management personnel:

The directors and other members of key management personnel of the Group during the year were:

Mr. M. Borg	Chief Executive Officer (appointed 24 October 2016)
Mr. E. Ralph	Group Operations Manager (appointed 19 December 2016)
Mr. W. Bretag	Chief Operating Officer (appointed 27 February 2017)
Mr. J. Rathore	Chief Financial Officer (appointed 1 July 2015)
Mr. S. Bradley	Chairman (appointed 31 July 2007)
Mr. R.E. Hudson	Director (appointed 24 July 2008)
Mr. G. Cook	Director (appointed 16 September 2015)
Ms. S. Cleveland	Director (appointed 1 September 2016)
Mr. S. Bate	Director (appointed 1 September 2016)
Prof. S. Eades	Director (appointed 1 September 2016)
Mr. J. Quill	Operations Manager (finished employment 25 November 2016)
Ms. L. Dutton	Chief Operating Officer (finished employment 20 January 2017)
Mr. S. Moore	Chief Executive Officer (finished employment 26 August 2016)

Note 15: Financial Instruments

	Consolidated	
	2017	2016
	$	$
15A Categories of financial instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	**49,008,201**	52,349,439
Trade and other receivables	**2,530,364**	2,470,550
Other financial assets - loans	**2,620,426**	938,041
Carrying amount of financial assets	**54,158,991**	55,758,030
Financial Liabilities		
Other financial liabilities:		
Trade and other payables	**1,365,137**	1,166,978
Deferred renvue	**13,667,125**	15,913,773
Carrying amount of financial liabilities	**15,032,262**	17,080,751

Note 15: Financial Instruments (cont)

15B Financial risk management objectives

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while meeting its social responsibility for food security through the optimisation of debt and grant funding.

The capital structure of the Group consists of issued share capital and retained earnings as disclosed in the statement of changes in equity.

The Group is not subject to externally imposed capital requirements. Operating cash flows are used to operate and expand the Group's operations as well as to make routine outflows of tax.

The nature of services provided contribute to the high liquidity risk underlying the financial instruments. The Group is dependent on ongoing government support to provide food security and quality stores within remote communities.

Financial risk management objectives

The Group has formalised risk management processes in place. A risk register is kept updated for all risks identified for the Group. It lends money to stores that it manages on approval from the Stores Assessment Committee, which is a sub committee of the Board of Directors. Loans are provided at a discounted rate of interest.

The Store Assessment Committee's purpose is to review the viability of new stores proposed for management agreements to evaluate required establishment and support funds. This committee assists in mitigating liquidity risk prior to entering into a new contract. In some instances the stores are unable to repay the loans and these amounts are then funded from grant income received from the Group's immediate parent and ultimate parent entity, the Australian Government.

The capital structure of the Group consists of debt and unexpended grant funding in note 9B.

Market Risk

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group only deals with stores that it manages, related parties, funding bodies or credit worthy counter parties such as Metcash. Metcash supply inventory to the Outback Store Group. It therefore is in a position to ensure that it minimises its exposure to credit risk.

Foreign currency risk management

The Group has minimum foreign exchange exposure and does not manage any implicit risk.

Interest rate risk

The Group's activities expose it to the financial risks of changes in interest rates. The Group has a treasury function policy and interest rate risks are managed by investing in short term interest bearing deposits, and lending to stores using varied maturity periods. Periods include up to ten years and are provided to stores at a discounted rate of interest.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Note 15: Financial Instruments (cont)

Interest rate risk management

The Group is exposed to interest rate risk from term deposits and loans provided to remote community stores. Currently there is a treasury function policy and interest rate risk is managed by investing in short term interest bearing deposits and lending to stores over the period of agreed management contracts. Term deposits and trading accounts are held in pre-approved financial institutions only.

The following tables illustrates the maturities for interest bearing financial assets subject to interest rate risk.

		Consolidation					
	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$	$	$	$	$	$
2017							
Short term deposits (fixed interest rate)	2.60%	-	22,750,000	18,050,000	-	-	**40,800,000**
Other cash & cash equivalents (variable interest)	1.90%	-	-	1,808,201	-	-	**1,808,201**
Store loans (fixed interest rate)	5.92%	-	-	148,310	1,925,288	-	**2,073,598**
Bond deposits	5.48%	-	-	-	546,828	-	**546,828**
		-	**22,750,000**	**20,006,511**	**2,472,116**	**-**	**45,228,627**
2016							
Short term deposits (fixed interest rate)	3.03%	-	3,500,000	45,400,000	-	-	**48,900,000**
Other cash & cash equivalents (variable interest)	1.90%	-	-	3,449,439	-	-	**3,449,439**
Store loans (fixed interest rate)	5.92%	-	-	96,237	285,897	-	**382,134**
Bond deposits	5.48%	-	-	-	554,617	-	**554,617**
		-	**3,500,000**	**48,945,676**	**840,514**	**-**	**53,286,190**

Liquidity risk management

Ultimate responsibility for liquidity risk management exists with the Board of Directors.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities (term deposits) to meet forecast cash flows taking into account maturity profiles of financial assets and liabilities.

The following tables illustrates the maturities for financial liabilities attributable to liquidity risk. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Outback Stores Pty Ltd and its Controlled Entities
Notes to the financial statements for the year ended 30 June 2017

Note 15: Financial Instruments (cont)

		Consolidation					
	Weighted Average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	$	$	$	$	$	$
2017							
Trade and other payables	-	-	1,365,137	-	-	-	**1,365,137**
Deferred revenue	-	-	-	13,667,125	-	-	**13,667,125**
		-	1,365,137	**13,667,125**	**-**	**-**	**15,032,262**
2016							
Trade and other payables	-	-	1,166,978	-	-	-	**1,166,978**
Deferred revenue	-	-	-	15,913,773	-	-	**15,913,773**
		-	**1,166,978**	**15,913,773**	**-**	**-**	**17,080,751**

15C Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Unless where otherwise stated, the directors consider the financial assets and financial liability carrying amount to also be its fair value.

Fair value hierarchy as at 30 June 2017

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Loans and receivables:				
Trade and other receivables	-	-	2,530,364	**2,530,364**
Loans			2,620,425	**2,620,425**
Total	**-**	**-**	**5,150,789**	**5,150,789**
Financial liabilities				
Financial liabilities held at amortised cost:				
Deferred revenue	-	-	13,667,125	**13,667,125**
Trade and other payables	-	-	1,365,137	**1,365,137**
Total	**-**	**-**	**15,032,262**	**15,032,262**

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. Level 3 inputs are unobservable inputs for the asset and liability.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 16: Parent Entity Disclosures

	Company	
	2017	2016
	$	$
Financial position		
Assets:		
Current assets	**53,559,850**	56,533,260
Non-current assets	**5,249,295**	3,963,548
Total assets	**58,809,145**	60,496,808
Liabilities		
Current liabilities	**15,937,183**	17,620,086
Non-current Liabilities	**34,126**	513,472
Total liabilities	**15,971,309**	18,133,558
Equity		
Issued capital	**40,000,001**	40,000,001
Retained earnings	**2,837,835**	1,455,864
Total equity	**42,837,836**	41,455,865

	Year ended 2017	Year ended 2016
	$	$
Comprehensive income		
Profit for the year	**420,207**	907,385
Total comprehensive income	**420,207**	907,385

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2017

Note 17: Subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group
Cardwell Supermarket Pty Ltd	Ownership and operation of a retail supermarket	Incorporation - 67 Pruen Rd, Berrimah NT, 0828 Operation - 198 Victoria Street, Cardwell QLD, 4849	100 ordinary shares - all owned by Outback Stores
Ti Tree Grocery Store Pty Ltd	None	Incorporation - Bonner House, 5 Neptune Street, Woden ACT 2606 Operation - 535 Spencer Street, Ti Tree NT 0872	1 ordinary share - owned by Outback Stores

NOTES

Note 18: Goodwill

	Consolidated	
	2017	2016
	$	$
Cost	**559,127**	559,127
Accumulated impairment losses	**(559,127)**	-
	-	**559,127**
Cost:		
Opening balance	**559,127**	559,127
Additional amount recognised	**-**	-
Closing balance	**559,127**	559,127
Accumulated impairment losses Opening balance		
Impairment loss recognised in the year Closing balance	**-**	-
Non-current Liabilities	**(559,127)**	-
Total liabilities	**(559,127)**	-

Note 19: Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets at balance date that required reporting.

Note 20: Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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