

OUTBACK
Stores
Working With Communities

Annual Report 2019/20



Outback Stores

Working with communities

41

STORES
ACROSS NT,
WA & SA

527

TONNES
OF FRESH
FRUIT AND
VEGETABLES
SOLD IN
COMMUNITIES

2

TONNES
REDUCTION
OF SUGAR
CONSUMED
THROUGH
SUGARY
DRINKS

87%

OF ALL TEAM
MEMBERS
EMPLOYED IN
STORES ARE
ABORIGINAL
AND TORRES
STRAIT
ISLANDER





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

27th of August 2020

The Honourable Ken Wyatt AM

The Minister for Indigenous Australians

PO Box 6022

House of Representatives

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 2020.

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 information or reports 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 26th August 2020.

Yours Sincerely,

Dr. Susan Gordon AM



Message from the Chairperson

Outback Stores Pty Ltd (The Group) faced uncharted waters in the second half of the year with the impact of the COVID-19 outbreak. Despite significant challenges we continued to deliver on our social objectives.

Through the peak impact of COVID-19 from March to June we experienced noted sales increases due to community lock down and increased welfare payments in remote communities. These impacts along with a continued focus on delivering quality and affordable fresh produce saw a record 527 tonnes of fruit and vegetables sold through store registers, a 14.78% increase on the previous year.

Pleasingly, the proportion of sugary drinks sold continued to decline, this year by 4.15%. Comparative tobacco sales also decreased by 4.39%. Year on year we continue to make positive improvements in the health and nutrition space.

We continue to work closely with communities on engaging local people with meaningful work. Stores employed 219 Aboriginal and Torres Strait Islander people, 87% of all store staff.

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 Group continues to work to reduce costs in stores and become more efficient in the way we manage them. The Company still manages a large number of stores that are not viable due to small populations and geographical difficulties.

We have taken further steps towards our goal of achieving financial self-sustainability. This year saw improved returns through differentiation of capital investments, a decrease in financial underpinning whilst maintaining stringent cost controls.

The Executive Team is to be commended on their leadership in the face of a global pandemic. Their pre-emptive action of forming an internal working group to coordinate our response to the virus has been integral in minimising the impacts for our staff, customers and suppliers. A special thank you to our store managers and staff working in communities. Your commitment through unprecedented times has been exceptional.

Finally, I would like to thank my fellow Directors for their support over the past 12 months. We have the utmost confidence that the Executive Team will continue to drive the strategic direction of the business and deliver on our vision, mission and nutrition aim into the future.

Dr Susan Gordon AM
Chairperson

Message from the CEO

Outback Stores Pty Ltd demonstrates its commitment to making a positive difference to the health, employment and economy of remote Aboriginal and Torres Strait Islander communities by providing the highest quality retail stores in our market sector.

We maintain an unwavering commitment to supporting remote communities by guaranteeing access to, and improving affordability of food supply and delivering the best possible outcomes for the communities we serve.

Outback Stores Pty Ltd operated at loss of \$784,000 for the 2019-20 financial year. As we operate on not-for-profit principles, our aim is to achieve financial break even.

We finished the year with forty remote community stores under management with total sales of \$100.4 million, our strongest sales result since inception.

Certain stores we manage on behalf of communities are not financially viable. This year we provided \$930,000 of funds across 12 stores to ensure continuous access to a fresh, healthy and affordable food supply. A further \$229,000 was invested on capital improvements across 13 stores.

Our focus is to work towards financial self-sustainability. Our goal is to achieve an independent self-funded Outback Stores that will support remote communities and deliver improved social outcomes without the need for any additional government subsidy in the future. The most meaningful measure of this objective is cash outflow (excluding loans). Outflows totalled \$918,000 for the year with significant sales increases in the second half of the year contributing favourably towards the result.

The remote retail industry faced significant challenges in relation to the COVID-19 pandemic in the second half of the year. Whilst there is still more to unfold, I would like to acknowledge the collective effort from our team in ensuring communities remained safe, well informed and stores remained open, providing food security throughout a global pandemic. We have included a story detailing our work and the outcomes delivered for communities in this report.

This year we welcomed three new stores in the Northern Territory with the Alpirakina Store (Yuelamu) in the Central Desert region, the Nauiyu Store (Daly River) in the Victoria Daly region, and Wild Foods Café (Maningrida) in West Arnhem Land joining our business. We look forward to long and prosperous working relationships with these entities.

Our Executive and Senior Leadership Teams remained stable and without change over the past 12 months. In a unique and specialised industry, continuity and consistency of leadership is an important factor in delivering our key objectives.

Over the next 12 months we will remain focussed on supporting remote communities with a food security need as well as improving health, nutrition, employment and training outcomes.

A huge thank you to our store managers for your outstanding commitment and dedication. Thank you for continually stepping up to every challenge that has been presented, and showing amazing resilience through what can only be described as unprecedented times. The greater Outback Stores team genuinely appreciates the sacrifices you make to deliver the best stores possible for the communities we serve.

Thank you to Dr Sue Gordon and the Board for their ongoing support, as well as the Executive and Senior Leadership Teams and all staff for their consistent hard work and dedication to delivering results throughout difficult and challenging times. Finally, I would like to thank our clients and the store directors: it's a privilege working with like-minded organisations to deliver the best possible-outcomes for local people through well governed and operated community stores.

Michael Borg
CEO

COVID-19 Pandemic

COVID-19 (coronavirus) was first confirmed in Australia in late January 2020. Whilst at this time no one would fully comprehend how profoundly our lives would change throughout the year, the remote retail sector would band together strongly to ensure remote communities were well supported through the peak of a global pandemic.

The Outback Stores Executive Team was quick to act identifying the potential impact, establishing an internal working group to coordinate our response to the virus in early March.

The working group focused on three key areas:

- Our customers - Keeping community stores open and ensuring food security
- Our team - Keeping our team and communities safe, healthy and well informed
- Our suppliers - Working with suppliers to ensure uninterrupted trade and ensure food security for remote communities

In early March Outback Stores suspended all travel for non-essential services into remote communities until further notice. All non-essential interstate travel for our support team was suspended. Our store managers made strong commitments to stay and support their communities and 95% of our Darwin and Alice Springs support offices transitioned to a work from home environment.

The World Health Organisation (WHO) characterised the COVID-19 outbreak as a global pandemic thereafter on March 11th.

As remote communities were being designated as biosecurity zones in late March, Outback Stores was working proactively in the background on ensuring food security as part of a national taskforce under the leadership of Federal Minister for Indigenous Australians The Honourable Ken Wyatt AM.



In light of travel restrictions in and out of communities, the Australian Government increasing welfare payments, and mainstream retailers facing challenges in maintaining stock, collective action was required to ensure food supply to remote communities was prioritised at this uncertain time.

Consisting of key suppliers and manufacturers, fellow retailers; Woolworths, Coles, Arnhem Land Progress Association (ALPA), Community Enterprise Queensland (CEQ) along with State and Territory Governments, the taskforce collaborated daily to ensure that remote communities were well supported with food supply and pricing remained stable.

“During this time, we saw the taskforce step up and go the extra mile to ensure that remote stores were a priority, keeping food security strong. It was great to



see groups from across the nation work together on a common cause and to collaborate rather than compete,” said Outback Stores CEO Michael Borg.

With good stock levels across most stores due to forward planning, an increase in deliveries to some stores and its purchase of two additional stock builds totalling \$1.9 million. Outback Stores was well-prepared for the 75-100% increase in sales that stores experienced from late March to the start of June.

Whilst stores kept prices stable and food security strong, Store Managers on the ground were working overtime to ensure communities were well supported.

Ross McDermott manages the community store at Beswick with his wife Sandra. The couple have been working in remote communities with Outback Stores for over 10 years.

“Along with sales increasing we definitely noticed that buying patterns changed during the biosecurity period. People were spending more on buying healthy food like meat, eggs and fresh fruit and vegetables, which was really good,” said Ross.

The Beswick Store reported a 90% sales increase on the previous year from March to the end of June. Along with providing food security for its own community, the store also had to support residents from neighbouring Barunga and Manyallaluk who travelled to Beswick to complete their shopping.

“I have not seen sustained trade before like we did over this time. We had to work long hours and seven days just to keep stock on the shelves,” said Ross.

“We had to ask the store directors to help us manage the traffic in and out of the store on numerous occasions such as the number of customers.”

“Whilst this was a really challenging time, we know the community really appreciated the effort that went into keeping the store running and well stocked,” he said.

Susie Low is the CEO of Atyenhenge-Atherre Aboriginal Corporation (AAAC) who owns the community store in Santa Teresa (Ltyentye Apurte).

“During the COVID-19 lockdown, the AAAC Board decided to reduce the price of all stock by 15% in the store, and Outback Stores immediately put the change in place.”

“Store staff were inundated with orders for essential supplies for local stakeholders such as the school, Aged Care, Pre-School, Catholic Care NT and AAAC. Outback Stores acted quickly to bring an additional manager to Ltyentye Apurte to support the local managers with the extraordinary workload.”

“Cleaning, social distancing and hand sanitising regimes were put in place and monitored. During these uncertain times, the Outback Stores team supported the community above and beyond expectations. Despite community frustration with COVID-19 and subsequent restrictions, the store managers undertook their work with diligence and good humour,” said Susie.

Ingrid Stonhill leads the Bawinanga Aboriginal Corporation (BAC) in Maningrida, the largest remote community in the Northern Territory.





“Many of our countrymen and women returned to the perceived safety of home from Darwin and other parts of the NT.

That created extra pressure on BAC to deliver services to the surging population in Maningrida and our 32 homelands,” said Ingrid.

“Food security and meeting health needs became an important focus at this time. As we shut down our non-essential areas, we re-arranged staff duties to cope with the growing demand on our Barlmark Supermarket and Tucker Run out to outstations.”

“Our working relationship with Outback Stores ensured that our fresh fruit and vegetable deliveries continued twice weekly, even while other food suppliers in Maningrida experienced supply and delivery shortfalls. We were guided by Outback Stores’ expert advice on the state of domestic and international markets which contributed to keeping pricing at normal levels and avoiding stock piling.”

“The increased demand meant unprecedented delivery loads and shelf-stocking. Our wonderful staff responded by working extra shifts ensuring that our local families and increased outstation population received full weekly deliveries.”

Despite the challenges faced during COVID-19, CEO Michael Borg said he is extremely proud of the collective effort from the Outback Stores team through unprecedented times.

“Our store managers have done an outstanding job. They have faced multiple challenges of additional stock being sent to stores, uplifts in sales, all while adjusting to the ever-changing coronavirus situation and important guidelines of staying on country and limiting travel. We wouldn’t be where we are today without their effort,” he said.

“Our support office team worked tirelessly around the clock to ensure food and other essential supplies were available for stores. In general, stores held good stock availability with minimal out of stocks, which in many cases was better than metro supermarkets.”

“We understand that there is more to transpire in relation to this COVID-19, however the learnings taken from the challenges we have faced over the past four months place our business and the wider industry in a good position to react to any rapid change in the future.”





Supplier Spotlight

INDEPENDENT GROCERS DARWIN

Independent Grocers (IG) Darwin are Outback Stores' main supplier and play an integral part of ensuring food security for remote communities throughout the Northern Territory. Jennie Collis is the General Manager Independent Grocers Darwin Branch.

"As we saw COVID-19 unfold we experienced people in capital cities panic buying which placed considerable pressure on stock availability throughout the country. From our perspective we knew it was critical to engage with our manufacturers early in the piece to guarantee additional stock for essential services such as remote communities, hospitals and aged care," said Jennie.

"Educating manufacturers based in Melbourne and Sydney on the demographics of remote communities was really important. Generally, there just isn't an understanding that remote communities generally only have one store, that gets one delivery, to feed hundreds of people each week. If a store doesn't receive stock, the community doesn't have food. To their credit manufacturers stepped up to support us with guaranteeing additional stock."

Independent Grocers experienced volume increases of up 120% during March to July. The IG and Outback Stores teams were linking up daily to ensure that the right stock was available for communities.

"Our team was working long hours and 7 days a week just to keep up with day to day demand, I know our manufacturers, freight providers and retailers were all doing the same as well. I'm proud of our team and their dedication and contribution towards a collaborative industry effort that provided an outstanding standard of service for remote communities through unprecedented times."

**Photo: Jennie Collis - General Manager Independent Grocers Darwin & Peter DeJonge - Operations Manager at their Darwin warehouse.*

Health & Nutrition

Remote communities work with Outback Stores to ensure a nutritious, affordable, and quality food supply. Our goal is to improve the health of Indigenous people living in remote communities by improving access to a nutritious and affordable food supply.

We aim to make healthy food and drink choices easier, while still maintaining choice. Our way of measuring success is reducing sugary drink sales and increasing the sales of fruit and vegetables.

Reducing sugary drinks

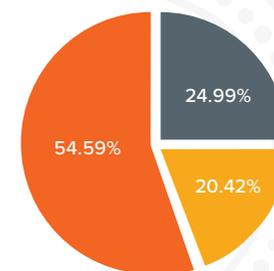
Community-led sugar reduction strategies with in-store initiatives have produced successful results in reducing the sales of sugary drinks. Each community has the opportunity with our support to create unique strategies in their store to make non-sugary drink options the easier choice.

The 2020 financial year saw a 4.15% drop in the proportion of sugary drinks sold (54.59%) in comparable Outback Stores on the previous year (58.74%). The proportion of water sold increased 1.32% and sugar free drinks increased 2.82%.

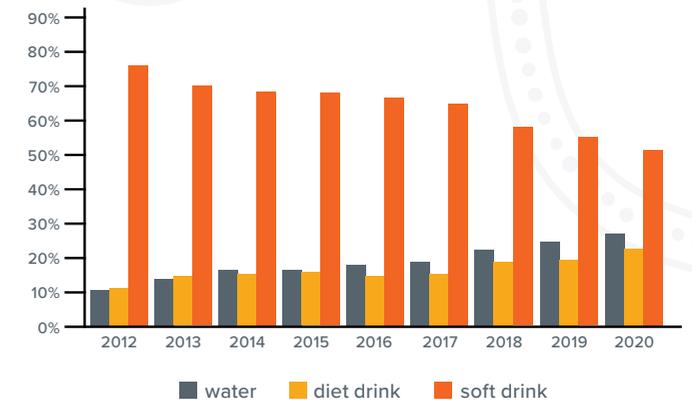
The result of this is 20,518 litres less sugary drinks or approximately 2 tonnes less sugar from sugary drinks sold in the remote communities where we work. This continues an ongoing trend that has seen the proportion of full sugar drinks fall over 20% from 76.5% in 2012. Stores with competitors and those close to regional centres find it more challenging to implement sugar reduction strategies. For the stores that have implemented specific strategies, it has resulted in dramatic reductions in sugar consumption from sugary drinks.

TOTAL DRINK SALES 2020

Proportion of total drink sales



Market Share Drinks for all stores





One of the major successes of the Outback Stores program of reducing sugary drinks has been the engagement with the communities in which we operate. Outback Stores nutrition and operations teams work closely with communities, including store owners and directors, to identify strategies specific to their store that can continue to reduce the volume of sugary drinks sold in stores.

In 2020 the Yalata community store directors made the decision to not sell sugary drinks larger than 600ml. This is a small but significant step in a community store to move community members away from purchasing full sugar drinks that is complemented with reduced pricing on sugar-free options. This step encourages choosing sugar-free and water over full sugar and led the Yalata community store to achieve a 14.94% reduction in the share of full sugar soft drink for FY2020.

**Photo: Yalata Store Director Ben Koko and Store Manager Tony Owens*



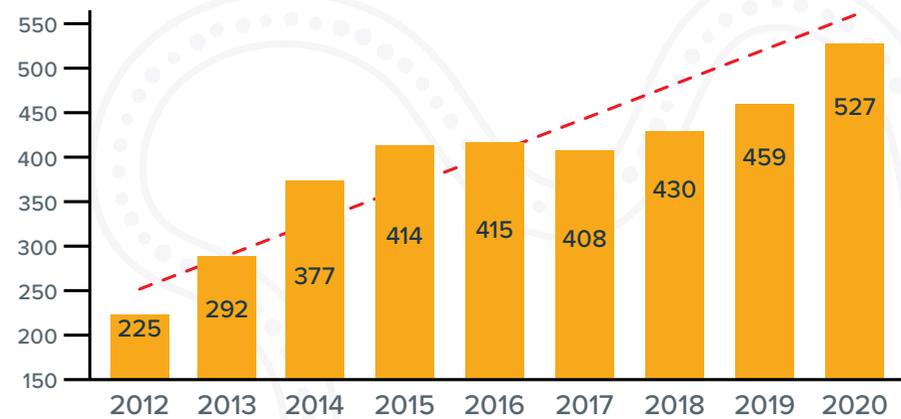


Fruit and Vegetables

Fresh fruit and vegetable sales growth is a key component of the Outback Stores nutrition strategy. In the 2020 financial year we saw a massive full store volume growth of 14.78% resulting in 527 tonnes of fresh fruit and vegetables actually purchased by our customers. Outback Stores' comparable sales growth was 13.94% at 453 tonnes.

In partnership with the communities where we operate, Outback Stores continued to implement modern and efficient display gondolas and refrigerated display cases in stores to support the sale of fresh fruit and vegetables. The Barlmark Supermarket invested in both modern new display gondolas and efficient new refrigerated display cases during the year and achieved a massive sales increase of 58.80% in fresh fruit and vegetables.

Sales of Fruit and Vegetables in comparable community stores



*Photo: Barlmark Supermarkets new fresh fruit and vegetable display gondolas and cases

Tobacco

Tobacco reduction continues to be a focus for Outback Stores and the communities where we work. In the 2019/20 financial year, we saw a drop of 4.39% in the volume of tobacco sold in comparable Outback Stores managed stores and a combined comparative reduction of 17.60% over the past three years.

Outback Stores maintains a consistent approach in relation to reducing tobacco consumption. Tobacco consumption data and results are presented at store directors meetings to engage and inform the store owners. Our nutrition team continues to engage with communities in relation to tobacco reduction and all of the Quit campaign tobacco reduction strategies and state-based legislation are fully implemented in all stores.

Further to this we actively collaborate with health services to support tackling smoking in the communities where we work. This includes working with the Katherine West Health Board Indigenous Smoking Program Coordinator to start discussions about implementation of a no smoking policy around the exterior perimeter of stores.

Affordability

Outback Stores, in partnership with the stores we work with, remains focussed on improving affordability on healthy and nutritious foods along with everyday needed products. Further to this we continue to seek opportunities to provide promotional pricing on a broad range of products including food and general merchandise lines. During the recent COVID-19 community lockdowns we expanded our promotional program to include more than sixty additional lines to support community members.

Fresh fruit and vegetable pricing is maintained at levels as close as possible to major metropolitan retailers with special buy pricing on volume and in season lines consistently implemented at or below major retailers pricing across the year. Outback Stores managed stores continue to subsidise the freight costs on fresh fruit and vegetables to keep these prices as low as possible at all times.

In 2018 Outback Stores launched our Staple lines program, working with stores and suppliers to implement reduced pricing on everyday needed lines including flour, rice, milk, eggs, water and oats. Over the past year we have continued to add lines to this list including Weetbix, baby formula and nappies, with plans to continue to further expand this program in the coming year.

School Nutrition Programme

Outback Stores supports the Australian Government's commitment to providing meals to school children in the Northern Territory through the School Nutrition Programme (SNP). The SNP provides the opportunity to improve attendance and engagement with learning by providing healthy and nutritious meals for children whilst at school.

Over the past year Outback Stores commenced providing meals as part of the SNP to a further four remote community schools in Willowra, Engawala, Nyirripi and Yuelamu. These communities join Ali Curung, Epenarra, Pigeon Hole and Papunya who have been providing SNP meals over previous years.

The stores' involvement in the SNP includes working with the schools to ensure a sufficient number of meals are prepared and delivered daily throughout the school terms.

SNP provides healthy and nutritious meals for school children, additional employment, and education for local community members on the importance of healthy nutritious and meals being readily available.

**Photos SNP meal preparation at Engawala and Willowra*





Outback Stores

Students

Outback Stores partnered with Monash University to host two Masters in Nutrition and Dietetics students completing their final year, for a 7-week placement with the Outback Stores Health and Nutrition Manager. The students focused on a project testing new in store nutrition education material with remote community members and store staff. The nutrition education material is an exciting collaborative project between Uncle Jimmy Thumbs Up! and Arnhem Land Progress Aboriginal Corporation (ALPA) to reduce sugar consumption and increase fruit and vegetable sales. We look forward to seeing this material in remote community stores in 2021.

The ongoing partnership between Outback Stores and Monash University to place students working with remote community store organisations brings benefits in a greater understanding and focus on the nutrition challenges that face remote Indigenous communities. This ongoing collaboration provides early exposure for future leaders in the nutrition field to these unique challenges and inspires these leaders to work in and focus on this area in the future.



**Photo: Nutrition and Dietetics student Jess Jong from Monash visiting stores*

ABORIGINAL AND TORRES STRAIT ISLANDER

Employment & Training

Outback Stores remains committed to providing meaningful employment, career pathways and an opportunity to complete nationally accredited training for local people whilst remaining on country.

As expected COVID-19 presented significant challenges in the second half of the year in keeping local staff engaged in work and training. Community uncertainty, biosecurity restrictions and substantial financial support from the Australian Government for remote community members were all contributing factors.

Despite these challenges we finished the year with 87% of team members employed in community stores identifying as Aboriginal and Torres Strait Islander (ATSI). This equates to over 219 people in remote communities engaged in work. We continue to focus on improving job satisfaction and work attendance. More senior staff are now providing support through mentoring relationships, specifically on navigating the challenges of a new job and workplace. This has made a positive impact.

We continue to see young aspiring retailers progress through our pathways to management. This year we had 10 employees completing their Certificate IV in Retail Management after our first completion only 12 months earlier.

Our highlight this year was Alma Ngalmi (inset) becoming Outback Stores' first accredited Indigenous Retail Trainer. Alma came to Outback Stores in 2017 with five years' experience working in the Barunga Community Store where she was also a director. She started in a reception and administration role but was promoted into the training team after returning from maternity leave in early 2020. Alma's experience and cultural understanding is already proving to be an asset.

We remain dedicated to providing a relevant, interactive and engaging learning experience for trainees. This year we have made significant inroads in improving and tailoring our training materials to better suit our cohort. Trainee



feedback has so far been positive, with increased levels of satisfaction and improved efficiency.

Our focus over the next 12 months will be on continuing to increase the number of permanent employees and growing the total number of hours worked by staff in stores. Identifying and supporting aspiring leaders with building a career pathway in retail management through VET and pathways to management remains a core objective.

We are working closely with the NT Department of Education developing a retail pathway for remote students. The aim is to engage interested students through work experience and school-based traineeships and then onto our pathways to management. This is scheduled for trial in early 2021. We also continue to work on graduate opportunities with the goal of increasing employment at our Darwin Support Office.

Team Members

Outback Stores strives to provide clear and obtainable career pathways for aspiring staff.

Bonnie Nunggumajbarr

Bonnie is from Ngukurr Community located 635km south east of Darwin by the banks side of the Roper River, with Kriol being the main language spoken. She was born and raised in Ngukurr but most of her family are from Numbulwar and the Daly River community. She also features on the front cover of this years' annual report.

After graduating from secondary school, Bonnie worked in a few different jobs including at the Aged Care Centre and Gulman Centre before taking up an opportunity with the Ngukurr General Store as a sales assistant in 2010. Over the past 10 years Bonnie has established herself as an integral part of the team at the store.

“Bonnie is a role model to the young ladies in the community. She shares her knowledge and helps the store managers in training new staff at the store. Also, she is one of the most reliable and responsible staff members with her duties. She is bridging the gap between managers and the Indigenous staff with language, culture and behaviours,” said store manager Manjula Kalatuwage.

During her 10 years working at the store, Bonnie took a break in 2016 due to the passing of her grandmother. In 2017 Bonnie returned and completed her Certificate II in Retail. During this time she

developed further interest in retail as a career. She has now gone on to complete her Certificate IV in Retail Management this year.

“My future goal is one day to become a manager at the Ngukurr General Store. I've really enjoyed completing my retail training whilst working at the same time. This has helped me a lot with developing my skills and knowledge to take the next step towards my goal,” said Bonnie.

“I'm lucky to have really great support from my family and in particular my parents. I know they want so see me do well in my career and I'm really keen to make them proud.”





Madeline Lawford

Madeline Lawford works in the Ngarlan Store in the Beagle Bay Community located on the western side of the Dampier Peninsula, 129km north of Broome. Most of her family are from the community and still live locally.

Madeline has always been passionate about supporting others going through challenging times. After completing boarding school in Perth, Madeline took up an opportunity in Cairns to complete her Certificate III Community Services and Certificate IV Indigenous Mental Health (Suicide Prevention).

Over the following years Madeline would use these skills to support others in her community that were facing challenges or tough times in life.

In 2017 Madeline took up an opportunity with the Ngarlan Store. With her caring and compassionate nature, working with customers was always going to be a natural fit and something that Madeline would enjoy.

“I really enjoy seeing people come into the store. It’s great to talk to people,

see how they are going and of course give them a hand if they need one,” said Madeline.

The following year Madeline was offered an opportunity to complete Certificate III in Retail, jumped at the chance and went on to complete the qualification in the same year. Madeline has now completed her Certificate IV in Retail Management which she hopes will assist her in managing the store in the future.

Store manager, Melissa Rankine, has been working closely with Madeline on building her skills and experience at the store over the past 12 months.

“Madeline is a real asset to the store. She has a great knowledge of the store’s operations and shows fantastic initiative. She has also played a mentoring role for younger staff in the store,” said Melissa.

“Her goal has always been to either work in a shop or to be a teacher as she loves working with people. To assist in managing the store in the future would be a fantastic achievement.”

Dotty Repu

Dotty is from Maningrida Community located in West Arnhem Land 520km east of Darwin. Her Mother is from the Martay clan group in Maningrida and her father is from Boigu and Mabuiage Island in the Torres Strait, where her family still reside.

After graduating from Darwin High School, Dotty finished her school-based traineeship with Westpac, completing her Certificate III in Business Administration.

She then moved home to Maningrida and was quickly recruited by Bawinanga Aboriginal Corporation (BAC) as its receptionist for 12 months before embarking on a traineeship with National Indigenous Training Academy based at the Ayers Rock resort, completing a Certificate III in Hospitality.

After completing her traineeship, Dotty returned home with BAC offering her a multi-faceted role across Human Resources, Accounts Payable, Housing, and Property Management where she would gain valuable on-the-job experience.

Over this time BAC had built a strong relationship with Outback Stores (OBS). When a role became available at the support office in Darwin, Dotty was encouraged to apply by both organisations. She was successful in her application, moving to Darwin in February 2020, and taking on a new role as Operations Administration Assistant.

“I’m really enjoying helping Outback Stores in making a difference with all the communities that we work with. I have lived and worked in community and understand what it’s like to live out bush. My next goal is to complete a Certificate IV in Leadership and Management and, with time, hopefully move up into a leadership role at OBS and continue to help support our communities and homelands”, said Dotty.

“One of my passions is to help our mob living out on country as it is important for our mob to keep our culture strong and share knowledge.”



GOOD GOVERNANCE AND

Sustainable Retail Stores

Outback Stores provides a structured and sustainable approach to improving the local economy of remote communities. Over the past 12 months we have been working with a number of store committees on strategic ways to re-invest store profits whilst also seeking additional funding to improve Infrastructure and resources.



Papunya in a strong position 12 months on

Since partnering with Outback Stores in mid-2019 the Papunya Community Store has seen reduced prices and improved profit returns and has now further consolidated its financial position. In addition, Store Directors have made a collective decision to reinvest a proportion of profits back into the community for the benefit of all.

In late 2019 Directors decided to purchase and deliver 70 new refrigerators: one for each house in the community and surrounding homelands at a cost of almost \$70,000. As most houses in the community and the surrounding homelands did not have a working refrigerator the gesture was greatly appreciated by residents, just in time for the scorching Central Desert summer where temperatures routinely soar above 40 degrees.

Papunya resident Selwyn Nelson said, "People can now keep bullock meat, camel meat and feed cold. Good one that everyone got a new fridge!"

At Christmas the Store Directors decided to give back to its customers who had supported the business throughout the year by gifting each household a LCD TV, Sony PlayStation 4, and a \$300 gift card for residents to purchase food and toys for the festive period, at a cost of approximately \$1,000 per house.

"We now have a really strong group of directors here in Papunya. Together we have decided to reinvest more profits back into the community for things that are important and help everyone. We are planning to do more for the community in the future," said Chairperson Dalton MacDonald.

Traditional Owner for the region Alison Anderson is positive about the direction that the store committee has been taking since working with Outback Stores over the last 12 months.

"It's been great having Outback Stores working closely with the community. Initially we saw prices come down in the store and now we are seeing financial results continue to improve. The Store Directors are showing great leadership and governance by making strong decisions for the present and the future," said Alison.

**Photo: Papunya Community Store Chairperson Dalton McDonald (right) assembles his team of helpers to deliver a load of fridges to the community.*

(L-R) Douglas Robertson, Andrew Johanson, Clayton Minor, Joshua Poulson and Nathan Brown.





*Photos: Left -Installation complete at Beswick. Right - L-R Nathaniel Peterson, Kenneth Woodman and Ian Ross installing panels in Epenarra.

Solar projects a bright idea

Outback Stores successfully applied for \$495,000 of funding through the Aboriginal Benefit Account (ABA) on behalf of Beswick, Jilkminggan, Engawala, Bulman, Pigeon Hole, Santa Teresa, Titjikala and Epenarra stores for installation of solar panels.

The project has made an immediate impact by cleanly and sustainably reducing one of the largest costs of doing business in remote communities. It's expected that in the first year this will reduce costs across the eight stores by \$175,000. The project also supported Indigenous employment throughout the installation phase.

"This could be the difference between the Store making a profit for the community and running at a loss. The community will benefit from the investment for years to come," said Outback Stores Commercial Manager Troy Criddle.

"Solar is the way forward particularly in remote areas where costs are so high. We are also anticipating approval for \$1.3 million in ABA funding later in 2020 so the additional 15 stores that we manage on behalf of communities in the Northern Territory can also reap the benefits of a solar installation over the next 12 months."

*The ABA is a special account that benefits Aboriginal people living in the NT, established as part of the arrangements under the *Aboriginal Land Rights (Northern Territory) Act 1976*, also known as the Land Rights Act. The ABA receives monies from the Commonwealth based on the value of royalties generated from mining on Aboriginal land in the NT.



**Photo: L-R Area Manager Wayne Martin, Nauiyu Store Chair Mark Casey, Store Manager Alex Holt and Local Staff Member Kaitlyn Ah Fat*

Nauiyu and Outback Stores working together

Outback Stores was approached by the Nauiyu Nambiyu Aboriginal Corporation (NNAC) in mid-2019 to manage its store after its service provider withdrew from the community.

After consultation with the directors of NNAC, Outback Stores set to work with the community. Since then, the working relationship between both groups has gone from strength to strength.

Wayne Martin is the Area Manager for the store and has been working closely with NNAC.

“The directors made it really clear on what they wanted to see from their business: good quality affordable fresh fruit and vegetables, local people employed with an opportunity to grow and develop skills and long term store managers who would fit in well with the community. I’m proud to say as a team we have made solid inroads in these important areas over the last year. On top of that the store has made a small profit which the directors have committed to reinvesting into the store,” said Wayne.

“The manner that Outback Stores came in to help us at short notice was professional

and really appreciated by the community and there was minimal interruption to the store trading,” said Mark Casey, Chair of the Nauiyu Store Board.

“The relationship between management and staff is great. Since the change in management staff attendance has improved and we have local people like Kaitlyn taking on more and more responsibility in the store. The managers Bruno and now Alex are great ambassadors for Outback Stores. They have been accepted well into the community.”

“The store is always stocked well, ranging in the store is good, people are staying in community to shop. The store was well stocked during COVID-19 community closures, so the managers did well to keep the store trading,” said Mark.

“Financially the store is doing well, things are on the up and up. Communication between Management and the Board is great. Both parties are kept well informed. The Board of Nauiyu Store is looking forward to a long relationship with Outback Stores.”

Warmun re-invests for the future

The Warmun Roadhouse is located on the Great Northern Highway between the closest regional centres in Kununurra and Broome in the Kimberley region in Western Australia. As the highway is the only sealed road within the vast region, the roadhouse is a major stop for travellers and locals alike.

Owned by Canila Pty Ltd, Outback Stores have been managing the business on its behalf since 2013. 100% of the operating profit generated from the Roadhouse goes back to Canila. With the support of Outback Stores, the Directors have been strategically re-investing profits with the goal of improving and further growing their business.

In 2018 after much deliberation Directors signed off works to significantly upgrade the internals of the roadhouse that included upgrading fridges, fittings, fixtures and signage as well as a better

range to improve the shopping experience for local customers and tourists alike. The cost of the project totalled \$160,000. The following year the Directors also reinvested an additional \$300,000 of profits in the installation of a 24-hour fuel system and upgrades to six of the motel rooms. The work has made an immediate impact with numerous positive online reviews from travellers.

Future work is also planned with the amenities block in the workers quarters to be renovated in late 2020.

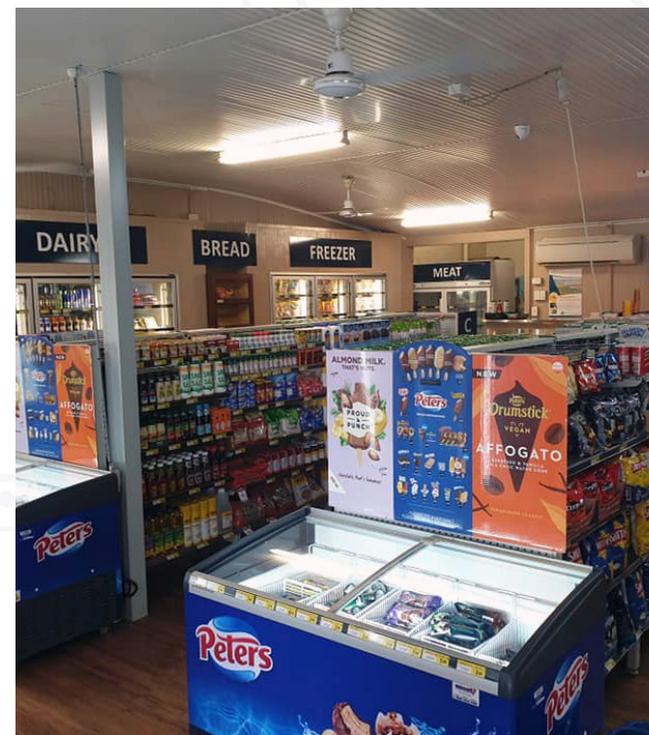
“It’s fantastic to see the store Directors having the confidence in their business to reinvest the profits. Raising the standard of the infrastructure has certainly made a big difference and has supported return on investment,” said Outback Stores Operations Manager Matt Pawelski.

Madeline Purdie is the Chairperson for Canila Pty Ltd.

“It’s important for us to re-invest back into the business to help it stay strong and grow for the future of our community.”

“It’s great that we also have promotions on fresh fruit and vegetables and other alternative foods for healthy eating and living.”

The roadhouse is now a one stop shop providing self-contained accommodation, powered and unpowered campsites, a mini supermarket retail offer, takeaway menu and dining area, round the clock access to fuel and even facilities for electric cars to recharge.



**Photo: Warmun Roadhouse, post renovations*

Work Health & Safety

Outback Stores is continuing to develop its safety culture and framework by engaging our team with key safety messages through education, consultation and implementing relevant procedures.

Store managers have been keeping our local store team members up to date with their day to day safety and food safety training with an added focus on personal hygiene safe work practices in relation to COVID-19.

All stores have been hard at work ensuring they have implemented their COVID-19 Management Plans, whilst engaging and educating the local community members on how to stay safe during these unprecedented times.

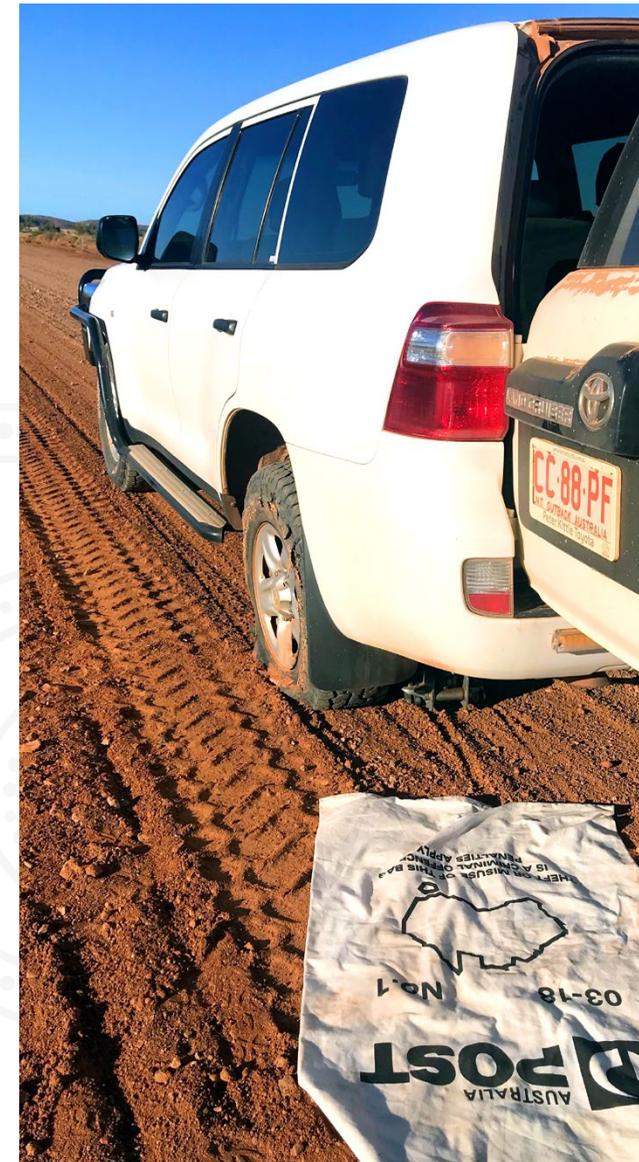
Another key focus has been on traffic management plans for each store we manage to ensure transparency of hazards with our team, local store team members and contractors visiting our stores.

The Food Safety Program has been refreshed to maintain a continued focus and commitment to food safety standards in stores.

Safety incident reporting has remained steady over the past twelve months. All incidents, near misses and hazards have been investigated and actions have been taken where required to ensure the safety of our team members.

Statistical data gathered through the iAuditor Safety Culture App is assisting in reducing risks across all Outback Stores managed locations.

There was one notifiable incident reported during this period, but no permanent injuries were sustained.



Store Locations

WESTERN AUSTRALIA

Balgo	20
Beagle Bay	1
Jigalong	18
Kalumburu	3
Kiwirrkurra	41
Mulan	19
Noonkanbah	17
One Arm Point	2
Ringer Soak	21
Tjuntjuntjara	40
Wungkul	15
Warmun	14
Yiyili	16

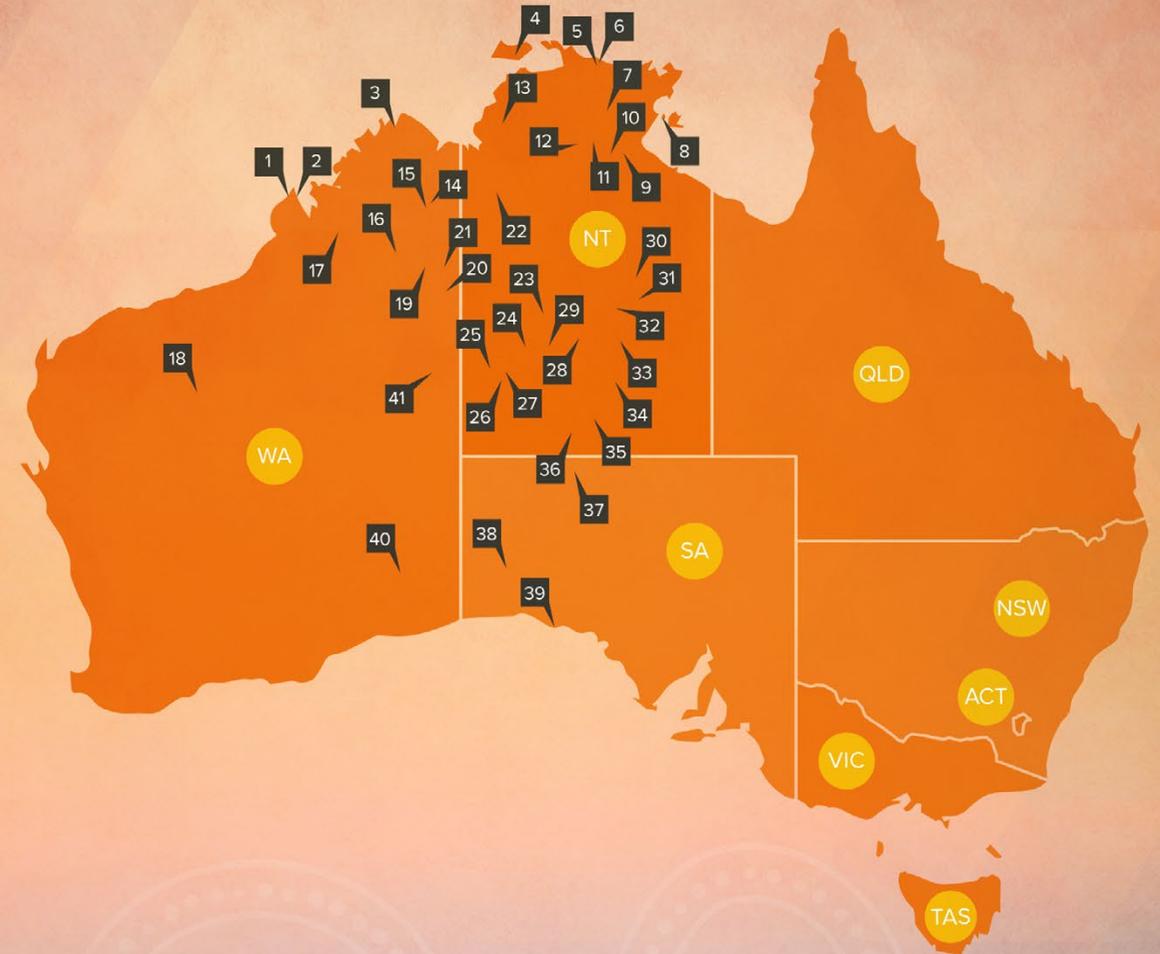
NORTHERN TERRITORY

Ali Curung	32
Beswick	10
Bickerton Island	8
Bulman	7
Canteen Creek	31
Daly River	13
Engawala	33
Epenarra	30
Imanpa	36
Jilkminggan	12
Maningrida	5
Maningrida Wild Foods	6
Mt Liebig	26
Ngukurr	9
Nyirripi	25

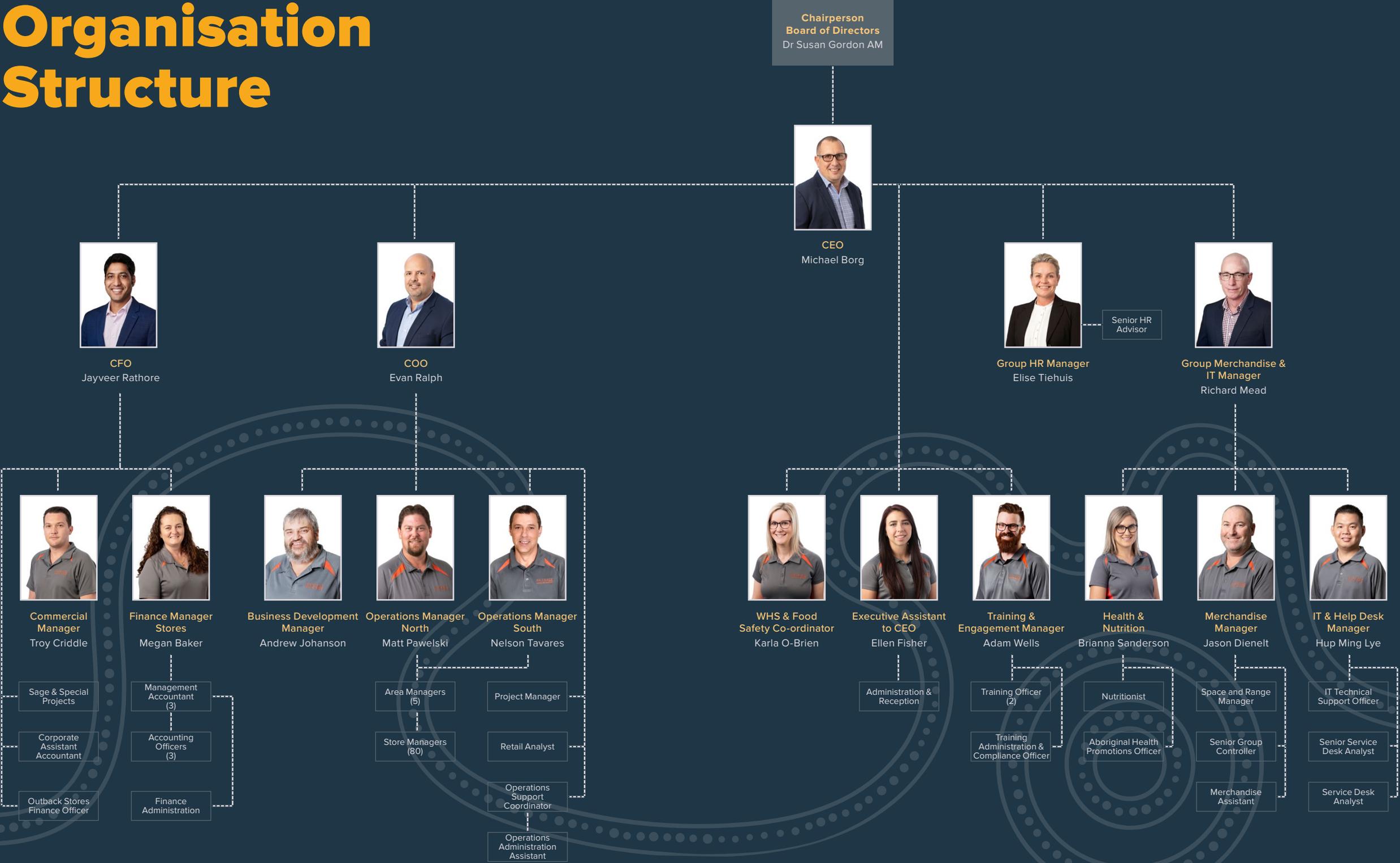
Papunya	27
Pigeon Hole	22
Titjikala	35
Ti Tree	28
Santa Teresa	34
Urapunga	11
Willowra	23
Wurrumiyanga (Club)	4
Yuelamu	29
Yuendumu	24

SOUTH AUSTRALIA

Mimili	37
Oak Valley	38
Yalata	39



Organisation Structure



Our Organisation

PURPOSE

Outback Stores (OBS) was established in November 2006 and emerged from a need to improve the health of Indigenous people in remote Australia. Our purpose is to improve the health of Indigenous people in remote Australia by addressing nutrition-related health problems and unreliable food supplies.

We provide retail store management and support services on a fee for service basis to Indigenous owned community stores, working with Aboriginal and Torres Strait Islander people in a holistic way to

improve health, nutrition, employment, training and economic outcomes for first Australians.

The company works closely with communities to enable and empower Aboriginal and Torres Strait Islander people to live healthy and prosperous lives.

OBS is a Commonwealth owned company with an independent Board of Directors, operating as best as possible on commercially sustainable principles.

LOCATION

Outback Stores Darwin Support Office 67 Pruen Rd, Berrimah NT 0828

WORKPLACE PROFILE - SUPPORT OFFICE AND STORE MANAGERS

All Ongoing Employees Current Report Period (2019-20)

	Male			Female			Total
	Fulltime	Part Time	Total	Fulltime	Part Time	Total	
NT	54	-	54	51	1	52	106
WA	14	-	14	7	-	7	21
SA	5	-	5	4	-	4	9
QLD	-	-	-	1	-	1	1
Total	73	-	73	63	1	64	137

*As of 30 June 2020 Outback Stores did not employ any non-ongoing team members

Workplace Profile – Employees in 40 community stores managed by Outback Stores (2018-19)

	Male			Female			Total
	Fulltime	Part Time	Casual	Fulltime	Part Time	Casual	
NT	10	22	49	4	33	57	175
WA	3	2	20	2	10	32	69
SA	0	0	4	0	2	1	7
Total	13	24	73	6	45	90	251

*As of 30 June 2020 Stores did not have any non-ongoing team members employed

87% of all team members employed in stores identified as Aboriginal or Torres Strait Islander consisting of:

	Male			Female			Total
	Fulltime	Part Time	Casual	Fulltime	Part Time	Casual	
NT	2	22	44	0	31	53	152
WA	1	2	19	0	10	28	60
SA	0	0	4	0	2	1	7
Total	3	24	67	0	43	82	219

SENIOR LEADERSHIP TEAM

The Senior Leadership Team (SLT) is led by the Chief Executive Officer. The group 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 52.

LEARNING AND DEVELOPMENT

Outback Stores is a Registered Training Organisation (RTO Code 70040) offering nationally recognised qualifications in retail services. We offer Certificate II, III and IV in Retail to all eligible store staff and store managers.

SUBSIDIARIES

Outback Stores has one subsidiary; Cardwell Supermarket Pty Ltd in Cardwell, Queensland. Information regarding this subsidiary can be found on page 136.

Outback Store's 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.

KEY PERFORMANCE INDICATORS

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

Health and Nutrition	Target	Result
Increase fruit and vegetables tonnage	2.5%	14.78%
Reduce full sugar soft drink sales as a % of total drink sales	2.5%	4.15%

Employment and Training	Target	Result
Indigenous remote retail outlet employees (% of employees in all outlets)	87%	87%
Indigenous Outback Stores support office employees and store management (headcount)	9	7
Permanent Indigenous employees enrolled in accredited training programs	60%	45%

Expand the network of stores	Target	Result
Increase the number of stores	3	3

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 one of our cornerstone objectives. At 30th June 2020, we had 219 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 within the Prime Minister and Cabinet portfolio. Within the portfolio, the National Indigenous Australian Agency (NIAA) coordinates the Indigenous portfolio agencies, including Outback Stores, on reporting and other requirements, and advance a whole-of-government approach to improving the lives of Aboriginal and Torres Strait Islander Peoples.

The Minister responsible for the 2019-20 reporting period was the Hon Ken Wyatt AM MP, Minister for Indigenous Australians. 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 (ANAO), for the entire financial year ended 30th June 2020.

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 is detailed in the director's report on page 72.

Outback Stores directors are appointed by the Minister for Indigenous Australians. 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.

KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION INFORMATION

Public Governance, Performance and Accountability Amendment (Reporting Executive Remuneration) Rules 2019, Schedule 3—Information about executive remuneration.

Remuneration Policy

It is a requirement to agree to any remuneration package and wage contract of senior management with the Chairperson. Board approval is required to change the remuneration package of the Chief Executive Officer.

Key factors in determining executive remuneration are the specific skills required to perform the role and the contribution to the company's outcomes. Remuneration components are fixed.

Non-executive remuneration is in accordance with the applicable Part Time Office Bearer determination from the Remuneration Tribunal.

Information about remuneration for key management personnel

For the purposes of subsections 17CA(3) and 28EA(3), information about remuneration for key management personnel is below.

Name	Position Title	Short-term benefits		Other benefits & allowances	Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base Salary and Annual Leave	Bonuses		Super-annuation Contributions	Long Service Leave	Other long-term benefits		
Mr. M. Borg	CEO	\$309,692	-	\$1,440	\$26,839	\$5,453	-	-	\$343,424
Mr. J. Rathore	CFO	\$240,459	-	\$945	\$20,837	\$8,656	-	-	\$270,897
Mr. E. Ralph	COO	\$229,109	-	\$1,080	\$19,856	\$3,956	-	-	\$254,001
Mr. R. Mead	Group Merchandise & IT Manager	\$205,928	-	\$90	\$17,846	\$3,059	-	-	\$226,923
Dr. S. Gordon AM	Chairperson (non-executive)	\$77,785	-	\$495	\$7,390	-	-	-	\$85,670
Mr. G. Cook AAM	Deputy Chairperson (non-executive)	\$38,810	-	-	\$3,687	-	-	-	\$42,497
Ms. S. Cleveland	Director (non-executive)	\$38,810	-	-	\$3,687	-	-	-	\$42,497
Mr. S. Bate	Director (non-executive)	\$38,810	-	-	\$3,687	-	-	-	\$42,497
Ms. S. Eades	Director (non-executive)	\$38,810	-	-	\$3,687	-	-	-	\$42,497
Ms. B. Price	Director (non-executive)	\$38,810	-	-\$1,655	\$3,687	-	-	-	\$40,842
Ms. J. Brimblecombe	Director (non-executive)	\$18,650	-	-	-	-	-	-	\$18,650
Mr. D. Bourchier	Director (non-executive)	\$38,810	-	-	\$3,687	-	-	-	\$42,497
Mr. D. Evans	Director (non-executive)	\$38,810	-	-	\$3,687	-	-	-	\$42,497
Total		\$1,353,292	-	\$2,395	\$118,576	\$21,125	-	-	\$1,495,388

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 2019-20 financial year to ensure it remained appropriate for its operations. The cost of directors' and officers' indemnity insurance for 2019-20 financial year was \$31,498.34

MEETINGS HELD DURING THE YEAR AND ATTENDANCE

The Board of Directors meets quarterly or as required and this includes any emergency meetings that may be necessary. Further details on directors meetings can be found on page 76.

PERFORMANCE EVALUATION

The performance evaluation of the Board of Directors is conducted yearly. The Chairperson discusses with relevant parties whether they feel the board is performing well and if any feedback is required. The Chairperson 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.

Committee members for the reporting period:

David Evans
21/8/2019 - 20/11/2019 (Guest) and
20/11/2019 - 30/6/2020 (Chair)

Sophie Cleveland
21/08/19 - 30/08/19 (Chair)
and 20/11/2019 - 30/6/2020

Stephen Bate
1/7/2019 - 30/8/2019
and 20/11/2019 - 30/6/2020

Graham Cook AAM
19/09/2019 - 20/11/2019 (Chair)

Daniel Bouchier
19/09/2019 - 20/11/2019

Information detailing the qualifications, knowledge, skills or experience of the committee members can be found in the directors report on page 72.

There was no remuneration provided to the audit and risk committee for service during the reporting period.

Further details of the Audit and Risk Committee Charter can be found on <https://outbackstores.com.au/wp-content/uploads/2020/10/OBS-audit-risk.pdf>

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
- e. Monitor and review progress against approved strategies.
- f. 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 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. To consider management proposals for store acquisitions under management agreements, leases or purchases.
- b. To 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 76.

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.	A recycling plan is implemented and maintained 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 are 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	All environmental impacts are considered when purchasing all new equipment.
Purchasing new equipment	Integrating both long and short-term economic, environmental considerations.	All environmental impacts are considered when purchasing new equipment.
Capital improvement programs	Integrating both long and short-term economic, environmental considerations.	All environmental impacts are considered 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

Outback Stores Risk Management process is a structured approach to the management of risk, ensuring to establish systems for the ongoing monitoring and review of business risks.

This process also ensures that Outback Stores' approach to risk management is centred on continuous improvement in the risk management systems and processes the organisation adopts.

The business' risk register is reviewed quarterly by the Senior Leadership Team and the Audit and Risk Committee, providing assurance and overview of risk management to the Board.

SIGNIFICANT ACTIVITIES AND CHANGES AFFECTING THE COMPANY

There were no significant activities and changes affecting the Company in the 2019-2020 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 2019-20. The Commonwealth Ombudsman received no complaints regarding Outback Stores.

Index

The table below is a requirement for Commonwealth companies' annual reports under Schedule 2B of the *Public Governance, Performance and Accountability Rule 2014*. Section 28E(p).

PGPA RULE REFERENCE	PART OF REPORT	DESCRIPTION	REQUIREMENT
28E	Contents of annual report		
28E(a)	Page 54	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(b)	Page 58	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	Page 65	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	Page 65	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(e)	NA	Particulars of non-compliance with: a. a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or b. a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(f)	Page 76	Information on each director of the company during the reporting period	Mandatory
28E(g)	Page 52	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	Page 54	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. statistics on full-time employees; b. statistics on part-time employees; c. statistics on gender; d. statistics on staff location	Mandatory
28E(h)	Pages 50 & 54	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	Page 58	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory

28E(j), 28E(k)	Page 127	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): a. the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and b. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
28E(l)	Page 65	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	NA	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	NA	Particulars of any reports on the company given by: a. the Auditor-General, or b. a Parliamentary Committee, or c. the Commonwealth Ombudsman; or d. the Office of the Australian Information Commissioner; or e. the Australian Securities and Investments Commission	If applicable, mandatory
28E(o)	NA	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	Page 60	Information about executive remuneration	Mandatory
28E(ob)	Pages 62, 63, 72 & 73	Particulars about the Audit Committee for the Company: a. a direct electronic address of the charter determining the functions of the audit committee; b. the name of each member of the audit committee; c. the qualifications, knowledge, skills or experience of each member of the audit committee; d. information about each member's attendance at meetings of the audit committee; e. the remuneration of each member of the audit committee	Mandatory
28F	Disclosure requirements for government business enterprises		
28F(1)(a)(i)	Page 65	An assessment of significant changes in the company's overall financial structure and financial conditions	If applicable, mandatory
28F(1)(a)(ii)	Page 130	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, mandatory
28F(1)(b)	Page 75	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	NA	Details of any community service obligations the government business enterprise has including: a. an outline of actions taken to fulfil those obligations; and b. an assessment of the cost of fulfilling those obligations	If applicable, mandatory
28F(2)	NA	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory

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This document must be attributed as the Outback Stores Pty Ltd Annual Report 2019-2020.

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 2020



Outback Stores Pty Ltd and its Controlled Entities

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Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

The directors of Outback Stores Pty Ltd (The Company or Outback Stores) and its controlled entity (the Group) submit herewith the annual consolidated financial statements of the Group for the year ended 30 June 2020. 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. 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.
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
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 an Associate Professor in the Department of Nutrition, Dietetics and Food, Faculty of Medicine, Nursing and Health Sciences at Monash University.
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.
Ms. B. Price	Joined the board on 30 November 2017. Ms. Price has worked in education and training, public administration, the media, community development, interpreting, translating language, teaching and has experience in small business management. In 2008 the Northern Territory Labor Government appointed Ms. Price as Chairperson of its Indigenous Affairs Advisory Council (IAAC). She was elected as a Country Liberal Party member of the Northern Territory Legislative Assembly from 2012 to 2016, and was appointed Minister for Housing, Community Services, Parks and Wildlife, Local Government, Statehood and Women's Policy in the Northern Territory government. Ms. Price currently works in cross cultural awareness training, community liaison and Warlpiri language services.

cont.

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Dr. S. Gordon AM	Dr Gordon AM is a Ngunooru Wadjari woman from the Yamatji people. A retired magistrate who served for 20 years on the bench of the Children's Court of Western Australia, Dr Gordon AM has had a long and distinguished career, with extensive senior leadership experience. She has worked in the area of Indigenous employment, was a member of the first board of the Aboriginal and Torres Strait Islander Commission, chaired the National Indigenous Council, and led the Gordon Inquiry and the Northern Territory Emergency Response Taskforce. She has a Bachelor of Laws Degree from the University of Western Australia (UWA), an Honorary Degree of Doctor of Letters from UWA, Order of Australia -Australia Medal, Centenary Medal, Defence Service Medal, and was named Senior Woman Lawyer of the Year 2014 by the Women's Lawyers of WA Inc.
Mr. D. Bouchier	Daniel Bouchier is a multi-award winning multi-platform journalist. He has reported across the country and around the world for close to 20 years. Daniel has worked as a newspaper reporter, video journalist, foreign correspondent, political reporter, and social commentator. Daniel grew up in the remote Northern Territory town of Tennant Creek, where he was mentored by elders from around the region, while coming to understand his own Indigenous heritage from his mother's side of the family in coastal and inland parts of Victoria.
Mr. D. Evans	Joined the board on 24 September 2019. Mr Evans has over 30 years' experience in banking and finance in Australia and the Asia-Pacific and is also a consultant and facilitator for the Australian Institute of Company Directors. Mr Evans contributes in various governance roles in the public and private sectors. He is also a recipient of the Centenary Medal for his services to the health industry through the National Heart Foundation.

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

- ▶ Assoc. Prof. J. Brimblecombe expired on 31 August 2019
- ▶ Mr. D. Evans was appointed on 24 September 2019

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 continued to hold the position of company secretary of the Company.

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 of the Department of The Prime Minister and Cabinet (October 2013 to 30 June 2019) and National Indigenous Australians Agency (1 July 2019 to date).

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Review of operations

Outback Stores managed 40 stores at the end of the financial year. Combined store turnover for the financial year was over \$100.4 million.

The remote retail industry faced significant challenges in relation to the COVID-19 pandemic in the second half of the year. Whilst there is still more to unfold, we would like to acknowledge the collective effort from our team and communities to ensure that stores remained open and food security was not compromised. Despite the challenges faced due to the global pandemic, we have continued to encourage consumption of healthy food and have focused on increasing price affordability for staple products.

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 Group continues to work to reduce costs in stores and become more efficient in the way we manage them. The Group still manages a large number of stores that are not viable due to small populations and geographical difficulties.

	2020	2019
	\$	\$
(Loss)/Profit for the year from continuing operations	(538,798)	342,344
Add back: Income tax (benefit)/expense	(260,660)	148,881
(Loss)/Profit before income tax from continuing operations	(799,458)	491,225
Less: Adjustments for non-operating profit		
Revenue from Government grants	1,309,592	2,832,628
Gain on sale of fixed assets	134,491	239,192
Store grant expenditure (underpinning)	(1,156,452)	(2,709,282)
Other grant expenditure	(153,140)	(123,347)
Total non-operating profit from continuing operations	134,491	239,191
Total operating (loss)/profit from continuing operations	(933,949)	252,034
Total loss from discontinued operations	(365,424)	(124,576)
Plus: Income tax benefit on loss from discontinued operations	119,578	69,956
Total operating loss from discontinued operations	(245,846)	(54,620)
Total operating (loss) / profit	(1,179,795)	197,414

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Change in state of affairs

The Cardwell Supermarket was sold during the financial year on 11 March 2020. Refer to Note 18 to the financial statements for additional information regarding the sale of the business. There was no other significant change in the state of affairs of the Group during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Group, the results of its operations, or the state of affairs of the Group other than those matters outlined in Note 17 to the financial statements.

Future developments

The Group will continue to grow through expanding their services to other Indigenous community stores across Australia.

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 80.

Remuneration report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's directors and its senior management for the financial year ended 30 June 2020. The prescribed details for each person covered by this report are detailed below under the following headings:

- ▶ director and senior management details
- ▶ directors' meetings
- ▶ remuneration policy
- ▶ remuneration of directors and senior management
- ▶ key terms of employment contracts

cont.

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

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

- ▶ Dr. S. Gordon AM (Chairperson)
- ▶ Mr. G. Cook
- ▶ Mr. D. Bourchier
- ▶ Ms. S. Cleveland
- ▶ Mr. S. Bate
- ▶ Assoc. Prof. J. Brimblecombe
- ▶ Prof. S. Eades
- ▶ Ms. B. Price
- ▶ Mr. D. Evans

Senior Management

- ▶ Mr. M. Borg (Chief Executive Officer)
- ▶ Mr. J. Rathore (Chief Financial Officer)
- ▶ Mr. E. Ralph (Group Operations Manager)
- ▶ Mr. R. Mead (Group Merchandise and IT Manager)

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.

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, 6 board meetings, 3 store assessment committee meetings, 5 audit and risk committee meetings, 1 social outcomes committee meeting and 1 investment committee meeting were held.

Directors	Board of directors		Store Assessment Committee		Audit and risk committee		Social and outcomes committee		Investment committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr. S. Gordon AM	6	6								
Mr. G. Cook	6	4	3	3	1	1	1	1		
Mr. D. Bourchier	6	5			1	1				
Ms. S. Cleveland	5	5	3	2	4	4	1	1		
Mr. S. Bate	5	5	3	3	4	4			1	1
Assoc. Prof. J. Brimblecombe	2	1					1	1		
Prof. S. Eades	5	4								
Ms. B. Price	6	5					1	1		
Mr. D. Evans	3	3			3	3			1	1

Outback Stores Pty Ltd and its Controlled Entities

Directors' Report

Remuneration policy

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

	2020	2019
	\$	\$
Short term	366,945	339,466
Post employment	33,198	28,013
Total remuneration:	400,143	367,479

Executive officers

Short term	988,742	954,446
Long term employment	21,125	26,873
Post employment	85,378	82,371
Total remuneration:	1,095,245	1,063,690

Outback Stores Pty Ltd and its Controlled Entities

Directors' 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.

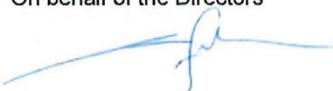
Mr. M. Borg (Chief Executive Officer) - position commencing 24 October 2016, with a required termination period of 3 months.

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

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

Mr. R Mead (Group Merchandise and IT Manager) - Position commencing 15 January 2018.

On behalf of the Directors



Dr. S. Gordon AM
Chairperson

Darwin, Dated: 26/08/2020

Outback Stores Pty Ltd and its Controlled Entities

Directors' Declaration

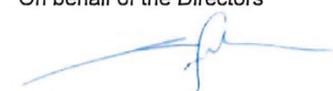
In the opinion of the Directors of Outback Stores Pty Ltd:

- a. The consolidated financial statements and notes of Outback Stores Pty Ltd and its controlled entity are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2020 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



Dr. S. Gordon AM
Chairperson

Darwin, Dated: 26/08/2020



Dr Susan Gordon
 Chair of the Board
 Outback Stores Pty Ltd
 PO Box 1953
 Berrimah NT 0828

**OUTBACK STORES PTY LTD AND ITS SUBSIDIARY'S FINANCIAL REPORT 2019-20
 AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of Outback Stores Pty Ltd and its subsidiary (together the 'Group') for the year ended 30 June 2020, 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

Rita Bhana
 Audit Principal

Delegate of the Auditor-General

Canberra

25 August 2020

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

INDEPENDENT AUDITOR'S REPORT

To the members of Outback Stores Pty Ltd

Opinion

In my opinion, the financial report of Outback Stores Pty Ltd (the Company) and its subsidiary (together 'the Group') for the year ended 30 June 2020 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as of 30 June 2020 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 the Group, which I have audited, comprises the following statements as of 30 June 2020 and for the year then ended:

- Directors' Declaration;
- Consolidated Statement of 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 the Group in accordance with the auditor independence requirements of 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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 the Company, 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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report for the year ended 30 June 2020 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company 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 the ability of the Group to continue as a going concern, disclosing matters, as applicable, related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

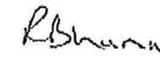
My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors 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.

Australian National Audit Office



Rita Bhana

Audit Principal

Delegate of the Auditor-General

Canberra

26 August 2020

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Notes	Consolidated	
		2020	2019
Continuing operations		\$	\$
Revenue			
Revenue from government grants	3A	1,309,592	2,832,628
Rendering of services	3B	3,966,477	4,069,154
Interest income	3C	390,203	867,959
Distributions received	3D	547,278	-
Fair value gain on financial instrument at fair value through profit and loss	6C	-	195,387
Rental income	3E	962	7,790
Store recoveries and charges	3F	8,437,023	8,400,842
Rebates	3G	2,726,666	2,615,013
Other revenue	3H	736,150	784,758
Gain on disposal of fixed assets	3I	134,491	239,192
Other gains	3J	20,658	-
Total Revenue		18,269,500	20,012,723
Expenses			
Consulting expenditure	4A	397,980	195,403
Depreciation and amortisation	4B	761,162	618,920
Employee benefits expense	4C	12,847,254	12,356,596
Rental expenses	4D	22,080	249,303
Store grant expenditure (underpinning)	4E	1,156,452	2,709,282
Administrative expenditure	4F	3,291,452	3,268,647
Other grant expenditure	4G	153,140	123,347
Finance costs	4H	83,426	-
Fair value loss on financial instrument at fair value through profit and loss	4I	354,973	-
Loss on sale of investments	4J	1,039	-
Total Expenses		19,068,958	19,521,498
(Loss)/Profit before income tax from continuing operations		(799,458)	491,225
Income tax benefit /(expense)	5A	260,660	(148,881)
(Loss)/profit after income tax from continuing operations		(538,798)	342,344

cont.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT COMPREHENSIVE INCOME, CONT.

	Notes	Consolidated	
		2020	2019
		\$	\$
Loss before income tax for the year from discontinued operations		(365,424)	(124,576)
Income tax benefit from discontinued operations	5A	119,578	69,956
Loss for the year from discontinued operations	18	(245,846)	(54,620)
Total comprehensive (loss)/income		(784,644)	287,724
(Loss)/profit for the year attributable to:			
Owners of the Company		(784,644)	287,724
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(784,644)	287,724

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 2020

	Notes	Consolidated	
		2020	2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6A	13,689,597	35,114,732
Trade and other receivables	6B	2,433,992	1,960,419
Other financial assets	6C	32,185,585	11,026,252
Other current assets	6D	58,008	46,494
Current tax assets	5C	12,046	-
Total current assets		48,379,228	48,147,897
Assets classified as held for sale	18	12,950	1,098,960
Non-current assets ¹			
Housing	7A	848,222	896,372
Furniture and fittings	7A	29,721	38,141
Leasehold improvements	7A	18,355	22,301
Motor vehicle and components	7A	156,133	366,383
IT equipment	7A	600,555	592,155
IT software	7A	54,893	18,217
Buildings	7B	1,119,266	-
Deferred tax assets	5E	1,112,689	432,804
Other financial assets	6C	812,220	2,157,195
Total non-current assets		4,752,054	4,523,568
Total Assets		53,144,232	53,770,425
LIABILITIES			
Current liabilities			
Trade and other payables	8A	1,104,874	1,005,934
Deferred revenue - government grants	8B	7,756,277	8,968,573
Lease liabilities	8C	146,016	-
Employee provisions	8D	1,228,210	1,005,521
Current tax liabilities	5D	-	83,833
Total current liabilities		10,235,377	11,063,861
Liabilities directly associated with assets classified as held for sale	18	-	371,524

cont.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

	Notes	Consolidated	
		2020	2019
		\$	\$
Non-current liabilities			
Lease liabilities	8C	1,009,297	-
Employee provisions	8D	408,004	367,446
Deferred tax liabilities	5E	371,583	62,979
Total non-current liabilities		1,788,884	430,425
Total Liabilities		12,024,261	11,865,810
Net Assets		41,119,971	41,904,615
EQUITY			
Issued capital	9	40,000,001	40,000,001
Retained earnings		1,119,970	1,904,614
Total Equity		41,119,971	41,904,615

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

1. Right-of-use assets are included in Buildings.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Issued Capital	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 July 2018	40,000,001	1,616,890	41,616,891
Profit for the year	-	287,724	287,724
Total comprehensive income for the year	-	287,724	287,724
Balance at 30 June 2019	40,000,001	1,904,614	41,904,615
Balance at 1 July 2019	40,000,001	1,904,614	41,904,615
Loss for the year	-	(784,644)	(784,644)
Total comprehensive loss for the year	-	(784,644)	(784,644)
Balance at 30 June 2020	40,000,001	1,119,970	41,119,971

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		18,953,652	21,180,061
Grants received		97,296	247,500
Total cash received		19,050,948	21,427,561
Cash used			
Payments to suppliers and employees		(19,913,196)	(21,219,045)
Income taxes paid		(83,832)	-
Interest payments on lease liabilities		(83,426)	-
Total cash used		(20,080,454)	(21,219,045)
Net cash (used in)/from operating activities	10A	(1,029,506)	208,516

cont.

Outback Stores Pty Ltd and its Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS, CONT.

	Notes	2020 \$	2019 \$
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		143,976	407,952
Proceeds from disposal of assets classified as held for sale		554,041	-
Amounts received from stores under commercial loans		821,560	233,250
Bond deposits received		523,415	12,718
Distributions received on managed investments		547,278	-
Interest received		312,254	867,959
Net cash from investing activities		2,902,524	1,521,879
Cash used			
Payments for property, plant and equipment	7A	(372,761)	(595,980)
Investment in managed funds		(2,599,837)	(10,750,000)
Investment in fixed term deposits		(18,835,000)	-
Underpinning payments for stores and other grants		(1,294,556)	(2,832,628)
Payments to stores under commercial loans		(59,850)	(240,046)
Total cash used		(23,162,004)	(14,418,654)
Net cash used in investing activities		(20,259,480)	(12,896,775)
FINANCING ACTIVITIES			
Cash used			
Principal payments of lease liabilities		(136,148)	-
Total cash used		(136,148)	-
Net cash used in financing activity		(136,148)	-
Net decrease in cash and cash equivalents		(21,425,134)	(12,688,259)
Cash and cash equivalents at the beginning of the year		35,114,732	47,943,291
Cash and cash equivalents at the end of the year		13,689,598	35,255,032
Less : Cash and cash equivalents relating to discontinued operations	18	(1)	(140,300)
Cash and cash equivalents at the end of the year from continuing operations	6A	13,689,597	35,114,732

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 2020

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 the Department of The Prime Minister and Cabinet (October 2013 to 30 June 2019) and National Indigenous Australians Agency (1 July 2019 to date).

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

The Company's registered office and principal place of business are as follows:

67 Pruen Road,
Berrimah
Darwin NT 0828

Note 2: Application of new and revised accounting standards

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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

The following new and revised Standards and Interpretations were applicable to the current reporting period and had a material effect on the entity's financial statements:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions ¹ , and adjustment to financial statements
AASB 16 Leases	<p>AASB 16 became effective on 1 July 2019.</p> <p>This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases-Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>

¹ When transitional provisions apply, all changes in accounting policy are made in accordance with their respective transitional provisions

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Application of new and revised accounting standards (cont)

2.1 Amendments to AASBs and the new Interpretations that are mandatorily effective for the current year (continued)

All other new and revised Standard and Interpretations applicable to the current reporting period did not have a material effect, and are not expected to have a material effect, on the disclosures or on the amounts reported in these financial statements.

Application of AASB 16 Leases

The Group adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application when applying AASB 16 to leases previously classified as operating leases under AASB 117.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 6.87%.

The right-of-use assets were measured as follows:

- Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on transition

On transition to AASB 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019
Right-of-use assets - property, plant and equipment	1,291,461
Lease liabilities	(1,291,461)
Retained earnings	-

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Application of new and revised accounting standards (cont)

2.1 Amendments to AASBs and the new Interpretations that are mandatorily effective for the current year (continued)

The following table reconciles the minimum lease commitments disclosed in the entity's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
Minimum operating lease commitment at 30 June 2019	362,297
Less: GST included in minimum operating lease commitment at 30 June 2019	(32,936)
Plus: effect of extension options reasonable certain to be exercised	1,317,444
Undiscounted lease payments	1,646,805
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(355,344)
Lease liabilities recognised at 1 July 2019	1,291,461

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Standards and Interpretations that have been issued 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 2014-10 'Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	30 June 2023
AASB 17 Insurance Contracts	1 January 2021	30 June 2022
AASB 2019-1 Amendments to Australian Accounting Standards - References	1 January 2020	30 June 2021
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 January 2020	30 June 2021

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

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

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 requirements of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards, the *Corporations Act 2001*, and 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.

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 2020 were approved and authorised for issue by the Board of Directors on 26 August 2020.

2.3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for 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 16, 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'.

The principal accounting policies adopted are set out below.

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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

2.3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 30 June each year. 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;
- 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, the results of subsidiaries 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Refer to note 11 for related party disclosures.

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 the subsidiaries is attributed to the owners of the Company.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(a) 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.

(b) 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.

(c) 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.

(d) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(d) Financial instruments (cont)

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Classification of financial assets

- i. Debt instruments that meet the following conditions are measured subsequently at amortised cost:
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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. Interest income is recognised in profit or loss and is included in the "interest income" line item.

- ii. By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
- iii. Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
 - the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
 - the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income (FVTOCI) criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(d) Financial instruments (cont)

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 have 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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification of debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Movements in equity instruments in the Group during the reporting period are outlined in the statement of changes in equity and note 9.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(e) 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.

(f) 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.

(g) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(g) Impairment of assets (cont)

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

(h) 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 assets	2020	2019
Trademarks	10 years	10 years
IT software	3 years	3 years

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(j) 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 net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for 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 the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on 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 each reporting date 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(k) 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.

The Group 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.

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.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(k) Leased assets (cont)

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and initial direct costs less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in non-current assets in the consolidated statement of financial position.

The Group applies AASB 136 'Impairment of Assets' to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy per note 2(l).

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(l) Property, plant and equipment

Property represents land, portable housing and fixtures in remote communities and are stated at cost less accumulated depreciation and accounting impairment losses. Land is not depreciated and recorded at cost.

Depreciation on buildings is charged to profit or loss.

Furniture and fittings, containers, leasehold improvements, motor vehicles and components and equipment under finance lease are stated at cost less accumulated depreciation and accumulated impairment loss. 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	2020	2019
Containers	20%	20%
Furniture and Fittings	20%	20%
Housing	10%	10%
IT Equipment	10% - 66.67%	10% - 66.67%
Leasehold improvements	2.50%	2.50%
Motor vehicles and components	20% - 33.33%	20% - 33.33%

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(m) Provisions

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 that 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 reporting date, 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 (when 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.

(n) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue which it transfers control of a product or service to a customer.

Revenue from the sale of goods is recognised when the control has been transferred to the buyer, being at the time when the customer purchases the goods at the store.

The following is a description of principal activities from which the Group generates its revenue:

Rendering of services

Revenue from a contract to provide services is recognised as performance obligation is satisfied over time. Revenue from service contracts is recognised based on 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(k).

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 outlined in Note 2(f).

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

(n) Revenue (cont)

Dividends received

Dividends received on investments are recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Dividends are included in the 'distributions received' line in the Statement of Comprehensive Income.

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.

Store recoveries and charges

Store recoveries and charges are recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

The transaction price is the total amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

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(l), 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:

- 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 18 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 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.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Recovery of deferred tax assets

Deferred tax assets have been recognised as assets in the Statement of Financial Position as management expects the Group to generate future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences for the foreseeable future. Tax losses have been recognised to the extent of net timing differences.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 2: Summary of significant accounting policies (cont)

2.4.1 Critical judgements in applying accounting policies (cont)

Lease term

When determining the lease term of the operating lease recognised in the Statement of Financial Position and set out in note BC, management made the judgement that the Group would be likely to renew for a further 6 years ending 31 December 2026.

Incremental borrowing rate

The operating lease recognised in the Statement of Financial Position was initially measured using the incremental borrowing rate of 6.87%. This was determined based on the Commonwealth Bank variable base rate other than the residential security as the rate implicit in the lease cannot be readily determined.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 3: Revenue

	Consolidated	
	2020	2019
	\$	\$

Note 3A: Revenue from government grants

	2020	2019
Grants from Australian Government entities:		
Department of Social Services - Food Grant	555,863	1,405,428
Department of Social Services - Food Security	602,239	1,305,453
National Indigenous Australians Agency - Nutrition grant ¹	151,490	121,747
Total revenue from government grants	1,309,592	2,832,628

¹ In 2018-19, this grant was provided by the Department of The Prime Minister and Cabinet (PM&C). The Indigenous Affairs Group within PM&C became an Executive Agency within the PM&C portfolio on 1 July 2019, named as the National Indigenous Australians Agency (NIAA).

Note 3B: Rendering of services

	2020	2019
Management fees	2,144,793	2,270,086
Accounting fees	1,821,684	1,799,068
Total rendering of services	3,966,477	4,069,154

Note 3C: Interest income

	2020	2019
Financial Institutions	39,552	42,523
Loans to Stores	67,397	108,643
Term Deposits	283,254	716,793
Total interest income	390,203	867,959

Note 3D: Distributions received

	2020	2019
Managed investments and listed securities	547,278	-
Total distributions received	547,278	-

Note 3E: Rental income

	2020	2019
Operating lease:		
Residential housing	962	7,790
Total rental income	962	7,790

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 3: Revenue (cont)

Operating Leases

The operating lease relates to the lease of a house owned by the Group in Tennant Creek which was disposed in April 2019. The rental income in the current year relates to prior year rent that was not released until the current financial year.

	Consolidated	
	2020	2019
	\$	\$

Note 3F: Store recoveries and charges

	2020	2019
Managers Services on-charged	6,912,128	6,816,855
Recoveries from managed stores	1,524,895	1,583,987
Total store recoveries and charges	8,437,023	8,400,842

Note 3G: Rebates

	2020	2019
Rebates received	2,726,666	2,615,013
Total rebates received	2,726,666	2,615,013

Note 3H: Other revenue

	2020	2019
Commission received	-	5,939
Consultancy fees	278,883	250,825
Sundry income	337,062	243,326
Training government subsidy	120,205	284,668
Total other revenue	736,150	784,758

Note 3I: Gain on disposal of fixed assets

	2020	2019
Gain on disposal of fixed assets	134,491	239,192
Total gain on disposal of fixed assets	134,491	239,192

Note 3J: Other gains

	2020	2019
Change in fair value through profit or loss ¹	20,658	-
Total other gains	20,658	-

¹ Other gains relate to the reversal of the prior year's change in fair value of the Bardi Ardyaloon loan as the loan was repaid during the current year.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 4: Expenses

	Notes	Consolidated	
		2020	2019
		\$	\$

Note 4A: Consulting expenditure

Consultancy fees		97,404	115,621
Legal fees		300,576	79,782
Total consulting expenditure		397,980	195,403

Note 4B: Depreciation and amortisation

Amortisation on intangibles		26,613	57,689
Depreciation of property, plant and equipment		562,354	561,231
	7A	588,967	618,920
Depreciation on right-of-use assets	7B	172,195	-
Total depreciation and amortisation		761,162	618,920

Note 4C: Employee benefits expense

Wages and salaries		11,456,852	11,139,340
Travel and other allowances		106,384	124,680
Superannuation contributions - defined contribution plans		1,008,731	981,396
Staff incentive provision		12,041	11,832
Leave and other entitlements		263,246	99,348
Total employee benefit		12,847,254	12,356,596

Note 4D: Rental expenses

Operating lease rentals ¹		22,080	249,303
Total rental expenses		22,080	249,303

¹ The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 4: Expenses (cont)

		Consolidated	
		2020	2019
		\$	\$

Note 4E: Store grant expenditure (underpinning)

Barunga - Barunga Community Store Indigenous Corporation		-	101,515
Bardi Ardyaloon Store		60,000	15,793
Beagle Bay - Ngarlan Store Indigenous Corporation		-	73,738
Jigalong - Jigalong Community Unit Trust		32,032	243,749
Canteen Creek - Canteen Creek Store Charitable Trust		13,980	-
Engawala - Ntjaminya General Store Aboriginal Corporation		34,407	72,258
Epenarra - Wetengerr Aboriginal Corporation		108,411	74,668
Imanpa - Imanpa General Store Anangu Aboriginal Corporation		98,372	222,779
Jilkmिंगgan - Dungalan Aboriginal Corporation		2,116	266,035
Lagulalya - Lagulalya Aboriginal Corporation		150,378	88,625
Mulan - Pinanyi Store Aboriginal Corporation		213,337	235,692
Nyirripi Community Store		14,936	64,004
Oak Valley - Oak Valley (Maralinga) Incorporated		50,000	50,000
Pigeon Hole - Nitjpurru Aboriginal Corporation		294	195,785
Ringer Soak - Kundat Djaru Community Store Aboriginal Corporation		71,876	289,281
Titjikala - Titjikala Community Store Aboriginal Corporation		89,780	160,606
Ti Tree - Anmatjere Community Store Aboriginal Corporation		87,289	218,568
Timber Creek - Wirib Pty Ltd T/as Wirib Store and Tourism Park		45,000	106,177
Tjuntjuntjara Community Store		25,899	88,325
Yiyili - Yiyili Store Indigenous Corporation		51,339	141,684
Urapunga Community Store		7,006	-
Total store grant expenditure (underpinning)		1,156,452	2,709,282

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 2020

Note 4: Expenses (cont)

	Consolidated	
	2020	2019
	\$	\$
Note 4F: Administrative expenditure		
Travel and accommodation	340,257	446,578
Bad debts	940	6,327
Information technology	290,451	268,168
Recruitment costs	29,308	24,145
Insurance	398,692	511,642
Accountancy fees	43,013	40,845
Audit fees	51,000	48,100
Management fees	50,694	-
Motor vehicle	242,465	244,584
Fringe benefit and payroll tax	721,835	782,367
Training	147,231	188,028
Communication	60,931	82,771
Change in fair value of Bardi Ardyaloon loan	-	20,658
Other expenses	914,635	604,434
Total administrative expenditure	3,291,452	3,268,647

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 4: Expenses (cont)

	Consolidated	
	2020	2019
	\$	\$

Note 4G: Other grant expenditure

Expenditure of grants received from Australian Government entities:		
Department of Social Services - Food security	1,650	1,600
National Indigenous Australians Agency - Nutrition grant	151,490	-
Department of The Prime Minister and Cabinet - Nutrition grant	-	121,747
Total other grant expenditure	153,140	123,347

Note 4H: Finance costs

Interest on lease liabilities	83,426	-
Total finance costs	83,426	-

Note 4I: Fair value loss on financial instruments at fair value through profit and loss

Fair value loss on financial instrument at fair value through profit and loss	354,973	-
Total fair value loss on financial instruments at fair value through profit and loss	354,973	-

Note 4J: Loss on sale of investments

Loss on sale of investments	1,039	-
Total loss on sale of investments	1,039	-

Note 4K: Auditors' remuneration

Amounts paid or payable in respect of the audit or review of the financial statements of the Group to:		
Australian National Audit Office	51,000	48,100
RSM Australia Ply Ltd - non audit service	-	3,200
Total auditors' remuneration	51,000	51,300

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 5: Income tax expense

	Consolidated	
	2020	2019
	\$	\$

Note 5A: Income tax recognised in profit or loss

Tax expense comprises:		
Current tax (benefit)/expense in respect of the current year - continuing operations	(92,339)	144,118
Current tax expense in respect of the current year - discontinued operations	(122,669)	(60,285)
Current tax	(215,008)	83,833
Deferred tax (benefit)/expense relating to the origination and reversal of temporary differences - continuing operations	(168,321)	4,763
Deferred tax expense/(benefit) relating to the origination and reversal of temporary differences - discontinued operations	3,091	(9,671)
Total income tax (benefit)/expense	(380,238)	78,925

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 (loss) before income tax	(1,164,883)	366,649
Income tax (benefit)/expense calculated at 30% (2019: 30%)	(349,465)	109,994
Effect of expenses that are not deductible in determining taxable profit	(2,946)	2,386
Franking credit benefit	(7,627)	-
Prior year adjustment	(20,200)	-
Change in effective tax rate	-	(33,455)
Income tax (benefit)/expense in statement of comprehensive income	(380,238)	78,925

The tax rate used in the above reconciliation is the corporate tax rate payable by Australian corporate entities on taxable profits under Australian tax law.

Note 5B: Franking Credits

Opening balance	2,507,663	2,507,663
Tax paid	83,833	-
Franked distribution received	25,847	-
Closing balance	2,617,343	2,507,663

Note 5C: Current tax assets

Current tax assets		
Income tax receivable	12,046	-
Total current tax asset	12,046	-

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 5: Income tax expense (cont)

	Consolidated	
	2020	2019
	\$	\$

Note 5D: Current tax liabilities

Current tax liabilities		
Income tax payable	-	83,833
Total current tax liabilities	-	83,833

Note 5E: Deferred tax balances

Consolidated

Deferred tax assets / (liabilities) arise from the following:

	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	Total
2020	\$	\$	\$	\$	\$
Temporary differences					
Investments	(58,616)	-	101,728	-	43,112
Prepayments	(4,535)	-	(360)	-	(4,895)
Property, plant & equipment and Intangible assets	3,076	-	8,856	-	11,932
Other assets	(2,849)	-	(23,296)	-	(26,145)
Accrued expenses	6,428	-	1,548	-	7,976
Employee benefits	411,890	-	78,974	-	490,864
Provision for audit fees	14,430	-	870	-	15,300
Discontinued operations	3,091	-	(3,091)	-	-
	372,915	-	165,229	-	538,144
Tax loss current year					202,962

Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	371,583
Deferred tax liability attributable to discontinued operations	-
	371,583
Deferred tax asset attributable to continuing operations	909,727
Deferred tax asset attributable to discontinued operations	-
Deferred tax asset attributable to tax loss	202,962
	1,112,689

cont.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 5: Income tax expense (cont)

Note 5E: Deferred tax balances, cont.

	Opening Balance	Charged to Income	Recognised directly in profit or loss	Recognised directly in equity	Total
2019	\$	\$	\$	\$	\$
Temporary differences					
Investment	-	-	(58,616)	-	(58,616)
Prepayments	(46,365)	-	41,830	-	(4,535)
Property, plant & equipment and Intangible assets	9,847	-	(6,771)	-	3,076
Other assets	102,070	-	(104,919)	-	(2,849)
Accrued expenses	3,848	-	2,580	-	6,428
Employee benefits	289,932	-	121,958	-	411,890
Provision for audit fees	12,155	-	2,275	-	14,430
Fringe benefit and payroll tax	3,101	-	(3,101)	-	-
Discontinued operations	(6,581)	-	9,672	-	3,091
	368,007	-	4,908	-	372,915

Presented on the statement of financial position as follows:

Deferred tax liability attributable to continuing operations	62,979
Deferred tax liability attributable to discontinued operations	17,803
	80,782
Deferred tax asset attributable to continuing operations	432,804
Deferred tax asset attributable to discontinued operations	20,893
	453,697

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 6: Assets

	Consolidated	
	2020	2019
	\$	\$

Note 6A: Cash and cash equivalents

Cash on hand	8,689,597	25,774,732
Short term deposits	5,000,000	9,340,000
Total cash and cash equivalents	13,689,597	35,114,732

The effective interest rate on short term deposits was 0.95% (2019: 1.81%).

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 6: Assets (cont)

	Consolidated	
	2020	2019
	\$	\$
Note 6B: Trade and other receivables		
Trade and other receivables ¹		
Goods and services receivables	2,117,927	1,879,908
Total trade and other receivables	2,117,927	1,879,908
Other receivables		
Accrued interest	93,228	15,279
Bonds	14,666	15,826
Sundry receivables	214,252	55,733
Total other receivables	322,146	86,838
Total trade and other receivables (gross)	2,440,073	1,966,746
Less expected credit loss allowance¹	(6,081)	(6,327)
Total trade and other receivables (net)	2,433,992	1,960,419

¹ The comparative figures have been adjusted to include the expected credit loss allowance separately, previously this allowance was not separately disclosed and was included in trade and other receivables. This does not have any impact on the reported profit or net equity in the prior year. The expected credit loss allowance is calculated as an average based on the 10 year bad debts historical data.

Trade and other receivables (net) expected to be recovered		
Not overdue	373,204	1,879,882
Overdue:		
30 to 60 days	2,024,884	4,985
60 to 90 days	27,283	59,875
More than 90 days	8,621	15,677
Total trade and other receivables (net)	2,433,992	1,960,419

¹ Credit terms for goods and services were within 7 days from invoice date (2019: 7 days). No interest is charged on outstanding debtor balances. An allowance has been made for irrecoverable amounts determined from liquidity review of individuals stores and management views. Debtor days is not viewed as an accurate measurement of impairment of receivables.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 6: Assets (cont)

	Consolidated	
	2020	2019
	\$	\$
Note 6C: Other financial assets		
Loans to other entities ¹	952,935	1,714,645
Investment in managed funds ²	13,209,870	10,945,387
Fixed term deposits ³	18,835,000	-
Bond deposits	-	523,415
Total other financial assets	32,997,805	13,183,447
Other financial assets expected to be recovered		
No more than 12 months	32,185,585	11,026,252
More than 12 months	812,220	2,157,195
Total other financial assets	32,997,805	13,183,447

¹ 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 15 years. Interest is charged between 6 - 7%. Included in total loans to other entities in 2019 was the interest free loan of \$95,299 to Bardi Ardyaloon Store which was fully repaid during the current year.

² Investment in management funds represents the Group's investment in Macquarie Investment's custodial accounts. The Group's investment in various funds is considered to be held for trading. The Group has elected to recognise its investments with Macquarie as fair value through profit or loss on initial recognition. The Group has recorded a fair value loss of \$354,973 (2019: gain of \$195,387) as at the reporting date.

³ Fixed term deposits represents the deposits held under the Group's investment in Macquarie Investment's custodial accounts. The weighted average interest rate is 0.95%.

Note 6D: Other current assets

Prepayments	58,008	46,494
Total other current assets	58,008	46,494
Other non-financial assets expected to be recovered		
No more than 12 months	58,008	46,494
Total other non financial assets	58,008	46,494

No indicators of impairment were found for other non-financial assets.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 7: Non-financial assets

Note 7A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles.

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2020¹

	Housing	Containers	Furniture and fittings	Leasehold Improvements	Motor Vehicle and components	IT Equipment	Trademarks		IT Software	Total
	\$	\$	\$	\$	\$	\$	\$		\$	\$
As at 1 July 2019										
Gross book value	2,035,255	73,024	1,083,193	176,330	3,078,143	2,724,250	16,177		665,668	9,852,040
Accumulated depreciation and impairment	(1,138,883)	(73,024)	(413,987)	(154,029)	(2,706,602)	(2,125,883)	(16,177)		(647,451)	(7,276,036)
Less: Reclassified as assets held for sale	-	-	(631,065)	-	(5,158)	(6,212)	-		-	(642,435)
Net book value 1 July 2019	896,372	-	38,141	22,301	366,383	592,155	-		18,217	1,933,569
Additions	-	-	5,129	-	52,686	251,657	-		63,289	372,761
Depreciation	(48,150)	-	(13,549)	(3,946)	(253,559)	(243,150)	-		(26,613)	(588,967)
Disposals	--	-	-	-	(9,377)	{107}	-		-	{9,484}
Net book value 30 June 2020	848,222	-	29,721	18,355	156,133	600,555	-		54,893	1,707,879

Net book value at 30 June 2020 represented by:

Gross book value	1,530,523	73,024	209,716	176,330	2,261,451	2,859,613	16,177		654,419	7,781,253
Accumulated depreciation, amortisation and impairment	(682,301)	(73,024)	(179,995)	(157,975)	(2,105,318)	(2,259,058)	(16,177)		(599,526)	(6,073,374)
Total as at 30 June 2020	848,222	-	29,721	18,355	156,133	600,555	-		54,893	1,707,879

¹ The above table discloses property, plant and equipment not subject to operating leases.

Land is included in housing amounting to \$45,000 (2019: \$45,000). Depreciation charge for the year relates to continuing operations only.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 7: Non-financial assets (cont)

Note 7B: Reconciliation of the opening and closing balances of property, plant and equipment that are subject to operating leases.

Reconciliation of the opening and closing balances of property, plant and equipment that are subject to operating leases for 2020

	Buildings	Total
	\$	\$
As at 1 July 2019	-	-
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Less: Reclassified as assets held for sale	-	-
Net book value 1 July 2019	-	-
Recognition of right of use asset on initial application of AASB 16	1,291,461	1,291,461
Adjusted total as at 1 July 2019	1,291,461	1,291,461
Depreciation on right-of-use assets	(172,195)	(172,195)
Net book value 30 June 2020	1,119,266	1,119,266

Net book value at 30 June 2020 represented by:

Gross book value	1,291,461	1,291,461
Accumulated depreciation and impairment	(172,195)	(172,195)
Total as at 30 June 2020	1,119,266	1,119,266

Carrying amount of right-of-use assets	1,119,266	1,119,266
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Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 7: Non-financial assets (cont)

Note 7C: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2019¹

	Housing	Containers	Furniture and fittings	Leasehold Improvements	Motor Vehicle and components	IT Equipment	Trademarks		IT Software	Total
	\$	\$	\$	\$	\$	\$	\$		\$	\$
As at 1 July 2018										
Gross book value	2,186,138	73,024	1,075,591	176,330	2,950,299	2,281,593	16,177		665,668	9,424,820
Accumulated depreciation and impairment	(1,064,047)	(72,625)	(343,281)	(150,092)	(2,392,814)	(1,965,103)	(16,177)		(589,761)	(6,593,900)
Net book value 1 July 2018	1,122,091	399	732,310	26,238	557,485	316,490	-		75,907	2,830,920
Additions	-	-	7,602	-	127,844	460,534	-		-	595,980
Depreciation	(74,836)	(399)	(70,706)	(3,937)	(313,788)	(160,780)	-		(57,690)	(682,136)
Transfer to assets held for sale	-	-	(631,065)	-	(5,158)	(6,212)	-		-	(642,435)
Disposals	(150,883)	-	-	-	-	(17,877)	-		-	(168,760)
Net book value 30 June 2019	896,372	-	38,141	22,301	366,383	592,155	-		18,217	1,933,569

Net book value at 30 June 2019 represented by:

Gross book value	2,035,255	73,024	1,083,193	176,330	3,078,143	2,724,250	16,177		665,668	9,852,040
Accumulated depreciation, amortisation and impairment	(1,138,833)	(73,024)	(413,987)	(154,029)	(2,706,602)	(2,125,883)	(16,177)		(647,451)	(7,276,036)
Less: Reclassified as assets held for sale	-	-	(631,065)	-	(5,158)	(6,212)	-		-	(642,435)
Total as at 30 June 2019	896,372	-	38,141	22,301	366,383	592,155	-		18,217	1,933,569

¹ The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 8: Liabilities

	Consolidated	
	2020	2019
	\$	\$
Note 8A: Trade and other payables		
Trade payables	205,584	129,467
Goods and services tax payable	346,180	332,311
Accrued expenses	363,064	314,863
Payroll	-	1,807
Audit fees	51,000	48,100
Fringe benefit and payroll taxes	84,119	87,951
Other liabilities	54,927	91,435
Total trade and other payables	1,104,874	1,005,934
Trade and other payables expected to be settled		
No more than 12 months	1,104,874	1,005,934
Total trade and other payables	1,104,874	1,005,934

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 8B: Deferred revenue - Government grants

Unexpended grants - Parent entity		
Indigenous Business Australia - Northern Territory Emergency Relief Funding (NTER)	924,900	480,762
Department of Social Services Food Grant	2,210,674	3,210,674
Unexpended grants - Other		
Governance and training grant funding	4,620,703	5,277,137
Total grants	7,756,277	8,968,573
Grants expected to be settled		
No more than 12 months	7,756,277	8,968,573
Total grants	7,756,277	8,968,573

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 8: Liabilities (cont)

	Consolidated	
	2020	2019
	\$	\$
Note 8C: Lease liabilities		
Operating leases ¹	1,155,313	-
Total lease liabilities	1,155,313	-

¹ The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

Total cash outflow for leases for the year ended 30 June 2020 was \$219,574.

Maturity analysis - contractual undiscounted cash flows		
Within 1 year	146,016	-
Between 1 to 5 years	695,399	-
More than 5 years	313,898	-
Total leases	1,155,313	-

The Group in its capacity as lessee held a lease agreement for the office located in Darwin which was entered into on 1 January 2015, with monthly lease payments increasing annually in line with CPI. The contract had a renewal option for a further 6 years on 1 January 2020 which management has determined that the Group was likely to exercise. The incremental borrowing rate of 6.87% was used to discount the present value of the lease payments that are not paid at the commenced date as the rate implicit in the lease cannot be readily determined.

Note 8D: Employee provisions

Employee benefit	1,636,214	1,372,967
Total provisions	1,636,214	1,372,967
Employee provisions expected to be settled		
No more than 12 months	1,228,210	1,005,521
More than 12 months	408,004	367,446
Total provisions	1,636,214	1,372,967

Note 9: Issued capital

Authorised and issued shares:		
40,000,001 fully paid ordinary shares	40,000,001	40,000,001
	40,000,001	40,000,001

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 10: Cash flow reconciliation

	Consolidated	
	2020	2019
	\$	\$

Note 10A

Reconciliation of cash and cash equivalents as per statement of financial position and cash flow statement		
Cash flow statement	13,689,597	35,114,732
Statement of financial position	13,689,597	35,114,732
Discrepancy	-	-

Reconciliation of (loss)/profit to cash flows from operating activities		
(Loss)/profit for the year after income tax	(784,644)	287,724

Items classified as investing activities:		
Interest received	(312,254)	(867,959)
Distributions received on managed investments	(547,278)	-
Food security, nutrition and store expenditure grants	1,294,556	2,832,629

Non cash flows in profit		
Depreciation and amortisation	761,162	682,136
Reversal of prior year fair value adjustment	(20,658)	-
Net loss/(gain) on financial instrument at fair value through profit and loss	354,973	(195,387)
Gain on disposal of fixed assets	(134,491)	(239,192)
Losses from sale of assets from discontinued operations	376,660	-
Loss on investments made	1,039	-

Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	(591,894)	187,019
Inventories	252,737	23,694
Other non-financial assets	(11,514)	141,128
Current tax assets	(12,046)	-
Deferred tax assets	(658,992)	(26,133)

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 10: Cash flow reconciliation (cont)

	Consolidated	
	2020	2019
	\$	\$

Note 10A (continued)

Increase/(decrease) in liabilities:		
Trade and other payables	(188,892)	(243,836)
Deferred revenue- Government grants	(1,212,296)	(2,588,083)
Employee provisions	197,358	109,718
Current tax liabilities	(83,833)	83,833
Deferred tax liabilities	290,801	21,225
Net cash (used in)/from operating activities	(1,029,506)	208,516

Note 11: Related Party Disclosures

Related Party relationships:

The immediate parent and ultimate controlling party of the Group is the National Indigenous Australians Agency (NIAA), on behalf of the Commonwealth of Australia. Other related parties are the Directors and other Key Management Personnel.

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

The Company received Grant funding during the year from the NIAA for Nutrition. In the current year there was \$82,500 (2019: \$247,500) received for this program. There were no other related party transactions during the year.

Terms and conditions

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

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 12: 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	
	2020	2019
	\$	\$
Non-Executive Short Term Employment Benefits	366,945	339,466
Non-Executive Post Employment Benefits	33,198	28,013
Short Term Employment	988,742	954,446
Long Term Employment benefits	21,125	26,873
Post Employment Benefits	85,378	82,371
Total	1,495,388	1,431,169

The total number of key management personnel that are included in the above table are 13 (2019: 14).

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. J. Rathore	Chief Financial Officer (appointed 1 July 2015)
Mr. R. Mead	Group Merchandise and IT Manager (appointed 15 January 2018)
Dr. S Gordon AM	Chairperson (appointed on 26 October 2018)
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)
Ms. B. Price	Director (appointed 30 November 2017)
Assoc. Prof. J. Brimblecombe	Director (expired on 31 August 2019)
Mr. D. Bouchier	Director (appointed 16 March 2019)
Mr. D. Evans	Director (appointed 24 September 2019)

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 13: Financial Instruments

	Consolidated	
	2020	2019
	\$	\$

13A Categories of financial instruments

Financial assets at amortised cost		
Cash and cash equivalents	13,689,597	35,114,732
Trade and other receivables	2,433,992	1,960,419
Other financial assets - loans, bond deposits and fixed term deposits	19,787,935	2,142,761
Total financial assets at amortised cost	35,911,524	39,217,912

Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	13,209,870	10,945,387
Other financial assets - loans	-	95,299
Total financial assets at fair value through profit or loss	13,209,870	11,040,686

Total financial assets	49,121,394	50,258,598
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Financial Liabilities

Financial liabilities measured at amortised cost		
Trade and other payables	674,575	585,672
Deferred Revenue - Government Grants	7,756,277	8,968,573
Total financial liabilities measured at amortised cost	8,430,852	9,554,245

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 13: Financial Instruments (cont)

	Consolidated	
	2020	2019
	\$	\$
13B Net gains or losses on financial assets		
Financial assets at amortised cost		
Interest revenue	390,203	867,959
Net gains on financial assets at amortised cost	390,203	867,959
Financial assets at fair value through profit or loss		
Distributions received	547,278	-
Fair value (loss)/gain	(354,973)	195,387
Net gains on financial assets at fair value through profit or loss	192,305	195,387

13B 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 8B.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 13: Financial Instruments (cont)

Market Risk

Other price risk

The Group is exposed to equity price risk arising from equity investments. The Group invested in portfolio which are held for trading purpose. The management has considered the impact of the price changes on its investment to be minimal.

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 Stores Group. It therefore is in a position to ensure that it minimises its exposure to credit risk. As at 30 June 2020, the Group's maximum exposure to credit risk without taking into account any collateral or other credit enhancements is equivalent to the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and maximum amount the entity would have to pay if the financial guarantee is called upon irrespective of the likelihood of the guarantee being exercised.

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 except for the exposure to the price risk related to the investment in financial assets at fair value through profit or loss. The manner in which the risk is measured and managed are detailed below.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 13: Financial Instruments (cont)

Interest rate risk management

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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 table illustrates the maturities for interest bearing financial assets subject to interest rate risk.

	Weighted Average effective interest rate	Consolidation					Total
		Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	
	%	\$	\$	\$	\$	\$	\$
2020							
Short term deposits (fixed interest rate)	0.95%	-	5,000,000	18,835,000	-	-	23,835,000
Other cash & cash equivalents (variable interest)	0.15%	-	-	8,689,597	-	-	8,689,597
Store loans (fixed interest rate)	5.85%	-	-	140,715	812,220	-	952,935
		-	5,000,000	27,665,312	812,220	-	33,477,532
2019							
Short term deposits (fixed interest rate)	1.30%	-	8,500,000	840,000	-	-	9,340,000
Other cash & cash equivalents (variable interest)	0.90%	-	-	25,774,732	-	-	25,774,732
Store loans (fixed interest rate)	5.92%	-	-	80,865	1,633,780	-	1,714,645
Bond deposits	5.48%	-	-	-	523,415	-	523,415
		-	8,500,000	26,695,597	2,157,195	-	37,352,792

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 13: Financial Instruments (cont)

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. 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 table 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.

	Consolidation					Total
	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	
	\$	\$	\$	\$	\$	\$
2020						
Trade and other payables	-	674,575	-	-	-	674,575
Deferred revenue	-	-	7,756,277	-	-	7,756,277
	-	674,575	7,756,277	-	-	8,430,852
2019						
Trade and other payables	-	585,672	-	-	-	585,672
Deferred revenue	-	-	8,968,573	-	-	8,968,573
	-	585,672	8,968,573	-	-	9,554,245

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 13: Financial Instruments (cont)

13C 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 2020

Financial assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Investment in managed funds	13,209,870	-	-	13,209,870
Total	13,209,870	-	-	13,209,870

Fair value hierarchy as at 30 June 2019

Financial assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Investment in managed funds	10,945,387	-	-	10,945,387
Loans	-	-	95,299	95,299
Total	10,945,387	-	95,299	11,040,686

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 2020

Note 14: Parent Entity Disclosures

	Company	
	2020	2019
	\$	\$
Financial position		
Assets:		
Current assets	48,379,228	49,614,665
Non-current assets	4,752,054	4,544,461
Total assets	53,131,282	54,159,126
Liabilities		
Current liabilities	10,235,377	11,063,861
Non-current Liabilities	1,788,884	448,228
Total liabilities	12,024,261	11,512,089
Equity		
Issued capital	40,000,001	40,000,001
Retained earnings	1,107,020	2,647,036
Total equity	41,107,021	42,647,037
	Year ended 2020	Year ended 2019
	\$	\$
Comprehensive income		
Loss for the year	(1,540,016)	(379,710)
Total comprehensive loss	(1,540,016)	(379,710)

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 15: Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

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

The business assets in Cardwell Supermarket Pty Ltd were disposed of during the year, and Cardwell Supermarket Pty Ltd is in the process of being wound up after year end. Refer to Note 18 to the financial statements for additional information regarding the sale of the business.

Note 16: Contingent Liabilities and Contingent Assets

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

Note 17: Subsequent Events

There is no subsequent event at the reporting date which impact the financial statements of the entity.

Outback Stores Pty Ltd and its Controlled Entities

Notes to the financial statements for the year ended 30 June 2020

Note 18: Discontinued Operation

During the year, the Cardwell Supermarket operations was disposed on 11 March 2020 at \$300,000 plus stock-in-trade estimated to be \$300,000. The disposal is a going concern and is consistent with Outback Stores' focus on the long term objective of managing remote community stores. Cardwell Supermarket Pty Ltd is in the process of being wound up and will be legally deregistered in the 2021 financial year.

The results of the discontinued operations (i.e. Cardwell Supermarket) included in the profit or loss for the year are set out below.

	2020	2019
	\$	\$
Loss for the year from discontinued operation		
Revenue	3,551,838	5,093,442
Expenses	(3,542,535)	(5,243,016)
Other non-operating income	1,933	24,998
Losses from sale of assets	(376,660)	-
Loss before tax	(365,424)	(124,576)
Attributable income tax benefit	119,578	69,956
Loss for the year from discontinued operations	(245,846)	(54,620)

The major classes of assets and liabilities comprising the operations classified a held for sale are as follows:

During the year, Cardwell Supermarket used \$216,060 (2019: contributed \$63,348) to the Group's net operating cash flow, paid \$554,041 (2019: \$3,720) in respect of investing activities and paid nil (2019: Nil) in respect of financing activities.

	2020	2019
	\$	\$
Property plant and equipment	-	642,435
Deferred tax assets	-	20,893
Inventories	-	252,737
Trade receivables	12,949	42,595
Cash and bank balances	1	140,300
Total assets classified as held for sale	12,950	1,098,960
Trade payables	-	287,832
Provisions	-	65,889
Deferred tax liability	-	17,803
Total liabilities associated with assets classified as held for sale	-	371,524
Net assets of disposal group	12,950	727,436



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