

28/8/2020

Resolution of dispute between Outback Stores (OBS) and Wirrimanu Community Store Aboriginal corporation (WCSAC)

Outback Stores relationship with Wirrimanu Community Store goes back to 2007 when we were initially asked to assist with the store management. It was a difficult period with the Wirrimanu Aboriginal Corporation in administration, and the store owners were facing significant problems of financial mismanagement leaving the store owners with mounting losses and carrying debt.

Over the next 10 years, we built a very strong relationship with the Directors of WCSAC and community leaders. Our partnership with WCSAC and collaborative approach delivered outstanding social and commercial outcomes for the store owners and the Balgo community in general.

We are extremely proud of our joint achievements, one of them being the reduction in sugar consumption through a community led educational program that saw the purchasing of full sugar soft drinks drop by 56% over a 4-year period.

On the commercial front, our dedicated team guided the store to a strong financial position through sound operations of their community store. Over this period, sales grew from \$3.8million in 2008 to \$6.1million in 2019 and store delivered a net profit of \$3.7million which also grew their assets to \$4.8million in 2019 all whilst OBS assisted the store to support the community, along with many other positive outcomes.

In addition to the positive social and commercial outcomes, the most significant milestone was the newly built modern style Balgo community store completed in 2017, which was funded through the profits earned by the store during Outback Stores management, and a commercial loan from Outback Stores.

Unfortunately, in recent years a leadership change in the community has started to strain our long-term relationship, ending in WCSAC unlawfully evicting and preventing Outback Stores from managing the Wirrimanu Community Store in October 2019. Later in the same month, WCSAC filed a court application against Outback Stores claiming that Outback Stores was required to account for rebates earned pursuant to a 2008 management agreement, and that Outback Stores engaged in unconscionable conduct by entering into agreements with WCSAC in 2011 and 2015.

Outback Stores denied those allegations and tried to resolve WCSAC's concerns in an amicable manner on various occasions, including through mediation in November 2019. Unfortunately, WCSAC was determined to proceed with its claims, and also elected to provide its views on the dispute (with which Outback Stores disagrees) to media outlets. Outback Stores maintains its position that it did not breach any duties, or engage in any unconscionable conduct and has always acted in the best interests of communities and community stores.

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The dispute was listed for a trial commencing on the 11th of September 2020 and we were prepared to defend our position through the trial process. However, in early August 2020 WCSAC requested that both parties again mediate this matter prior to trial. Through that process we were able to settle the matter on a confidential basis. A joint media statement was agreed upon, which outlines that:

- Proceedings against Outback Stores have been dropped in full
- Outback Stores did not pay any form of compensation to WCSAC
- Outback Stores maintains a commercial loan agreement with WCSAC with an outstanding amount of \$928,000 is still owing to Outback Stores
- Outback Stores offered to manage the store moving forward, WCSAC declined the offer and will continue to manage it themselves
- Both parties are to bear their own legal costs

Outback Stores remains open to assist WCSAC into the future, if required, and wishes the community and its current leadership team all the best for the future. We hope WCSAC can continue to deliver strong social, nutritional and commercial outcomes.

Michael Borg, CEO



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