



Australian Government  
National Indigenous  
Australians Agency



**NIAA**

# Supporting Remote Cost-of-Living and Food Security

Impact Analysis - OIA24-08816

Prepared by the National Indigenous Australians Agency  
PO Box 2191  
Canberra ACT 2600

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# Introduction

## Context

The Australian Government is committed to addressing food insecurity in remote First Nations communities. For food security to be realised, six dimensions must be fulfilled:

- Agency
- Physical availability of food
- Economic and physical access to food
- Food utilisation
- Stability
- Sustainability.<sup>1</sup>

This proposal focuses on the unaffordability of food (relating to the economic and physical access to food dimension) as it has a significant impact on people living in remote First Nations communities' ability to be food secure (Objective 1 relates).

Food security is essential to a person's health and wellbeing. Experiencing food insecurity can contribute to the development of various health conditions including malnutrition, diabetes and other chronic disease. Many remote communities now experience food insecurity at a much higher rate than Australians as a whole. Food insecurity also impacts workforce and educational participation, economic opportunities, and mental health.

The life expectancy gap between First Nations people and non-Indigenous people in Australia is widest for people living in remote and very remote regions, at close to 12 years.<sup>2</sup> Nutrition-related chronic diseases, such as cardiovascular disease, type 2 diabetes, chronic kidney disease and some cancers have previously been estimated to account for 75% of the mortality gap between First Nations people and other Australians.<sup>3</sup> Given the much higher rates of food insecurity in very remote areas and the rapid increase in chronic disease, this is likely to be an underestimate for remote areas.<sup>4</sup> In the Northern Territory (NT), analysis of health and economic data found socio-economic disadvantage, along with obesity, caused just over half of the life expectancy gap

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<sup>1</sup> J Clapp et al, Viewpoint: The case for a six-dimensional food security framework, *Food Policy*, Volume 106, 2022, 102164, ISSN 0306-9192, <https://doi.org/10.1016/j.foodpol.2021.102164>.

(<https://www.sciencedirect.com/science/article/pii/S0306919221001445>)

<sup>2</sup> T Vos, B Barker, S Begg, L Stanley and A Lopez, '[Burden of disease and injury in Aboriginal and Torres Strait Islander people: the Indigenous health gap](#)', *International Journal of Epidemiology*, 2009, 38(2):470-7, doi:10.1093/ije/dyn240.

<sup>3</sup> A Lee and K Ride, '[Review of nutrition among Aboriginal and Torres Strait Islander people](#)', *Australian Indigenous HealthInfoNet*, 2018, 18(1).

<sup>4</sup> ABS, '[Aboriginal and Torres Strait Islander life expectancy](#)', ABS, Australian Government, 29 November 2023.



between First Nations and non-Indigenous people, with food insecurity and obesity both strongly associated with poverty.<sup>5</sup>

## Current Status

The Australian Government is committed to action on remote food security, including the development of a National Strategy for Food Security in Remote Aboriginal and Torres Strait Islander Communities (the National Strategy) that addresses affordable, nutritious, and safe food in remote communities.

The National Strategy is due to be finalised in early 2025 and will have a broad focus on addressing the barriers that affect food security over the long term. The National Strategy will address these barriers through 7 pillars (noting there is a strong relationship between pillars):

- Country and Culture;
- Health and Nutrition;
- Housing, Infrastructure and Environmental Health;
- Families and Communities;
- Remote Retail;
- Supply Chains; and
- Healthy Economies.

The NIAA also leads the operational Remote Food Security Working Group (FSWG). The FSWG was established in response to breaks in the supply chain that impacted food security in remote areas during COVID-19. The FSWG includes relevant federal and state government stakeholders, remote store management companies, industry and Aboriginal and Torres Strait Islander community-controlled organisations (FSWG membership is at Appendix B). The FSWG Terms of Reference now include broader improvements to remote supply chain logistics.

Additionally, to support remote stores to build extreme weather resilience, the Commonwealth Government is investing \$9.6 million in a Stores Efficiency and Resilience Package. This package, delivered through grant opportunities, aims to increase resilience to breaks in the supply chain and reduce operating expenses for remote stores. The package, for example, will improve availability of food and essentials by improving capacity of remote stores to withstand supply interruptions and extreme weather events by increasing both refrigerated and dry storage.

Outback Stores Pty Ltd (Outback Stores) is a Commonwealth-owned company established in 2006 to support access to healthy affordable food in remote First Nations communities. Outback Stores has an independent board of directors who are responsible for the strategic direction of the company and a chief executive officer. It is registered with the Australian Charities and Not-for-Profit Commission as a Public Benevolent Institution.

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<sup>5</sup> Y Zhao, J Wright, S Begg and S Guthridge, '[Decomposing Indigenous life expectancy gap by risk factors: a life table analysis](#)', *Population Health Metrics*, 2013, 11(1), doi:10.1186/1478-7954-11-1.



The purpose of Outback Stores is to be a sustainable business that makes a positive difference in the health, employment, and economy of remote First Nations communities by improving food affordability, availability, nutrition, and community services.

Outback Stores provides retail management services to remote community-owned stores on a fee-for-service basis. Where a store makes a profit, that profit remains with the community.

Where a store in a remote First Nations community is an important source of food, but is not financially viable, Outback Stores can provide financial support to ensure the store continues to operate and meet community food security needs.

Outback Stores provides this support using their underpinning fund. Outback Stores, through a fund manager, invests the balance of the fund with the fund serviced by income from grants and investment revenue. Activity of the fund is reported in their annual report.

While there is work underway to address remote food insecurity, there is further need for government intervention.

## Executive Summary

Food and essentials in remote First Nations communities are significantly higher in price than the same products in urban centres. The high cost of food and essentials, coupled with comparably low income, means many First Nations people living in remote communities are struggling with cost-of-living pressures and overall food security.

This proposal seeks to address 3 barriers that impact remote food security:

- reducing the number of touch points in the remote supply chain to improve the affordability of food and essentials in remote stores
- support in-store health and nutrition activities
- improve remote store governance and operations.

This proposal will complement other remote food security initiatives that collectively target improved food security in remote communities.

The preferred option seeks to implement a subsidy scheme administered through Outback Stores, a Commonwealth-owned company. The scheme starts with Outback Stores reducing the wholesale price of a select range of items for remote stores (in the instance Outback Stores has not secured a reduction to wholesale price from manufacturers). Outback Stores then organises and covers the cost of freight for subsidised products to participating remote stores. This would reduce the number of touch points with Outback Stores acting as the conduit for the wholesaler and freight provider for remote stores. This would result in consumers having access to a select range of approximately 30 products at prices comparable to urban supermarkets.

Improving affordability, in conjunction with improving remote store governance and in-store nutrition initiatives, will support remote First Nations communities in meeting their high costs-of-living, and will have broader significant impacts to improve remote food security. Initiatives that



support improved nutrition and food security over the long term will also have broader long-term impacts on the health system.

The subsidy scheme has been developed to have a low impact on remote stores with the administrative burden of the scheme materially lying with the Commonwealth. This is through the NIAA and other Commonwealth agencies having oversight of the scheme mechanics and compliance activities; Outback Stores utilising and expanding current existing processes to administer the scheme; and the low impact on remote stores of diverting a proportion of their operations to Outback Stores (i.e. ordering through Outback Stores for the selected range of products rather than their usual wholesaler). There is likely to be little to no impact on manufacturers, wholesalers and distributors noting the small market value of remote store sales (approximately 0.4% of total market value) and the low number of products to be subsidised (approximately 30 products). Overall, the subsidy is estimated to affect 0.01% of total national sales. Although this impact is small nationally, it will have a significant impact on the cost-of-living for many of the approximately 150,000 First Nations people living in remote Australia.





# Background

## Remote Stores

In 2024 there were more than 200 food and grocery stores servicing remote communities across Australia. Most estimates suggest 90-95% of food eaten in remote First Nations communities is purchased in these stores, with traditional foods contributing a small but critical supplement to people's dietary intake.<sup>6</sup>

Overall, the remote stores landscape supports an estimated 150,000 First Nations people living across more than 1,200 remote and very remote communities. Residents in communities with no local store will often travel hundreds of kilometres on unsealed, damaged, and/or seasonably inaccessible roads to the nearest retail provider in larger communities, a town, or a regional centre.

For many communities, one store often meets all grocery needs of community members.<sup>7</sup>

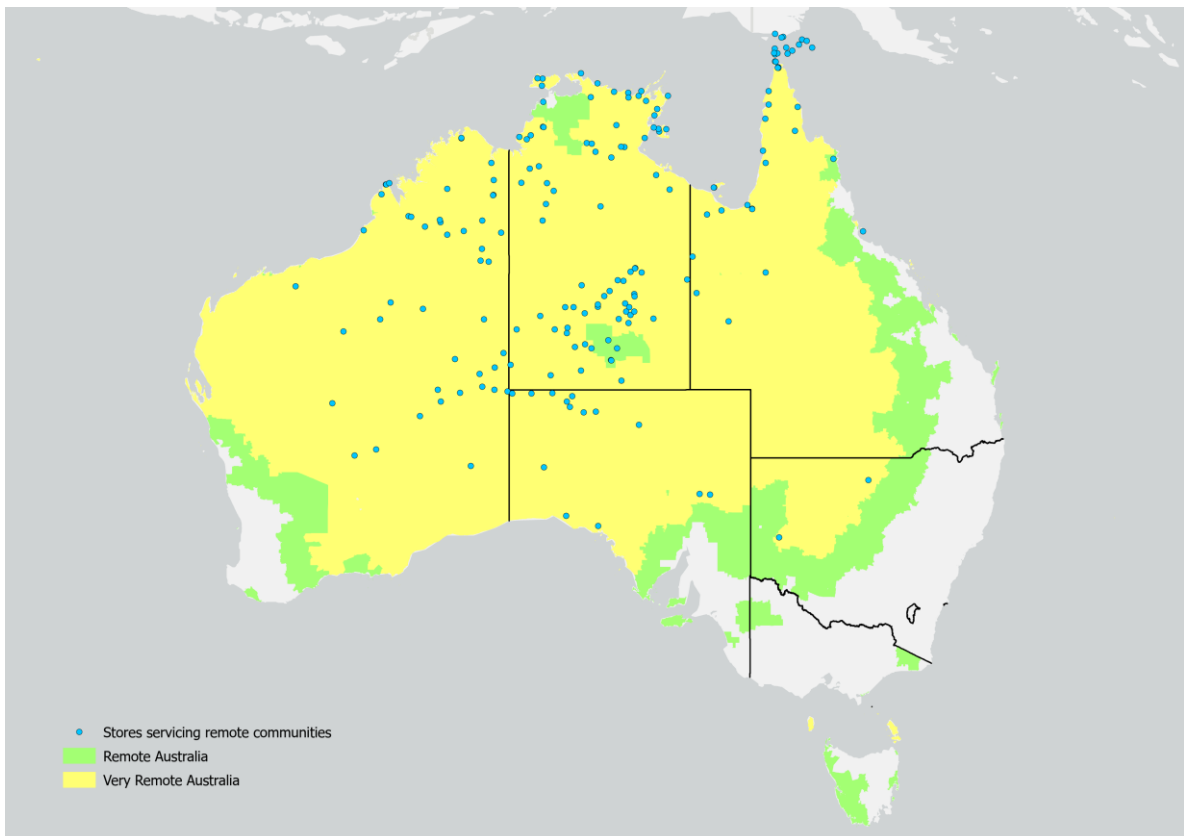


Figure – Map of food and grocery stores located in remote Aboriginal and Torres Strait islander communities.

<sup>6</sup> A Lee, A Bonson and J Powers, '[The effect of retail store managers on Aboriginal diet in remote communities](#)', *Australian and New Zealand Journal of Public Health*, 1996, 20(2):212-214, doi:10.1111/j.1753-6405.1996.tb01821.x.

<sup>7</sup> National Indigenous Australians Agency, *National Strategy for Food Security in Remote First Nations Communities – Discussion Paper*, 31 May 2024, p 30.

Similar to commercial businesses nationwide, remote stores operate under a range of ownership and operating models.<sup>8</sup> This includes community-owned and independently run, community-owned and managed under a management group, and fully private models.

Around half of all remote stores, and three-quarters of community-owned stores, are managed by store management companies, such as Arnhem Land Progress Aboriginal Corporation (ALPA), Community Enterprise Queensland (CEQ), Island and Cape Retail Enterprises, Mai Wiru Regional Stores Council Aboriginal Corporation, and Outback Stores.

## The Remote Supply Chain

Freighting goods to remote communities is a long, challenging, and high-cost process often reliant on weather and the condition of a single road, rail, air or barge access point. Geographical remoteness means there are long distances between the point of harvest or production and goods arriving at the community store.

Disruption to the supply chain is more likely to occur in remote and very remote First Nations communities. This is due to pressure points caused by vast distances, complex connection points and transport routes, geographical and seasonal isolation, inadequate storage infrastructure, poorly maintained freight infrastructure, and higher operating, repair, and maintenance costs.

Seasonal and severe weather events, such as tropical monsoons, floods, and bushfires, can disrupt supply chains and limit the food supply in remote communities for prolonged periods. The already high-cost freighting process can become even more costly during these weather events. These weather events, combined with poorly maintained or inadequate freight infrastructure (such as barge landings and airstrips), can severely impact the quantity of goods able to be transported to community and the timing in which the supply is received. Even once the goods arrive in community, inadequate local storage capacity can limit remote community access to stock reserves that protect against supply shocks.

In addition to long distances and poor infrastructure, small consumer populations in remote communities and limited purchasing power, often means bulk pricing for products is unviable. With the high operating costs and the lack of buying power to access nationally competitive wholesale prices,<sup>9</sup> remote stores operate in a thin market environment.

Most transport routes have limited volumes and so there is a limited number of trucking, barging and airfreight services that will deliver to remote communities. There are generally two options for arranging transport: booking space on regular shared customer deliveries, or arranging delivery, covering all costs.

Shorter supply chains are one way to improve resilience. Providing food to remote communities requires a complex supply chain with many different modes of transport such as truck, barge and

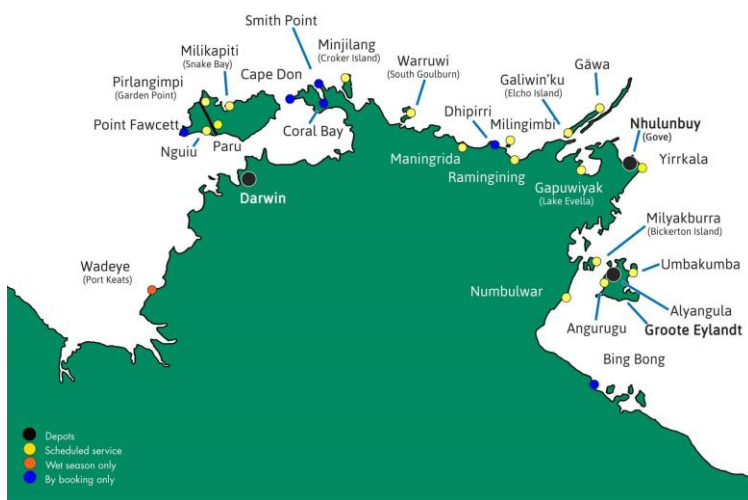
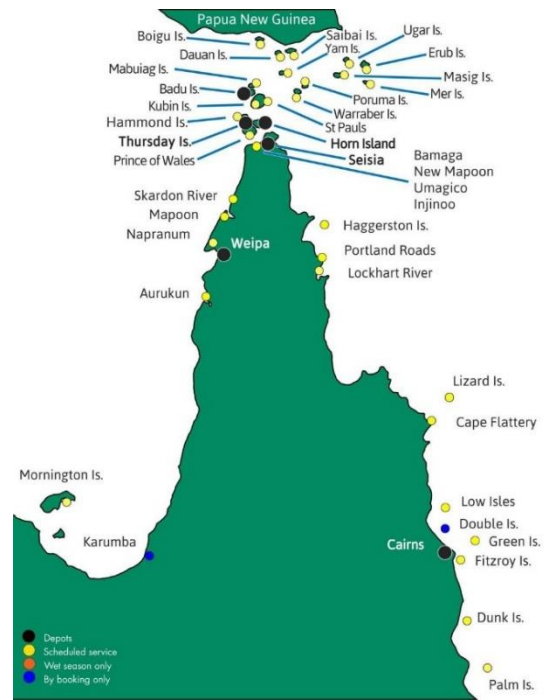
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<sup>8</sup> AMSANT, *Food Summit Report: Food Security in the Northern Territory*, pp 18.

<sup>9</sup> Australian Competition and Consumer Commission, *Supermarkets Inquiry – Interim Report*, Australian Government, August 2024.

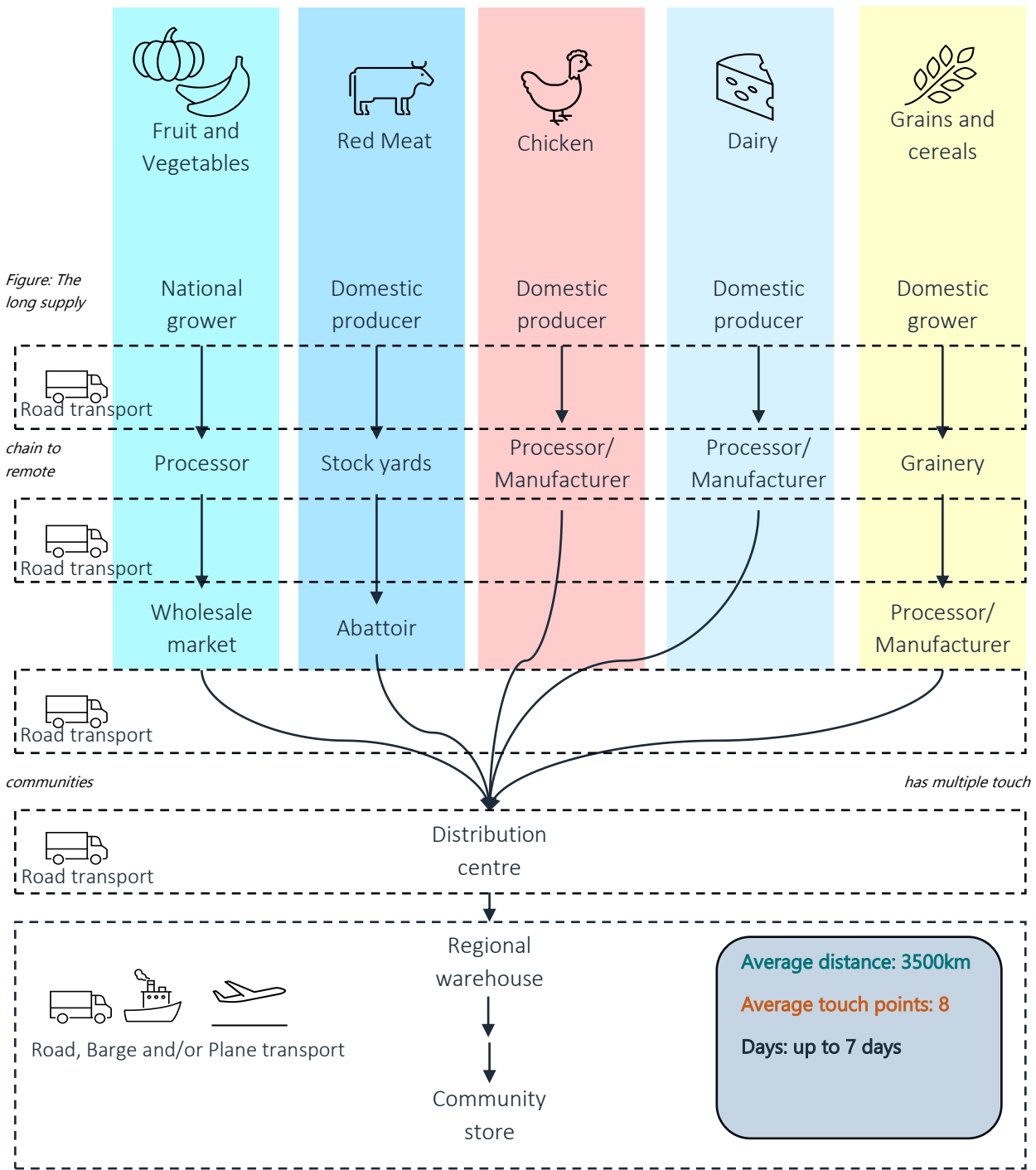


air freight. Some of the major remote wholesaler and freight companies include Metcash, TAH Northern Trading, NightHawk Transport and Sea Swift. Many remote communities in Arnhem Land in the NT including Warruwi, Minjilang, Galiwin'ku, Maningrida, Ramingining, Gapuwiyak and the main town of Nhulunbuy (Gove) rely on a regular barge from Darwin for their supply of food. A map is included below of Sea Swifts' barge routes across the NT and northern Queensland. These logistics mean that for remote food supply chains, the average distance travelled is 3500 km with an average of 8 touch points, compared to the urban supply chain where goods can be directly freighted from the manufacturer to the store.



Figures show Sea Swift freight and vessel routes across Northern Australia <http://www.seaswift.com.au/schedules/>

Currently for remote wholesale there is a limited number of suppliers, with a major wholesaler and several smaller, including specialised, providers.



# 1. What is the policy problem you are trying to solve and what data is available?

## Problem 1: High cost of food and essential items in remote First Nations communities

### The Cost of Food is High and Income is Relatively Low

The cost of food and essential items in remote First Nations communities is higher than the cost of the same goods in regional and urban areas. A recent investigation by consumer advocacy group CHOICE found groceries in some remote communities cost more than double those in capital cities.<sup>10</sup> Additionally, the NT 2023 Market Basket Survey found the average cost of the 'Healthy Food Basket' in remote stores was 40% higher than the average 'district centre' supermarkets.<sup>11</sup>

As noted above, food and essentials in remote communities are expensive due to the high cost of freighting the products the long distances between the point of harvest or production and the community store. Additionally, remote supply chains often rely on only a small number of service providers and require multiple transfer points. Each stop along the supply chain increases the cost and time it takes for the product to reach the consumer, thus increasing the risk of degradation and damage of goods.

The former House of Representatives Standing Committee on Indigenous Affairs (HORSCIA) examined the issue of food prices in remote First Nations communities. In their 2020 report, *Inquiry into food pricing and food security in remote Indigenous communities*, the committee noted that while pricing in remote community stores is higher than the prices found in cities or online, there is no evidence to indicate there is a widespread or systemic price gouging problem.<sup>12</sup> Additionally, evidence suggests most remote stores appear to be trying to do the right thing under difficult trading conditions and must charge the higher prices to remain viable.<sup>13</sup> As such, the high pricing in remote stores is often reflective of the costs. For example, ALPA submitted to the Australian Competition and Consumer Commission (ACCC) *Supermarkets Inquiry 2024-2025* that freight costs

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<sup>10</sup> J Blakkarly, '[Groceries cost more than twice as much in remote First Nations communities](#)', *Choice*, 31 October 2024, accessed 13 December 2024.

<sup>11</sup> Northern Territory Government, '[NT Market Basket Survey 2023 - NT Market Basket Survey 2023 - Summary](#)', 5 June 2024, accessed 17 January 2025.

<sup>12</sup> House of Representatives Standing Committee on Indigenous Affairs, Report on food pricing and food security in remote Indigenous communities, 2020.

<sup>13</sup> House of Representatives Standing Committee on Indigenous Affairs, Report on food pricing and food security in remote Indigenous communities, 2020.



for supplying remote stores can vary from 9% to as high as 39% depending on the available modes of delivery.<sup>14</sup>

In conjunction with the high cost of food and essentials in remote communities, socio-economic disadvantage is more prevalent among Aboriginal and Torres Strait Islander people and people living in remote areas.<sup>15</sup> In 2016, 53% of Aboriginal and Torres Strait Islander people in very remote Australia lived below the poverty line.<sup>16</sup> It is estimated that in some remote communities, 34-80% of household income is needed to purchase food for a healthy diet, compared to 14% for the average Australian family.<sup>17</sup> The high cost of food and essentials, coupled with low household income in remote First Nations communities, directly impacts on the ability to be food secure.

In some areas, government income support payments may be the only available income for some households. The amount received and timing of these payments affects the ability of individuals and households to purchase nutritionally and culturally appropriate food, and may determine when, and how much food can be purchased.<sup>18</sup>

In addition to income support payments through Services Australia, the Remote Area Allowance is a regular tax-free welfare payment for persons living in remote areas.<sup>19</sup> This allowance aims to meet the additional costs associated with living in remote areas. The allowance, however, does not accurately reflect the higher cost-of-living in remote Australia and has only increased twice since 1984.<sup>20</sup> In 2024, the remote areas allowance was \$18.20 a fortnight for a single person.

Multiple assessments of the additional costs of living in remote and very remote communities indicate that the current rate is set too low to compensate for the additional costs of living in these communities. This further disadvantages First Nations people living in remote and very remote areas who are reliant on income support payments.<sup>21</sup>

### **The problem has been identified as an issue but is unable to self-correct**

The FSWG identified the high cost of food and essentials in remote communities as the largest issue to be tackled. Consultations with remote communities undertaken through development of the National Strategy supported this observation.

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<sup>14</sup> Australian Competition and Consumer Commission, *Supermarkets Inquiry – Interim Report*, Australian Government, August 2024.

<sup>15</sup> Productivity Commission, *Remote Area Tax Concessions and Payments – Study report*.

<sup>16</sup> F Markham and N Biddle, *Income, Poverty and Inequality*, CAEPR, 2018.

<sup>17</sup> Joint Standing Committee on the Commissioner for Children and Young People, *Hunger for change: Addressing food insecurity for children and young people affected by poverty*, pp 22.

<sup>18</sup> Bryce et al., 'Maitjara Wangkanyi: Insights from an Ethnographic Study of Food Practices of Households in Remote Australian Aboriginal Communities'.

F Markham, 'The Poor Pay More: Why the Remote Area Allowance Needs Urgent Reform', Austaxpolicy, 12 February 2024, accessed 13 December 2024.

<sup>19</sup> Services Australia, *Remote Area Allowance*, Services Australia, n.d., accessed 13 December 2024.

<sup>20</sup> Productivity Commission, *Remote Area Tax Concessions and Payments – Study report*.

<sup>21</sup> Markham, 'The Poor Pay More: Why the Remote Area Allowance Needs Urgent Reform'.



It is important to note that the high cost of items (i.e. discretionary items) is not always a problem. Many remote stores operate their own cross-subsidisation policies where they increase the price of discretionary products (such as full-sugar soft drinks and confectionary) to reduce prices on healthy products (such as fresh fruit and vegetables). These initiatives have been successful in making some staple healthy foods more affordable and thereby encouraging better nutrition. For example, ALPA successfully maintains minimum marks-ups on healthy items and preferentially prices water and non-sugary drinks to ensure they are a lower price than sugar-sweetened drinks.<sup>22</sup> Conversely, the FSWG has advised these initiatives may erode profits for smaller remote stores in the long term, making new capital or capital maintenance unaffordable for some remote stores.

For over 15 years, Outback Stores has been successfully providing an operational subsidy to several stores (Outback Stores currently manages almost 60 remote community-owned stores across Australia) that are critical to maintaining remote food security yet lack the sales revenue to cover operating costs. Outback Stores has reported increased demand for its services due to high cost-of-living pressures.<sup>23</sup>

In response to cost-of-living pressures, the NIAA worked with Outback Stores in 2024 to trial an expansion of their operational subsidy scheme. This trial expanded their offering of store management services, to wholesale 9 subsidised essential items.<sup>24</sup> The subsidised items were sold to 70 stores, including 10 stores managed by a community-controlled store management company other than Outback Stores. Through this trial, retail prices of the subsidised essential items were dropped to the same price as urban retailers such as Woolworths and Coles.

In addition to the work of the sector, manufacturers and wholesalers are also willing to engage with government to improve affordability of food in remote stores. Through the FSWG, the Minister for Indigenous Australians hosted an Industry Roundtable in November 2024 with the Minister for Infrastructure, Transport, Regional Development and Local Government. Manufacturers and producers of food and essential items were invited to explore options to improve food security and affordability of core products in remote First Nations communities. Following the roundtable, many manufacturers expressed their willingness and commitment to engage in corporate responsibility and goodwill. Some manufacturers have expressed willingness to provide remote stores with the opportunity to buy a range of selected products at a bulk or wholesale price that is similar to the price Coles or Woolworths receive through a structured framework.

The 2022-23 National Aboriginal and Torres Strait Islander Health Survey found households in remote areas were more likely to experience food insecurity with 51% having experienced food

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<sup>22</sup> [Nutrition | The Arnhem Land Progress Aboriginal Corporation](#)

<sup>23</sup> In the 2020-21 Outback Stores Annual Report, Outback Stores was supporting 41 stores nationally in comparison to the 2023-24 Outback Stores Annual Report where it was reported 54 stores were being supported [Annual Reports | Outback Stores](#)

<sup>24</sup> The 9 items include UHT milk, flour, toilet rolls, quick and rolled oats and tissues.



insecurity at some time in the last 12 months. Forty-four per cent of remote households had experienced moderate to severe food insecurity over the last 12 months.

While these measures are making progress in addressing remote food insecurity, there remains a strong need to reduce the cost of essentials in an effective way that benefits remote consumers and improves remote food security noting over half of remote First Nations people have been/are affected.

## Problem 2: Remote food insecurity impacts already poor health outcomes

Outcome 1 under the National Agreement on Closing the Gap, for Aboriginal and Torres Strait Islander people to enjoy long and healthy lives, is slowly improving but not on track to be meet the target (target of achieving a zero life expectancy gap by 2031).<sup>25</sup> In relation to this outcome, there has been little improvement in personal protective and health risk factors of Aboriginal and Torres Strait Islander people over time, including adequate daily fruit intake and vegetable consumption have remained largely unchanged since 2012-13.<sup>26</sup>

In remote areas, 51% of First Nations households have reported experiencing food insecurity over the last 12 months. Supporting improved access and choice of healthy foods can be a critical step in improving nutritional intake and health outcomes.

Food security is an important social determinant of health as overall health and wellbeing is associated with increased risk of chronic diseases.<sup>27</sup> Australian data indicates the risk of obesity is higher in those who experience food insecurity, of which rates are highest in remote First Nations communities in Australia.<sup>28</sup> These high rates of obesity then impact a range of chronic diseases, with diet-related chronic diseases, such as cardiovascular disease, type 2 diabetes, chronic kidney disease and some cancers, responsible for at least 75% of the mortality gap between First Nations and non-Indigenous Australians.<sup>29</sup> For remote First Nations communities, high rates of diabetes or high blood sugar (24%), cardiovascular disease (18%) and chronic kidney disease (6.4%) are strongly linked to poor diet and contribute significantly to high rates of preventable hospitalisations and are costly to health system.<sup>30</sup>

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<sup>25</sup> [Closing the Gap Annual Data Compilation Report July 2024](#)

<sup>26</sup> [Closing the Gap Annual Data Compilation Report July 2024](#)

<sup>27</sup> Beyene, S.D. The impact of food insecurity on health outcomes: empirical evidence from sub-Saharan African countries. *BMC Public Health* 23, 338, 2023

<sup>28</sup> Burns, C. A review of the literature describing the link between poverty, food insecurity and obesity with specific reference to Australia. Melbourne: Victorian Health Promotion Foundation, 2004

<sup>29</sup> Lee A, Ride K, Review of nutrition among Aboriginal and Torres Strait Islander people. Australian Indigenous HealthInfoNet, 2018

<sup>30</sup> Australian Institute of Health and Welfare & National Indigenous Australians Agency. Measures, Aboriginal and Torres Strait Islander Health Performance Framework website. 2024;





For families, food security is of high importance with food insecurity linked to reduced academic achievement in children and young adults.<sup>16</sup> Within the NT, 14% of First Nations children are reported as stunted, an outcome of chronic malnutrition.<sup>31</sup> Remote First Nations communities in the NT have one of the lowest school retention rates in Australia and poorest educational outcomes.<sup>32</sup>

The Centre of Research Excellence in Obesity Policy and Food Systems' ACE – Obesity Policy economic evaluation found the delivery of shelf-talkers (in-store nutrition-based support) and community-based interventions could be cost-effective in reducing obesity rates and healthcare costs in Australia.<sup>33</sup>

Noting the ACE Obesity Policy economic evaluation and other successful remote trials, the nutrition workforce will support in-store nutrition education and marketing to support improved access to healthy food. This will be significant in promoting healthy food – including adequate daily fruit and vegetable intake – and closing the health and mortality gap between First Nations people and non-Indigenous people.

### Problem 3: Addressing remote food security requires coordination and strengthened governance

There is no coordinated national approach to address food insecurity in remote First Nations communities with the estimated **215** remote stores.

The Queensland Government's *Remote Communities Freight Assistance Scheme* is a strategic investment for the estimated 43 remote stores in Queensland (Qld). This scheme requires business owners to apply a freight discount on essential goods in remote stores at the cash register. The scheme was intended to provide a 5.2% discount over 5 years. Due to the high cost to operate in remote areas, the model was expanded to provide a 20% discount. This means that the 5 years of funding (\$64 million), will be spent in less than 18 months. The high cost of this model and its inability to provide a meaningful discount makes it high-risk for long-term viability of the scheme.

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Zhao, Y et al. "Better health outcomes at lower costs: the benefits of primary care utilisation for chronic disease management in remote Indigenous communities in Australia's Northern Territory." *BMC health services research* vol. 14 463. 2014,

<sup>31</sup> Department of Health, Healthy Under 5 Kids Program Growth and Nutrition Report: NT Annual Report 2018, Department of Health, Northern Territory Government, 2018

<sup>32</sup> Silburn S, McKenzie J, Guthridge S, Li L, Li SQ. Unpacking educational inequality in the Northern Territory. In *Quality and equity: What does research tell us?* Proceedings ACER Research Conference 2014.

<sup>33</sup> Ananthapavan J, Sacks G, Brown V, Moodie M, Nguyen TM, Barendreg J, Veerman JL, Herrera AM, Lal A, Peeters A, Carter R. Assessing cost-effectiveness of obesity prevention policies in Australia. Deakin university; 2018



'Traditional' freight subsidy models also rarely provide consumers with the full benefit of the subsidy. In Canada, the freight subsidy model for remote First Nations communities sees only on average 67 cents per dollar invested being passed onto consumers.<sup>34</sup>

Government intervention to address the issue of high prices of essentials in remote communities has been called for by the sector, came up strongly in National Strategy consultations and was evidenced in the 2020 HORSCIA report. Government intervention should provide a coordinated approach to reducing the cost of essentials in an effective way that benefits remote consumers, does not intrude on the operational costs of remote stores, and improves remote food security.

Noting the interconnectedness of barriers to food security (for example unaffordability of healthy foods and the impact on an individual's health), any action to address the affordability of food and essentials in remote communities is to be coordinated and complementary to other food security initiatives to maximise impact.

To ensure a coordinated and complementary impact, the NIAA is developing the Industry Standards for Remote Community Stores Code (the Code), remote store governance benchmarking and training, and a store-based nutrition workforce.

Remote stores already operate in thin markets and there is a lack of remote industry related benchmarks to support these complex operations. This results in poor business performance, increased risk of operational instability and poor outcomes for communities, including communities having their food supply impacted. The FSWG Store Governance Subgroup found there is no dedicated source of support for remote store boards that wish to access remote-specific retail governance and there is a lack of industry benchmarks to assist remote store boards to assess how their store is performing. Supporting remote stores in meeting governance and operational requirements will not only address compliance issues, but in turn, support remote stores in ensuring the food security of the communities they service.

The Code responds to recommendation 6 of the HORSCIA report,<sup>35</sup> which was supported in principle by the Australian Government. The Code was included in the National Strategy discussion paper released in May 2024 and is currently being developed in partnership by a working group consisting of the community-controlled sector and jurisdictions. The Code seeks to leverage the NT Government's Remote Stores Program that was developed through full industry consultation. That

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<sup>34</sup> Galloway, T. and Nicholas, L. (2023) *Pass-through of subsidies to prices under limited competition. Evidence from Canada's Nutrition North program*, [Journal of Public Economics](#), Vol 225, Toronto: University of Toronto, Toronto Metropolitan University

<sup>35</sup> RECOMMENDATION 6 The Committee recommends that the Australian Government institute a national scheme of licensing and inspection of remote community stores.  
[final-govt-response-HORSCIA-report.docx](#)



program is mandatory and covers approximately **107** NT stores, which is almost half of the remote stores in Australia. The Code will align with existing state and territory legislation.

The Code will be voluntary and include standards to improve the operations and governance of remote stores, to meet remote community food security needs. The Code aims to safeguard and protect the food security of remote First Nations communities through well governed, financially viable stores by supporting retail strategies that increase the volume, range and promotion of healthy foods.

The Code will also provide a framework for the government to monitor and evaluate the subsidy scheme's impact in community through periodic assessment. For example, through price monitoring.

While this will be a voluntary, non-prescribed industry code, there will be incentives for remote stores to sign up (i.e. accessing specific government support). Consultation with the ACCC, remote store management companies and independent stores will inform the process of monitoring compliance with the Code, to limit onerous reporting and regulatory impacts.

The remote store governance benchmarking and training would complement the Code and support remote stores to meet governance-related requirements (and requirements under the Code) and assist them with adhering to best practice. Supporting remote stores to improve their governance and operational delivery would enable stores to better plan and respond to supply chain disruptions, improve healthy food promotion and pricing, and have the cultural capability to service community needs.

## Data Availability

In relation to remote food security and cost-of-living, significant data gaps exist. There is no reliable, relevant, and consistent data on the rate and impact of food security in remote First Nations communities.

Whilst there is some data available, such as through the National Aboriginal and Torres Strait Islander Health Survey or CHOICE (Australian Consumers' Association), this data does not fully cover the issue of food insecurity and affordability of food in remote First Nations communities.

As per the National Agreement on Closing the Gap Priority Reform 4, more should be done to ensure First Nations people have access to and the capability to use, locally relevant data and information to set and monitor the implementation of efforts to close the gap, their priorities and drive their own development.

## 2. What are the objectives, why is government intervention needed to achieve them, and how will success be measured?

### Policy Objectives

This policy aims to address 3 key objectives:

1. Reduce the cost for consumers of a defined basket of healthy food and essential items in remote First Nations communities (to address Problem 1).
2. Support remote stores (approx. 106 stores nationally) to implement pricing policies that aim to improve nutrition and health outcomes for First Nations people (to address Problem 2).
3. Improve remote stores governance, operational and management capacity (to address Problem 3).

### Why is Government Intervention Needed?

There is a strong justification for government action to address the affordability of food and essentials and food security more broadly in remote First Nations communities. Food insecurity is a national issue that disproportionately affects those living in remote areas of Australia.

Australian Government action provides a coordinated, national response to a whole-of-nation issue. This ensures there is consistent governance and engagement across remote stores nationally. While the Commonwealth will lead this action to ensure remote communities across Australia receive support, state and territory governments will continue to be consulted and encouraged to support remote food security in their respective jurisdictions.

#### Participants in the Remote Supply Chain

As noted above, healthy food in remote communities is often over 50% more expensive. This means for many people living in remote communities, access to affordable healthy food is not possible. Remoteness brings particular challenges for food security, such as distance, quality of transport infrastructure, accessibility of stores and food markets, timeliness of food supply systems and responsiveness of support services. These challenges are a major contributing factor to the differences in price, availability, and quality of food.

A key consideration for government intervention is that the remote market cannot self-regulate to provide food and essentials at urban prices due to the barriers and challenges of operating in



remote settings. Unlike urban environments which have fewer touch points along the supply chain and lower operational costs, remote stores operate in a smaller and more complex market. Remote environments would benefit from urban operations and a reduction in touch points.

The remote supply chain market is not currently providing a solution to the problem and is unlikely to do so due to the limited number of suppliers (i.e. wholesalers) operating in the remote market. As in the above figure detailing the remote supply chain, there is an additional margin between urban prices and remote prices due to wholesalers' services requiring a margin for profit and the additional transport required. For example, transport from the warehouse to the store may require additional trucking routes and a barge or light aircraft.

It is noted the cost difference between remote stores and major supermarkets in urban centres is compounded by the ability of supermarkets to negotiate greater fees and rebates from suppliers.<sup>36</sup> This means urban centres are significantly ahead of remote stores in their ability to set lower prices. The market could self-resolve if 'gate prices' from manufacturers were substantially lower for remote stores than prices for urban and regional centres. However, this would be administratively burdensome, unsustainable, and non-economic for manufacturers. In the Interim Report into the *Supermarkets Inquiry 2024-2025*, submissions called for retailers to offer the same pricing offered to urban retailers to remote stores. While this would be greatly beneficial, the high number of touch points in the remote supply chain would remain an issue, particularly for the affordability of essential food items. This proposal addresses both the pricing and the number of touch points.

### **Infrastructure to Bolster Remote Food Supply Networks**

The 2020 HORSCIA Report proposed the bolstering of infrastructure to support food supply networks, including establishing distribution hubs. The FSWG is supportive of the establishment of hubs and has advised that a reduction in touch points is needed to improve affordability and availability. To achieve the full benefits in community, on-site dry and cold storage in community stores should also be increased, which the Australian Government is currently supporting through the Stores Efficiency and Resilience Package.

There are two main transport routes servicing remote areas: the Eastern and Central routes. The Eastern route supports the eastern states of Australia. The Central route supports the NT and parts of South Australia and Western Australia. Government intervention to support food supply networks through establishing distribution hubs in key locations would greatly impact remote food security and affordability. Disruptions to the central corridor (i.e. railway and road from Adelaide to Darwin) has a great impact on a high number of remote stores. When there are breaks in the Central route, the supply chain is either halted with no supply reaching the destination or is

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<sup>36</sup> Australian Competition and Consumer Commission, *Supermarkets Inquiry – Interim Report*, Australian Government, August 2024.



required to re-route with, usually, significantly longer routes. A distribution hub in Alice Springs would greatly improve the resilience of this supply chain. The hub would reduce the journey and number of touch points for essentials, including many distribution freight routes that involve transporting goods from Adelaide to Darwin, only to return to central Australia.

While it is noted some supply chains may be practically inefficient (for example, mangoes are supplied from Darwin to Adelaide with freight back to Darwin for sale to remote stores), this proposal does not challenge how manufacturers/growers use supply routes.

### **Remote Stores**

Over the long term, the aim is for increased consumption of healthy food in remote communities to reduce the health-related impacts. As noted above, many remote stores implement cross-subsidisation policies to support healthy food purchasing. However, anecdotally (including advice from FSWG members), stores with less than 200 consumers are generally struggling to break even. Cross-subsidising policies for healthy essentials without government support will put more stores under financial or operational stress should the sales cost of essentials continue to rise and there be increased consumption of healthy food.

To support operational viability, Outback Stores currently provides store management services to remote stores. As part of its remit, Outback Stores can use its underpinning fund to 'subsidise' operational costs and capital for remote stores which support food security locally but without intervention would not be viable. Outback Stores services are available to remote stores nationally with any remote store is able to engage its store management services. Without this government support, many remote stores would be unviable with the impacts mostly felt by the people living in the communities the store services.

### **Remote consumers**

As discussed above, socio-economic disadvantage is more prevalent among First Nations people and in remote areas. In the *Supermarkets Inquiry 2024-25*, it was noted low income and/or remote consumers may be particularly vulnerable to increasing grocery prices and experience acute affordability issues.<sup>37</sup>

There is inequity with those living in urban/regional centres having an average higher income on average and access to essential items and lower prices when compared with individuals living in remote areas. The lack of competition (i.e., remote communities usually only having one remote store) and high operating costs in remote areas also contributes to individuals in remote areas

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<sup>37</sup> Australian Competition and Consumer Commission, *Supermarkets Inquiry – Interim Report*, Australian Government, August 2024. <https://www.accc.gov.au/system/files/supermarkets-inquiry-2024-2025-interim-report.pdf>



paying more for the same groceries than urban or regional consumers.<sup>38</sup> A price reduction on essential items would assist reducing this inequity and closing the gap between First Nations people and non-Indigenous Australians.

## Calls for Government to Intervene to Address Remote Food Affordability and Food Insecurity

There is an urgent need to address the availability and affordability of nutritious food in remote communities. Multiple reports and inquiries have examined long-standing concerns regarding the supply, quality, and price of food in remote First Nations communities. The recommendations resulting from these investigations seek government action.

Food security in remote communities has been of concern to all levels of government, as well as the community-controlled sector for many years. There have been a range of past government-led strategies and programs designed to improve food security outcomes for First Nations communities. These include the *National Aboriginal and Torres Strait Islander Nutrition Strategy and Action Plan* (2000–2010) and the Council of Australian Governments (COAG) *National Strategy for Food Security in Remote Indigenous Communities 2009–2012* (COAG Strategy). Reviews of these strategies found that while both had some success, they were hampered by poor governance, including not identifying responsible agencies, and a lack of implementation planning.<sup>39</sup>

Since the conclusion of the COAG Strategy, there have been three relevant federal inquiries (noting the ACCC *Supermarket Inquiry 2024–2025* final report is due to be published by 28 February 2025): the ANAO *Food security in remote Indigenous communities* performance audit; the HORSCIA *Inquiry into food pricing and food security in remote Indigenous communities*; and the 2022 House Standing Committee on Agriculture *Inquiry into food security in Australia*. These inquiries have sought action from government to address these entrenched issues. The Australian Government has committed to action.

Food security is identified as a priority in the Commonwealth Implementation Plan under the National Agreement on Closing the Gap and directly contributes to multiple socio-economic outcome areas. This policy aims to directly target entrenched structural inequality faced by Aboriginal and Torres Strait Islander people.

This proposal would support access to a selected range of low-cost food and essentials that directly contributes towards achieving the following outcomes under the National Agreement;

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<sup>38</sup> Australian Competition and Consumer Commission, *Supermarkets Inquiry – Interim Report*, Australian Government, August 2024.

<sup>39</sup> Australian National Audit Office (ANAO), *Food Security in Remote Indigenous Communities*, ANAO, Australian Government, 2014, accessed 13 December 2024.





Everyone enjoys long and healthy lives (Outcome Area 1); Children are born healthy and strong (Outcome Area 2); Children thrive in their early years (Outcome Area 4); and People enjoy high levels of social and emotional wellbeing (Outcome Area 14).

In terms of competition law concerns, it is recognised by the ACCC that the government may intervene in consumer and competition law to ensure that markets function correctly. The ACCC will continue to be engaged through implementation and monitoring.

## Measuring Success

To measure success of the proposal against the outcomes the following will be considered, monitored and evaluated:

1. Pricing of a defined basket of healthy food and essentials in remote communities: prices of the subsidised products are comparable to prices in urban supermarkets with remote stores supported to lower the prices of other healthy products.
2. Implement Tailored Pricing Policies to Improve Nutrition and Health Outcomes: decreased discretionary product and high-sugar product sales and increased healthy product sales in remote stores.
3. Remote Stores Governance: high uptake of the Code and governance training.

Further details on monitoring implementation and outcomes are contained at Part 7.

# 3. What policy options are you considering?

## 3.1 Option 1 – Status Quo

Option 1 would involve no action by the government following cessation of the Outback Stores subsidy trial.

The Outback Stores trial has seen retail prices at 70 remote stores of the subsidised essential items drop to the same price as urban retailers such as Woolworths and Coles. The current trial on 9 essential items will continue through to 2029, after which point, all essential goods would return to their 'market prices', which is well above those in urban areas.

Government inaction and ceasing the subsidy trial would result in maintaining the current state of expensive essentials in remote stores and unsupported remote store governance. The availability of essential goods would remain limited and the cost-of-living in remote communities, including the affordability of essential goods, would remain high. As such, this option would not achieve the policy objectives.





## 3.2 Option 2 – Mandate cheaper prices

One way to reduce prices in remote stores would be to mandate and enforce price caps on essentials items. This option would involve the government legislating mandated prices for a range of products at a lower price. Remote stores would be required to sell the range of products at the mandated price.

If effective, this option would result in communities being able to access healthy food at a more affordable price while also supporting people in meeting their health and nutrition needs.

While this option would achieve the objective to improve the affordability of food in remote communities, there are implications that in the long-term could impact on the ability for remote First Nations communities to be food secure.

It is likely that a long-term effect of this option would be a reduction in the business viability of many remote stores, and reduced offerings or business closures. Remote stores would be required to sell the range of products at a lower price without any government funding to meet the high operational costs. This could result in remote stores raising the prices of other non-mandated products (including discretionary items), reducing their stock levels or availability of the mandated essentials, or in the worst-case scenario, having to close the store due to operations not no longer being viable. Additionally, if price caps are set too low stores may comply by instead choosing not to supply these products thus affecting consumers' ability to purchase essentials in community.

Over 90% of food consumed in remote communities is freighted in and sold from the community store, which means any disruption to the store operations impact the whole community.<sup>40</sup> Often there are no accessible alternatives for remote residents to 'shop around'. As such, there are significant food security risks should a remote store close. Even with governance support and training for remote stores and implementation of the Code, the financial burden on stores to offset the mandated lower prices would still be significant.

It is noted Outback Stores can support unviable stores; however, this is also not viable on a large scale. Initiatives to improve food affordability in remote First Nations communities should support the remote market and the community-controlled sector in line with Closing the Gap Priority Reform 2, rather than expand government control and management of stores which would otherwise be viable.

Additionally, this may have a negative impact on consumers should remote stores increase the prices on discretionary products to 'cross-subsidise' the increased financial burden from the lower selling price of the mandated products. Even if prices are lower on healthy items, consumers have the choice to also buy the discretionary products at a now higher price. This may impact a household's finances, and ability to be food secure, and an individual's health, should a larger percentage of income be spent on higher-cost discretionary products. An in-store nutrition

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<sup>40</sup> A Lee, A Bonson and J Powers, '[The effect of retail store managers on Aboriginal diet in remote communities](https://doi.org/10.1111/j.1753-6405.1996.tb01821.x)', *Australian and New Zealand Journal of Public Health*, 1996, 20(2):212-214, doi:10.1111/j.1753-6405.1996.tb01821.x.



workforce to support responsible marketing and pricing of discretionary products would support healthy purchasing behaviours and complement any option that lowers the price of essentials.

This option would likely have additional legislative implications and may require cooperation with states and territories to enforce. While it is recognised the Australian Government may intervene in consumer and competition law to ensure markets function correctly, this option would need to further consider competition law, including 'price fixing'<sup>41</sup> and enforcement concerns.

### 3.3 Option 3 – Freight subsidy applied in-store

There are many points along the supply chain at which the Commonwealth could intervene. Another option is for the Commonwealth to subsidise the cost of food in remote communities at point-of-sale.

When the intended outcome is consumers accessing products at a cheaper price, one popular model is to apply the subsidy directly to customers' in-store purchases, such as in the Qld *Remote Communities Freight Assistance Scheme*. Under a scheme leveraging this model, the Commonwealth would recognise the high costs involved in transporting goods to remote stores and directly fund businesses to provide a discount to customers to account for those costs. This approach recognises that in practice the incidence of benefits can still be absorbed by other market players in other ways (for example, through increased prices of other goods or freight).

This option would be an effective way of accounting for freight costs and lowering the price of essential goods thus achieving the objective. Consumers would receive a direct benefit of accessing lower prices for certain essentials. However, this approach does not address any of the reasons for the costs of goods being so high and can be very expensive to administer.

As the subsidy is applied after the sale of goods (i.e. the government would refund the remote store rather than provide the offset up front), the remote store would carry the financial burden of selling the goods at the lower price until they receive the subsidy amount. To ensure remote stores are not disadvantaged, the subsidy refund process would need to not place an undue administrative burden on the stores and receipt of the refund would need to be timely.

A key consideration for this option is balancing the price to administer the scheme with the amount needed to provide a meaningful lower price for essentials. The Qld *Remote Communities Freight Assistance Scheme* amended their scheme from 5.2% discount over 5 years to 20% over 18 months to provide a meaningful subsidy noting the high cost to operate in remote areas. The cost to administer this scheme to achieve the objective may not be viable in the long term.

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<sup>41</sup> The definition of price fixing under Australian law includes a range of behaviour that extends beyond clear agreements to charge at or above a particular price for goods or services. It also includes agreements between competitors that fix, maintain or control discounts, allowances, rebates or credits in relation to goods or services acquired or supplied - [Price fixing | ACCC](#)



## 3.4 Option 4 – Subsidy applied through Outback Stores (preferred option)

The preferred option is the expansion of the trial subsidy scheme currently being administered by Outback Stores. The subsidy would apply to approximately 30 essential items (this being the preferred number, however there will be the ability to adjust to respond to changes in supply and demand), with the target for these items to be sold at prices comparable to urban retailers like Coles and Woolworths.

### **Products to be subsidised**

In consultation with the community-controlled sector and based on remote consumption patterns, the FSWG identified a basket of 30 essential items for which, if the price were to drop, there would be great benefit to consumers (further information on the 30 essentials is at Part 5 and Appendix A). This list considers that remote consumers are highly product- and brand-loyal as evidenced by the FSWG during the COVID-19 pandemic and via remote stores sales data. Through targeting a select range of products, consumers would be provided relief and food security outcomes more broadly would be lifted. Implementation will allow for expansion and substitution of items as appropriate.

### **Remote consumers are highly brand loyal**

The FSWG report that some remote consumers will remain brand loyal even if there is a similar product for a cheaper price. For some products, remote communities are the biggest market. This is why the FSWG developed a list of 30 essentials items that they felt a price drop would have the greatest impact. The list of items was provided to manufacturers by the Minister for Indigenous Australians as part of efforts to reduce prices for remote stores. This brand loyalty will be a key consideration in flexibly managing the 30 products. In practice, for example, should Outback Stores be unable to obtain supply for a certain brand of tinned tuna, rather than subsidising another brand of tinned tuna there would be flexibility within the scheme to instead subsidise another good – for example rice. This will ensure that the subsidy continues to target essential good in a way that maximise the benefit to remote consumers.

### **Outback Stores Funding and Purchasing**

Outback Stores is not a manufacturer or freight company. Outback Stores provides store management services and underpinning support. This scheme would broaden its remit to purchase a selected range of goods to wholesale to remote stores, however, Outback Stores will not be a manufacturer or provider of freight – these services will be provided through current suppliers.



The funding for the subsidy scheme would be delivered via grant funding. Outback Stores would use its existing managed underpinning fund, drawing on the fund to purchase a selected range of products on behalf of remote stores at reduced price by buying in bulk and leveraging the goodwill of manufacturers secured by the Minister for Indigenous Australians via letters and subsequent at the November 2024 Manufacturers Roundtable with manufacturers in November 2024. Orders by Outback Stores to manufacturers will follow the manufacturer's ordering system with some manufacturers allowing slight adjustments to accommodate for the lower volumes needed in remote areas. The process of ordering has been established via the trial and is working efficiently, giving manufacturers an avenue to exercise corporate responsibility and Reconciliation Action Plans via their existing business models.

Outback Stores then on-sells the products at a low wholesale price, subsidising the sale price (if required) and the cost of freighting the products to participating remote stores, landing the items and a price delivered that allows shelf price to be at parity with urban supermarkets. Freight logistics and invoices would be covered by Outback Stores, rather than the participating remote store. Outback Stores currently organises freight for Outback Stores managed stores and to the additional stores under the trial for the subsidised products. Outback Stores does not freight the products, this is done through private transport companies using existing systems. Consultation by Outback Stores with freight companies through the trial has occurred to ensure this subsidy would not impact on the freight companies' usual operations. This engagement also discussed the mitigation of inefficient distribution models through ensuring the subsidy would not create additional, small-scale freight routes at an additional cost (existing freighting routes and procedures will be utilised). This scheme will not take business from private transport companies or affect the viability of freight into remote communities more generally.

Outback Stores has scale, market presence and the knowledge to negotiate competitive rates with transport companies mitigating risks of transport from Outback Stores to remote stores absorbing a large amount of the subsidy funding. This also gives Outback Stores, and the Commonwealth more broadly, greater control with managing the risk of freight companies absorbing the subsidy in their price.

Current wholesalers will still supply products to remote stores outside of the 30 items and to Outback Stores for both subsidised and un-subsidised items. Due to the items usually costing more from wholesalers, it is likely Outback Stores will purchase less of the 30 items through the wholesaler, noting more of the subsidy would be applied. Purchasing the 30 items from manufacturers and producers should be the most cost-effective avenue.

There is likely to be little to no impact on manufacturers, wholesalers and distributors noting the small market value of remote stores and low number of products to be subsidised would result in an estimated 0.01% of national sales being impacted.

## Broader Food Security Linkages

Remote stores already operate in thin markets and there is a lack of remote industry related benchmarks to support these complex operations. This results in poor business performance, risk of operational instability and poor outcomes for communities, including communities having their food supply impacted. The FSWG Store Governance Subgroup found there is no dedicated source of support for remote store boards that wish to access remote retail specific governance and there is a lack of industry benchmarks to assist remote store boards to assess how their store is performing. Supporting remote stores in meeting governance and operational requirements will not only address compliance issues, but in turn, support remote stores in ensuring the food security of the communities they service.

The Code responds to recommendation 6 of the HORSCIA report,<sup>42</sup> which was supported in principle by the Australian Government. The Code was included in the National Strategy discussion paper released in May 2024 and following consultation, is currently being developed in partnership by a working group consisting of the community-controlled sector and jurisdictions. The Code seeks to leverage the NT Government's Remote Stores Program developed through full industry consultation (which is mandatory and covers approximately **107** NT stores – almost half of remote stores in Australia). The Code will align with existing state and territory legislation.

The Code will be voluntary and include standards to improve the operations and governance of remote stores, to meet remote community food security needs. The Code aims to safeguard and protect the food security of remote First Nations communities through well governed, financially viable stores by supporting retail strategies that increase the volume, range and promotion of healthy foods.

While this will be a voluntary, non-prescribed Industry Code, there will be incentives for remote stores to sign up (i.e. accessing specific government support). As such, the regulatory impost on remote stores will be voluntary. Consultation with the ACCC, remote store management companies and independent stores will inform the process of monitoring compliance with the Code, to limit onerous reporting and regulatory impacts.

The remote store governance benchmarking and training would complement the Code and support remote stores to meet governance related requirements (and requirements under the Code) and assist them with adhering to best practice. Supporting remote stores to improve their governance and operational delivery would enable stores to better plan and respond to supply chain disruptions, improve healthy food promotion and pricing and have the cultural capability to service community needs.

This option also supports the implementation of a governance training and support package for remote stores and an in-store nutrition workforce. This would address a lack of remote industry

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<sup>42</sup> RECOMMENDATION 6 The Committee recommends that the Australian Government institute a national scheme of licensing and inspection of remote community stores.  
[final-govt-response-HORSCIA-report.docx](#)



related benchmarks that put remote stores at risk of operational instability. This package would complement the Code to support remote stores in meeting the Code's standards. The NIAA will have oversight of the Code and the subsidy scheme – the NIAA will determine eligibility criteria for stores to receive the subsidy to ensure all stores receiving the benefit have a genuine need. The package will include face-to-face training in communities and regional centres, and resources (templates and toolkits). The governance package would be delivered with the Office of the Registrar of Indigenous Corporations (ORIC) through Indigenous suppliers where possible, with governance and retail expertise. As noted above, the nutrition workforce would facilitate responsible marketing and pricing of discretionary products to support healthy purchasing behaviours and complement any option that lowers the price of essentials.

This option addresses three of the key drivers of high costs along the supply chain: low purchasing power; high number of touch points along the supply chain; and large geographic distances. Bulk purchasing on behalf of several remote stores essentially combines the purchasing power of the stores and allows for lower wholesale prices (along with manufacturer goodwill). The lower number of touchpoints means that there are fewer opportunities for prices to increase due to each touchpoint requiring to make a profit margin. Additionally, the freight distance of freight to many stores will be reduced by a new central warehouse (distribution hub) operated by Outback Stores to support the scheme located in Alice Springs. This distribution hub would be a new warehouse to support the subsidy and Outback Stores operations. The distribution hub would not take the place of a privately operated distribution centre. Outback Stores has the knowledge and capacity to manage the distribution centre and currently manages one in Darwin.

### **3.5 Option 5 – Subsidy to lower prices below urban supermarket prices (*expanded Option 4*)**

This option would expand on Option 4. This option would seek to apply the subsidy as above to a range of items, however, the target price for these items would be below the prices of urban retailers like Coles and Woolworths (rather than comparable).

This option considers the lower incomes of First Nations people living in remote communities, the higher rates of food insecurity in remote First Nations communities and the higher prices of food and essentials in remote stores.

Government subsidising a range of products lower than urban prices may raise criticism during a national cost-of-living crisis that First Nations people receive 'special treatment' through receiving prices lower than urban supermarkets for a range of product. This would also require more funding than Option 4 or require a smaller number of products to be subsidised (fewer than the proposed 30).

There may be an additional consequence that people living outside of remote communities are incentivised to shop in community to receive the lowest prices for the subsidised products. Not only would this put additional stress on the remote supply chain, but it would have adverse impacts on remote food security due to non-remote residents buying the low-cost food meant for residents.



## 4. What is the likely net benefit of each option?

Any action to address food insecurity must meaningfully address the critical state of food insecurity in remote First Nations communities and demonstrate a clear commitment to progressing outcomes under the National Agreement on Closing the Gap. As examined in earlier sections, it is evident there is a need for Australian Government action as the market cannot self-regulate in remote settings. This is reflected in the options presented, with outcomes under the 'status quo' option demonstrating not only limited progress against outcomes, but potential for regression for some cohorts.

Empirical quantification of the benefits of each option is challenging given the difference between remote communities, and the difficulty in directly attributing diet-related changes to health status without also considering other determinants of health. Additionally, any noticeable impacts to health status would only be actualised over the long term.

A multi-criteria analysis has been undertaken to identify the option with the highest net benefit based on cohort and objective.

### 4.1 Option 1 – Status Quo

#### Impacts by cohort

| Cohort                           | Impacts  |
|----------------------------------|--|
| Remote First Nations Communities | <p><b>Affordability:</b> The affordability and availability of essential goods will remain in a critical state with food and essential prices significantly higher than urban settings.</p> <p><b>Food security:</b> Food insecurity will remain a serious issue in remote First Nations communities, potentially worsening in the context of the cost-of-living crisis.</p> <p><b>Social:</b> Poor health and mortality outcomes for people in remote First Nations communities, with secondary effects on participation in employment and education opportunities.</p> |
| Australian Government            | <p><b>Social Cost:</b> Poor health outcomes in remote communities will have costs to the health care and social welfare systems over the short, medium, and long term.</p> <p><b>Reputational:</b> Limited evidence of progress under the National Agreement on Closing the Gap and the Commonwealth Implementation Plan, which identifies food security as a priority area. This carries a reputational risk and the risk of a perceived view of inaction by the government on this issue.</p>  |
| Remote stores                    | <p><b>Financial Costs:</b> Remote stores will continue to pay high prices to manufacturers, wholesalers and freight companies for goods. Remote stores will also likely continue to struggle with maintaining reliable stock of essential goods.</p> <p><b>Customer purchasing power:</b> Customers will have limited purchasing power due to the high prices in stores and relatively low income.</p>   |
| Manufacturers                    | No change  |
| Freight companies                | No change  |





## 4.2 Option 2 – Mandate cheaper prices

### Impacts by cohort

| Cohort                           | Impacts  |
|----------------------------------|--|
| Remote First Nations Communities | <p><b>Affordability:</b> Mandated reduced prices of essential goods in remote communities would support First Nations people living in remote communities in buying affordable essentials. Through lowering the cost of certain essential items, people and households in remote communities may be able to buy more products with their income thus increasing their purchasing power.</p> <p>Alternatively, if remote stores need to cover the cost of the lower prices of the mandated low-cost products, remote stores may increase the price of the other products thus potentially lowering the purchasing power of remote residents.</p> <p><b>Food security:</b> Reduced prices of essential goods in remote communities would support food security broadly in the short term. This is due to individuals being able to buy more products as they are cheaper with their current income.</p> <p>If remote stores need to cover the cost of the lower prices of the selected products, food insecurity will remain a serious issue in remote First Nations communities, potentially worsening in the context of the cost-of-living crisis. This is because the prices of the non-mandated items will be higher to offset the lower prices of the mandated items (noting there is no financial support to remote stores to implement the lower prices). This impact on remote food security would worsen should remote stores close due to unviability as most communities only have one available store.</p> <p><b>Social:</b> Improved health and financial stability for First Nations people living in remote communities in the short term through the lower price for the range of essentials.</p> <p>Should remote stores reduce offerings or close, poor health/economic cost for communities would occur due to communities not having access to affordable (or any in the event of store closure) food and essentials. s.</p> |
| Australian Government            | <p><b>Financial Cost:</b> Likely to be low cost to legislate/mandate prices. Impact to monitor and enforce would need to be considered.</p> <p><b>Social Cost:</b> Likely to support greater health outcomes in remote communities. In the event of reduced store offerings or store closure, poor health outcomes in remote communities will have costs to the health care and social welfare systems in the long term.</p> <p><b>Reputational:</b> The Australian Government may encounter reputational risks due to a public perception of not upholding recommendations made in various food security inquires and not fulfilling obligations under the National Agreement on Closing the Gap. There may also be reputational risk of the government interfering in commercial enterprises or for the government creating burdensome mandates that impede on small businesses while not providing any support.</p>   |
| Remote stores                    | <p><b>Financial Costs:</b> While consumers may have greater purchasing power, remote stores will be required to offset the lower mandated costs within their current offerings. Operational costs (including purchasing the products and transport to the store) remain high while revenue may be decreased due to the requirement to sell the range of products at a lower price. Businesses may be forced to reduce the range or quality of available items and in the worst-case scenario, businesses may become unviable. This is due to businesses needing to offset the lower prices of the mandated products without financial support.</p>   |
| Manufacturers                    | No change  |
| Freight companies                | No change  |



## Regulatory Burden Estimate (RBE)

| Average annual regulatory costs (compared with business as usual) – Option 2 |            |                         |             |                       |
|--|------------|-------------------------|-------------|-----------------------|
| Change in costs (\$ million)   | Businesses | Community organisations | Individuals | Total change in costs |
| Total, by sector   | \$ 0.001*  | \$ 0                    | \$ 0        | \$ 0.001              |

\* this RBE notes there will be a cost impact on remote stores for staff to initially reduce the price in the point of sale (POS) system of the mandated products and from time to time to adjust that price. However, due to inadequate data on current remote store product pricing and the costs to procure the products (including freight and handling costs), this RBE does not quantify these costs. As such, this number is expected to be significantly higher as remote stores will need to either absorb or offset the mandated prices.

## 4.3 Option 3 – Freight subsidy applied in-store

### Impacts by cohort

| Cohort                           | Impacts   |
|----------------------------------|---|
| Remote First Nations Communities | <p><b>Affordability:</b> Reduced prices of essential goods in remote communities would support First Nations people living in remote communities in buying affordable essentials. Through the lower cost of certain essential items, this may enable people and households to buy more products with their income.</p> <p><b>Food security:</b> Reduced prices of essential goods in remote communities would support food security broadly.</p> <p><b>Social:</b> Improved health and financial stability for First Nations people living in remote communities through the lower price for the range of essentials. Positive health benefits with the potential to reduce nutrition-related burden of disease in impacted communities.</p>                            |
| Australian Government            | <p><b>Financial Cost:</b> The high cost of a meaningful subsidy (to provide an impact to consumers – this is currently a 20% discount under the Qld scheme) noting the high cost of the Qld subsidy and viability over the long term. The Qld subsidy is applying approx. \$64 million in less than 18 months – this would need to be considered on a national scale noting remote freight costs will fluctuate depending on the state/territory and the number of communities/areas to be serviced.</p> <p><b>Social Cost:</b> Likely to support greater health outcomes in remote communities.</p> <p><b>Reputational:</b> Positive contribution towards achieving outcomes under the National Agreement on Closing the Gap and Commonwealth Implementation Plan.</p> |
| Remote stores                    | <p><b>Financial Cost:</b> As the subsidy is applied after the sale of goods (i.e. the government would refund the remote store rather than provide the offset up front), the remote store carries the financial burden of selling the goods at the lower price until they receive the subsidy refund. This financial burden may put additional pressures on the viability of remote stores.</p> <p><b>Customer purchasing power:</b> The increased purchasing power of customers and lower operational costs for certain subsidised products would support remote stores' profit margins.</p>   |
| Manufacturers                    | No change   |
| Freight companies                | No change   |



## Regulatory Burden Estimate (RBE)

| Average annual regulatory costs (compared with business as usual) – Option 3 |            |                         |             |                       |
|--|------------|-------------------------|-------------|-----------------------|
| Change in costs (\$ million)   | Businesses | Community organisations | Individuals | Total change in costs |
| <b>Total, by sector</b>  | \$ 5.69*   | \$ 0                    | \$ 0        | \$ 5.69               |

\* there will be a cost impact to remote stores for staff time and potential upgrades to POS systems to establish access to the subsidy scheme, and a recurring cost to comply with the requirements of the scheme. Requirements could include identifying the costs of subsidised products including the freight component; monitoring sales of subsidised products; providing reports to the subsidy administrator; and applying for reimbursement of subsidised component.

An additional cost not included in these calculations is the financial costs to stores of selling the products at a lower cost ahead of reimbursement of the subsidised amount. This impact will vary per remote stores depending on the products and quantity sold.

Note: Cost estimates are based on published information on reimbursement amounts for the Queensland Government's *Remote Communities Freight Assistance Scheme*, and fortnightly subsidy reimbursement claims.<sup>43</sup>

## 4.4 Option 4 – Subsidy applied through Outback Stores

### Impacts by cohort

| Cohort   | Impacts  |
|--|--|
| Remote First Nations Communities                 | <p><b>Affordability:</b> Reduced prices of essential goods in remote communities would support First Nations people living in remote communities in buying affordable essentials. Through the lower cost of certain essential items, this may enable people and households to buy more products with their income.</p> <p><b>Food security:</b> Reduced prices of essential goods in remote communities would support food security broadly.</p> <p><b>Social:</b> Improved health and financial stability for First Nations people living in remote communities through the lower price for the range of essentials. Positive health benefits with the potential to reduce nutrition-related burden of disease in impacted communities.</p>   |
| Australian Government (including Outback Stores) | <p><b>Financial Cost:</b> The government would have responsibility for funding the scheme. As Outback Stores will be managing the subsidy to meet supply and demand, Outback Stores will need to provide the subsidy within budget and with accountability and transparency. This will be lower cost than Option 3 and likely to have a great impact.</p> <p><b>Social Cost:</b> Likely to support greater health outcomes in remote communities.</p> <p><b>Reputational:</b> Positive contribution towards achieving outcomes under the National Agreement on Closing the Gap and Commonwealth Implementation Plan.</p> <p><b>Outback Stores:</b> The operational cost of the subsidy would be covered through funding for Outback Stores to administer the scheme. There would be a minor regulatory impact on Outback Stores and the Commonwealth to administer the scheme. The Outback Stores Board has considered and endorsed the preliminary proposal (with further consideration by the Board to inform implementation) to implement the proposed expansion, including the costs to administer, noting it fits</p> |

<sup>43</sup> Queensland Rural and Industry Development Authority, *Remote Communities Freight Assistance Scheme Financial Assistance Agreement Exemplar*.



|                               |  |
|-------------------------------|--|
|                               | <p>under their company remit and purpose. The Board has endorsed the proposal to administer a select wholesale regime in conjunction with their stores management remit noting this is an expansion of their current wholesale operations for Outback Stores managed stores.</p>   |
| Remote stores                 | <p><b>Financial Cost:</b> Remote stores will benefit from the ability to purchase essential goods from Outback Stores at a reduced price with freight also covered. The remote stores that cross-subsidise would also benefit from related reduced financial pressure due to the healthy products being subsidised outside of the store policies, thus allowing the store greater flexibility with product pricing. This would have a particular impact should there be increased consumption of the subsidised items, likely resulting in increased store revenue.</p> <p><b>Customer Purchasing Power:</b> While remote stores will be required to pass savings on to customers, the increased purchasing power of customers will likely result in improved profit margins as customers will be able to apply their income to consume more products from the store. This was evidenced during the COVID-19 pandemic where people in remote communities received additional social welfare payments and many remote stores noted increased profits.</p> <p><b>Relationships with Government and providers:</b> Signing up to the subsidy is voluntary. To access the subsidised goods, remote stores are required to sign up to the Code and enter an arrangement with Outback Stores. The NIAA will support remote stores in complying with the Code, including through the governance training and support initiative. This will ensure there is no immediate negative impact on remote stores to comply straight from signing onto the Code, rather the Code aims to improve remote store governance and operations over time. Additionally, the agreement between remote stores and Outback Stores will act as a contract similar to one between a supplier and retailer – this will not engage Outback Stores as the store management company.</p> <p>The impact of receiving the range of subsidised goods through Outback Stores rather than a remote store’s usual wholesaler is likely to have minimal impact on remote store operations (for example freight costs of unsubsidised goods and relationships with wholesalers) due to the limited number and types of products to be covered under the subsidy. There may be a slight administrative impact due to remote stores ordering through at least 2 wholesalers (i.e. Outback Stores and their usual provider), however, Outback Stores will take the majority of the administrative load through taking orders from remote stores, negotiating prices with manufacturers, reporting prices to the NIAA and the oversight committee, and organising freight logistics.</p> |
| Manufacturers and wholesalers | <p><b>Business Impact:</b> The price for goods is usually higher for remote stores to account for smaller purchasing power and freight costs. Part of the reduced costs for stores come from producers and manufacturers agreeing to sell their products to Outback Stores at reduced prices, comparable to the prices at which they sell to major urban retailers like Woolworths and Coles. Manufacturers (following the Minister’s Roundtable) are willing to support remote food security through corporate goodwill under their Reconciliation Action Plans.</p> <p>As Outback Stores will be the ‘wholesaler’ to remote stores for the small range of products, this means remote stores will not be buying these products through their usual wholesaler/distributor. While this change in volume will impact the profit margin for wholesalers. The impact of the 30 items on wholesalers nationally is likely to be minimal – less than 0.01% of the total value nationally. Due to this minimal impact, it is unlikely this proposal would affect the viability of wholesalers.</p>  |
| Freight companies             | <p><b>Business Impact:</b> Outback Stores will organise freight for the subsidised products to remote stores. This will ensure remote stores receive the products at the lowest possible price (wholesale price and without the cost of freight). The impact on freight companies is expected to be minimal. Outback Stores is experienced and professional</p>  |



with logistics and engagement with freight companies and will follow the industries standard practices.

As an experienced and professional corporation with regards to remote logistics it is expected that Outback Stores will negotiate competitive rates that are not above industry averages. This expectation will be oversighted by the subsidies committee, who will be looking for transport costs that efficiently use subsidy funds.

It is likely the essential items covered by the subsidy will be freighted to remote stores as part of regular community deliveries by transport companies, with the cost of the overall shipment being covered by more than just Outback Stores. There may be instances where there is also opportunity to arrange Outback Stores deliveries to multiple stores on a singular freight run if the route allows/is more efficient.

Remote stores will still require non-subsidised products to be freighted to the store. The relationship between the remote store and freight company should remain unchanged noting the above benefits in relation to increased consumer purchasing power are likely to result in consumers buying more products, including products outside of the subsidised items thus remote stores are likely to require the same amount of freight.

## Regulatory Burden Estimate (RBE)

| Average annual regulatory costs (compared with business as usual) – Option 4 |            |                         |             |                       |
|--|------------|-------------------------|-------------|-----------------------|
| Change in costs (\$ million)   | Businesses | Community organisations | Individuals | Total change in costs |
| Total, by sector   | \$ 5.113*  | \$ 0                    | \$ 0        | \$ 5.113              |

\* over 98% of the cost impact will be incurred by Outback Stores to administer and operate the scheme (further information is at Appendix D). This includes staffing costs to take and process orders and perform warehousing and wholesaling functions, along with operating overhead costs such as warehouse electricity, rates, insurance, repairs, and maintenance. These costs will be funded by government and not passed on to remote stores or customers. Participation costs for remote stores would be low.

## 4.5 Option 5 – Subsidy to lower prices below urban supermarket prices (*expanded Option 4*)

### Impacts by cohort

| Cohort                           | Impacts   |
|----------------------------------|---|
| Remote First Nations Communities | <p><b>Affordability:</b> Reduced prices of essential goods in remote communities would support First Nations people living in remote communities in buying affordable essentials. Through the lower cost of certain essential items, this may enable people and households to buy more products with their income, in particular noting the prices of the essentials will be consistent with the low incomes in remote communities.</p> <p><b>Food security:</b> Reduced prices of essential goods in remote communities would support food security broadly.</p> <p><b>Social:</b> Improved health and financial stability for First Nations people living in remote communities through the lower price for the range of essentials. Positive health benefits with the potential to reduce nutrition-related burden of disease in impacted communities.</p> |

|   |  |
|---|--|
| <p>Australian Government<br/>(including Outback Stores)</p> | <p><b>Financial Cost:</b> The government would have responsibility for funding the scheme.<br/> <b>Social Cost:</b> Greater health outcomes in remote communities.<br/> <b>Reputational:</b> Positive contribution towards achieving outcomes under the National Agreement on Closing the Gap and Commonwealth Implementation Plan. This option may also draw criticism during a national cost-of-living crisis that First Nations people receive 'special treatment' through receiving prices lower than urban supermarkets for a range of products. There may be an additional consequence that people living outside of remote communities are incentivised to shop in community to receive the lowest prices for the subsidised products. Not only would this put additional stress on the remote supply chain, but it would have adverse impacts on remote food security due to non-remote residents buying the low-cost food meant for residents.</p> <p><b>Outback Stores:</b> The operational cost of the subsidy would be covered through funding for Outback Stores to administer the scheme. There would be a minor regulatory burden on Outback Stores and the Commonwealth to administer the scheme. The Outback Stores Board has considered and endorsed the preliminary proposal to implement noting it fits under their company remit and purpose.</p>   |
| <p>Remote stores</p>  | <p><b>Financial Cost:</b> Remote stores will benefit from the ability to purchase essential goods from Outback Stores at a reduced price with freight also covered. The remote stores that cross-subsidise would also benefit from related reduced financial pressure. This would have a particular impact should there be increased consumption of the subsidised items, likely resulting in increased store revenue.<br/> <b>Customer Purchasing Power:</b> While remote stores will be required to pass savings on to customers, the increased purchasing power of customers will likely result in improved profit margins as customers will be able to receive a range of products at a lower price.<br/> <b>Relationships with government and providers:</b> Signing up to the subsidy is voluntary. To access the subsidised goods, remote stores are required to sign up to the Code and enter into an arrangement with Outback Stores. The NIAA will support remote stores in complying with the Code, including through the governance training and support initiative. This will ensure there is no immediate negative impact on remote stores to comply straight from signing onto the Code, rather the Code aims to improve remote store governance and operations over time. Additionally, the agreement between remote stores and Outback Stores will act as a contract similar to one between a supplier and retailer – this will not engage Outback Stores as the store management company.<br/> The impact of receiving the range of subsidised goods through Outback Stores rather than a remote store's usual wholesaler is likely to have minimal impact on remote store operations (for example freight costs of unsubsidised goods and relationships with wholesalers) due to the limited number and types of products to be covered under the subsidy. There may be a slight administrative impact due to remote stores ordering through at least 2 wholesalers (i.e. Outback Stores and their usual provider), however, Outback Stores will take the majority of the administrative load through organising logistics.</p> |
| <p>Manufacturers and wholesalers</p>                        | <p><b>Business Impact:</b> The price for goods is usually higher for remote stores to account for smaller purchasing power and freight costs. Part of the reduced costs for stores come from producers and manufacturers agreeing to sell their products to Outback Stores at reduced prices, comparable to the prices at which they sell to major urban retailers like Woolworths and Coles. Manufacturers (following the Minister's Roundtable) are willing to support remote food security through corporate goodwill under their Reconciliation Action Plans.<br/> As Outback Stores will be the 'wholesaler' to remote stores for the small range of products, this means remote stores will not be buying these products through their usual wholesaler/distributor. While this change in volume will impact the profit margin</p>   |



for wholesalers. The impact of the 30 items on wholesalers nationally is likely to be minimal – less than 0.01% of the total value nationally.

Freight companies

**Business Impact:** Outback Stores will organise freight for the subsidised products to remote stores. This will ensure remote stores receive the products at the lowest possible price (wholesale price and without the cost of freight). The impact on freight companies is expected to be minimal. Outback Stores is experienced and professional with logistics and engagement with freight companies and will follow the industries standard practices.

As an experienced and professional corporation with regards to remote logistics it is expected that Outback Stores will negotiate competitive rates that are not above industry averages. This expectation will be oversighted by the subsidies committee, who will be looking for transport costs that efficiently use subsidy funds.

It is likely the essential items covered by the subsidy will be freighted to remote stores as part of regular community deliveries by transport companies, with the cost of the overall shipment being covered by more than just Outback Stores. There may be instances where there is also opportunity to arrange Outback Stores deliveries to multiple stores on a singular freight run if the route allows/is more efficient. Remote stores will still require non-subsidised products to be freighted to the store. The relationship between the remote store and freight company should remain unchanged noting the above benefits in relation to increased consumer purchasing power are likely to result in consumers buying more products, including products outside of the subsidised items thus remote stores are likely to require the same amount of freight.

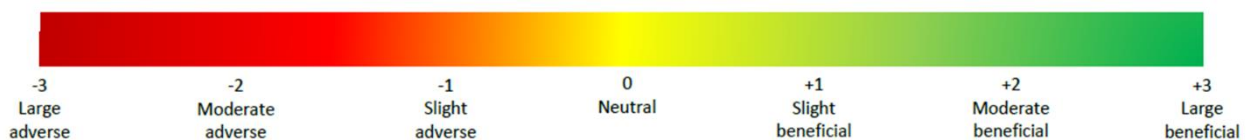
### Regulatory Burden Estimate (RBE)

| Average annual regulatory costs (compared with business as usual) – Option 5 |            |                         |             |                       |
|--|------------|-------------------------|-------------|-----------------------|
| Change in costs (\$ million)   | Businesses | Community organisations | Individuals | Total change in costs |
| Total, by sector   | \$ 5.113*  | \$ 0                    | \$ 0        | \$ 5.113              |

\* over 98% of the cost impact will be incurred by Outback Stores to administer and operate the scheme (further information is at Appendix D). This includes staffing costs to take and process orders and perform warehousing and wholesaling functions, along with operating overhead costs such as warehouse electricity, rates, insurance, repairs, and maintenance. These costs will be funded by government and not passed on to remote stores or customers. Participation costs for remote stores would be low.

## Multi-criteria Analysis

### Impact by Cohort



| Stakeholder                      | 1 | 2  | 3  | 4  | 5  | Explanation   |
|----------------------------------|---|----|----|----|----|---|
| Remote First Nations communities | 0 | +1 | +2 | +2 | +3 | <b>Option 1</b> will provide no net benefit as it's a continuation of the status quo. |





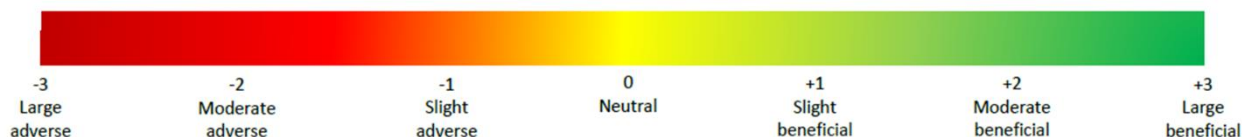
|                       |   |    |    |    |    |   |
|-----------------------|---|----|----|----|----|---|
|                       |   |    |    |    |    | <p><b>Option 2</b> will have a slight benefit for First Nations communities as costs for essential items will be mandated to be sold lower, however, it is noted remote stores may recover the cost of the mandated low-cost products through raising prices of other products which would have an adverse effect on First Nations communities (with in the worst-case, remote stores closing due to unviability).</p> <p><b>Options 3 and 4</b> will both have a moderate benefit for First Nations communities as prices of essentials and healthy items is lower, leading to improved food security, health and financial outcomes.</p> <p><b>Option 5</b> has a large benefit as prices are lower than urban supermarket prices to account for lower socio-economic factors faced by many First Nations communities.</p>  |
| Remote stores         | 0 | -3 | -1 | +2 | +2 | <p><b>Option 1</b> will provide no net benefit as it's a continuation of the status quo.</p> <p><b>Option 2</b> will have a large adverse impact on remote stores as they will have to sell the healthy and essential items at the mandated low cost without financial support, this is likely to result in lower revenue and non-viable businesses.</p> <p><b>Option 3</b> will have a slight adverse impact on remote stores as the freight subsidy has a delayed cost burden associated as stores will need to wait for the cost of the freight to be reimbursed.</p> <p><b>Options 4 and 5</b> have a moderate benefit for remote stores as the cheaper essential items will increase consumers purchasing power and therefore increase sales. This cohort did not rate higher for Option 4 and 5 because there are administrative costs associated with the implementation of the subsidy such as keeping records of prices and reporting to Outback Stores.</p> |
| Australian Government | 0 | -1 | -2 | -1 | -2 | <p><b>Option 1</b> will provide no net benefit as it's a continuation of the status quo.</p> <p><b>Option 2</b> will have a slight adverse impact on the Commonwealth Government as it will be required to legislate/mandate prices and there would be an impact to monitor and enforce this.</p> <p><b>Option 3</b> will have a moderate adverse impact on the Australian Government due to the likely higher cost to implement.</p> <p><b>Option 4</b> will have a slight adverse impact on the Australian Government due to the increased administrative burden on Outback Stores.</p> <p><b>Option 5</b> will have a moderate adverse impact on the Australian Government due to the increased administrative burden on Outback Stores and the higher price to operate the subsidy in comparison to Option 4.</p>   |





|                   |   |    |    |    |    |  |
|-------------------|---|----|----|----|----|--|
| Manufacturers     | 0 | 0  | 0  | -1 | -1 | Options 1, 2 and 3 will have no impact on manufacturers.<br>Options 4 and 5 will have a slight adverse impact on manufacturers and wholesalers. The impact of the 30 items on wholesalers nationally is likely to be minimal – less than 0.01% of the total value nationally.  |
| Freight companies | 0 | 0  | 0  | -1 | -1 | Options 1, 2 and 3 will have no impact on freight companies.<br>Options 4 and 5 will have a slight adverse impact up front on freight companies due to the additional engagement from Outback Stores and potentially remote stores to implement the Outback Stores freight for 30 items. This is unlikely to have a financial or administrative impact as existing freight routes and procedures will be used. This will then be a neutral impact/business as usual once engagement has finalised. |
| <b>Total</b>      | 0 | -3 | -1 | +1 | +1 | Overall, Option 4 and Option 5 has the greatest benefit.   |

### Impact by Objective



| Objectives   | 1 | 2  | 3  | 4  | 5  | Explanation  |
|--|---|----|----|----|----|--|
| Reduce the cost for consumers of a defined basket of healthy food and essentials in remote First Nations communities           | 0 | +2 | +2 | +2 | +2 | Option 1 will provide no net benefit as it's a continuation of the status quo.<br>Options 2, 3, 4 and 5 will have a moderate beneficial impact as they all reduce the cost for consumers for a defined basket of healthy food.   |
| Support remote stores to implement pricing policies that aim to improve nutrition and health outcomes for First Nations people | 0 | 0  | +1 | +2 | +2 | Option 1 will provide no net benefit as it's a continuation of the status quo.<br>Option 2 will provide no net benefit as it would not support remote stores to implement pricing policies as the lower prices will be mandated and stores will likely need to offset the low prices within their current offering.<br>Option 3 will provide a slight beneficial impact as the Code will be developed and the nutrition workforce implemented. However, this impact will only be slight due to the signing up to the Code not being required to receive the subsidy.<br>Option 4 and 5 will provide a moderate beneficial impact as remote stores will be required to sign up to the Code to access the subsidy which will support stores in implementing health and nutrition-based policies. |



|   |   |    |    |    |    |   |
|---|---|----|----|----|----|---|
| Improve remote stores governance, operational and management capacity | 0 |    | +1 | +2 | +2 | <p><b>Option 1</b> will provide no net benefit as it's a continuation of the status quo.</p> <p><b>Option 2</b> will provide no net benefit as it would not support remote stores to improve governance and operations as the lower prices will be mandated and stores will likely need to offset the low prices within their current offering.</p> <p><b>Option 3</b> will provide a slight beneficial impact as the Code and governance training will be developed and accessible to remote stores. However, this impact will only be slight due to the signing up to the Code not being required to receive the subsidy.</p> <p><b>Option 4 and 5</b> will provide a moderate beneficial impact as remote stores will be required to sign up to the Code to access the subsidy which will support stores to improve governance, operational and management capacity.</p> |
| <b>Total</b>  | 0 | +2 | +4 | +6 | +6 | Overall, Option 4 and Option 5 has the greatest benefit.  |

## 5. Who did you consult and how did you incorporate their feedback?

The NIAA consulted across the Commonwealth on this proposal, specifically the ACCC, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the ORIC and the Department of Health and Aged Care.

The proposed subsidy scheme is an expansion of an ongoing trial. The Australian Government is already working in close collaboration with manufacturers and producers as part of the trial. As reflected above, at the Manufacturers Roundtable, manufacturers noted their willingness to support remote food security initiatives in a responsible and straightforward manner. Several manufacturers are already supporting remote food security initiatives through corporate responsibility and goodwill by providing remote stores bulk purchasing discounts. Further consultation on the trial expansion with manufacturers is required.

As noted, some manufacturers have expressed commitment to supporting remote food security and are supporting the trial run by Outback Stores. There is opportunity to engage further with manufacturers to seek additional engagement. Feedback from previous consultations is that manufacturers are willing to support remote food security, however, this would need to be through an existing framework, rather than the manufacturers creating a new mechanism for the sole purpose of supporting remote food security.

Outback Stores is currently administering the trial and are reporting successful outcomes in lowering the prices of the subsidised products comparable to urban supermarkets. The Outback



Stores Board and CEO are supportive of the preferred option to expand the trial and develop the warehouse (with further consideration by the Board to support implementation).

Broadly, the proposal is informed by community consultation undertaken as part of the development of the National Strategy. From May to August 2024, over 500 people participated in face-to-face consultations and around 45 online submissions were received. Participants included First Nations people living in remote communities, community-controlled organisations, remote store management companies and academics. Further information on the consultation including dates and locations is available online: [National Strategy for Food Security in Remote First Nations Communities | NIAA](#)

Concerns raised by communities included affordability and availability of food and essentials in remote communities and high freight costs, and the need for government intervention. To address these challenges, participants in the consultations suggested better coordinated freight systems and distribution centres; introducing freight food subsidies; increasing access to bulk pricing and cooperative purchasing among remote stores; and improving access to producers to reduce prices.

The FSWG and the National Strategy Project Reference Group (comprising community-controlled health organisations and state/territory governments – further membership detail at Appendix C) and their relevant subgroups are supportive of the proposal and improving remote food affordability. Both groups are involved in the development of the Code and the governance training.

The FSWG and community-controlled health organisations were consulted on the development of the list of 30 items (refer Appendix A). This list was included in the then Assistant Minister for Indigenous Australians and Assistant Minister for Indigenous Health's November 2023 *Open letter to Food and Grocery Manufacturers and Producers*.

This proposal also considers previous inquiries, in particular the 2020 HORSCIA inquiry and recommendations.

Importantly, the components of this proposal are evidence-based and build on successful past initiatives. Each component has been trialled with successful outcomes with the proposal building on these successful trials and the key learnings from consultations.

The Outback Stores trial has seen retail prices of the subsidised essential items dropping to the same price as urban retailers such as Woolworths and Coles. The NIAA consults Outback Stores regularly on the trial to discuss operations and any challenges. Outback Stores liaises with the other stores in receipt of the trial subsidy. This ongoing dialogue supports the operation of the trial and will inform the implementation of the proposal.



To support the subsidy scheme, the package of the Code, governance training and the nutrition workforce have also been developed building on successful past initiatives and key learnings from consultations.

The Code will leverage the NT Government's Remote Stores Program. Throughout mid-2024, the NT Government consulted widely across the NT on the Program including with the sector and remote First Nations communities. The NT Program builds on the Commonwealth-run NT licensing scheme under the *Stronger Futures in the Northern Territory Act 2012* (Cth), which was seen as successful by the 2020 HORSCIA inquiry. The Code considers the key consultation findings on the NT Program and from the National Strategy noting the Code will be implemented voluntarily at a national level.

The Commonwealth has also previously supported remote store governance through targeted training for store boards and a Stores Toolkit. The NIAA has consulted with remote store management companies, a governance sub-group of the FSWG, ORIC and First Nations-led governance training providers on areas for improvement. Through this consultation, it was found that there are a lack of remote industry related benchmarks and governance training that is culturally and physically accessible. Governance training will build on the previous support and consider consultation findings to update key documents and provide in person training that will complement the Code.

National Strategy consultation findings have supported increased community-led health and nutrition education. An in-store nutrition workforce would support people living in remote communities in making healthy food choices, should there be increased spending due to lower prices on essentials. The ALPA has trialled an in-store nutrition workforce previously with high success – high-sugar content purchases decreased with increased spending on 'healthy choices'. Leveraging this trial and key learnings would support the objectives of this proposal, in particular to support remote stores in implementing pricing policies that aim to improve nutrition and health outcomes for First Nations people. This will have significant impact when implemented in conjunction with the subsidy and the governance building package.

## 6. What is the best option from those you have considered and how will it be implemented?

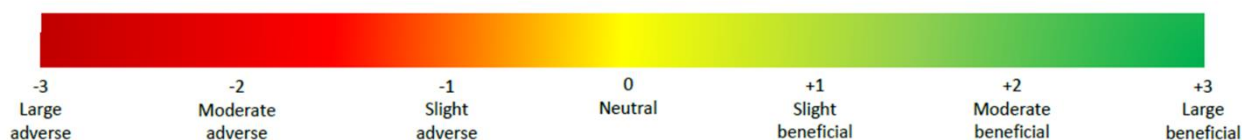
### Consideration of Best Option

The multi-criteria analyses above supports Options 4 and 5 as providing the greatest benefit. Option 4 is preferred over Option 5 due to the lower costs to operate and noting the risks of criticism or unintended use of the Option 5 subsidy by people outside of remote communities.



## Overall Net Benefit

| Option                                     | Benefit by cohort | Benefit by objective | Total benefit |
|--|-------------------|----------------------|---------------|
| 1 - Status Quo                             | 0                 | 0                    | 0             |
| 2 - Mandate cheaper prices                 | -3                | +2                   | -1            |
| 3 - Freight subsidy applied in-store       | -1                | +4                   | +3            |
| 4 - Subsidy applied through Outback Stores | +1                | +6                   | +7            |
| 5 - Subsidy to lower prices                | +1                | +6                   | +7            |



The RBEs above considered the regulatory burdens associated with each of the four (excluding Option 1: status quo) options in dollar terms on businesses, community organisations and individuals. The RBEs do not consider the impact on government as it is noted for Options 4 and 5, that while Outback Stores will be funded by the Australian Government to administer the subsidy, they are a business. The only regulatory burden costs identified are incurred by businesses. The RBEs identify Option 2 as imposing the lowest regulatory burden, however due to lack of data resulting in unquantifiable costs, the analysis does include the cost on remote stores for the potential negative outcomes from this Option (i.e. for remote stores to absorb or offset the mandated prices). As such, it is estimated that this regulatory impact amount would be significantly higher in practice. The regulatory burdens for Options 4 and 5 are similar, with Option 3 costing around 10% more. Significantly, over 98% of the regulatory burden associated with Options 4 and 5, is borne by Outback Stores which is and will be funded by government for services rendered. For Option 3 the burden is carried by remote stores. As such, comparison of the RBEs supports Options 4 and 5.

As noted above, **Option 4** is supported by key stakeholders and builds on an existing successful model administered by Outback Stores. Outback Stores and NIAA have successfully administered a community store underpinning (subsidy) fund for over 15 years and is currently trialling the essential item subsidy model. It is a well-tested, low risk approach. As a not-for-profit Commonwealth Corporation Outback Stores has a high level of accountability, including through annual ANAO financial audits and participation in Senate Estimates processes. There is also no incentive or opportunity to achieve financial gain through the model. Members of the Outback Stores Board are appointed by the Minister for Indigenous Australians and are accountable to the Australian Government.



There is an assumption that an expansion of the current Outback Stores subsidy trial will replicate positive outcomes in communities regardless of geographical differences. This option is practical and well-informed, while offering positive change on a more significant scale than other options. **Option 4** is unlikely to have negative impacts on individuals or communities and is associated with the least amount of risk to the Commonwealth as the subsidy will be managed through a Commonwealth owned entity which is already operating a successful trial and is experienced in operating in remote sectors.

**Option 1** involves no net positive change to food security, **Options 2 and 3** may be not sustainable long-term due to the costs incurred by remote stores and the Commonwealth respectively.

**Option 2** will have a significant burden placed on remote stores to cover the costs of freight and wear the costs to ensure shelf prices are lower. Thus, this option could lead to non-viable business models for remote stores, which are already operating in tough markets, and result in community stores closing due to the higher operational costs.

**Option 3** would place the administrative and financial burden on remote stores rather than on a Commonwealth owned company. Remote stores would be burdened with the financial cost until the subsidy is received following sale of goods and with the administration of seeking the subsidy from the government after point-of-sale. While the Qld model is similar to this approach and is effective, **Option 4** would place less burden on remote stores to implement the Australian Government's objectives.

**Option 4** would be implemented to maximise impact across jurisdictions. This proposal will support community stores across the NT, Western Australia, South Australia, Qld and New South Wales. Queensland is the only jurisdiction with a 'subsidy' scheme in place, however it is probable that funding for the scheme will be exhausted in 2025, and its future is unknown. Option 4 would provide greater support for Queensland remote stores upon cessation of the Queensland subsidy scheme (should this occur). The subsidy scheme would not impact the NT Remote Stores Program. The Code leverages and complements the NT Remote Stores Program.

There is also rigour with **Option 4** as the package of actions (the subsidy, governance training, the Code and nutrition workforce) are interconnected and support food security holistically noting the broad intersections of remote food security barriers. The Code and governance training will assist remote stores in achieving best practice which in turn will support remote food security through better operational practices. Through better operational practices, stores are able to better perform and understand their governance and legislative requirements. Improved operations and governance in turn supports a remote stores' ability to service the community. The nutrition workforce will assist people living in remote communities and remote stores to better understand healthy and nutritious food choices which will combat any negative impact the subsidy scheme may have on health (i.e. through people having more income for discretionary spending).

## Option Implementation

Option 4 would be implemented from July 2025 through a funding agreement between Outback Stores and the NIAA. Outback Stores and the NIAA will then engage with remote stores nationally on the subsidy and broader food security initiatives (such as the Code and governance training). This will alleviate any burden on remote stores to 'find' the subsidy. Remote Stores will be required to agree to the Code and enter an arrangement with Outback Stores (apply for the subsidy). The NIAA, in consultation with relevant Commonwealth agencies, will develop the eligibility criteria and application to streamline the process for remote stores.

Outback Stores can commence implementation of the expansion once funding is received. Remote stores will then be able to receive the subsidy from their first order with Outback Stores following application approval.

The funding agreement between Outback Stores and the NIAA to implement the subsidy and provide the relevant funding will provide the Commonwealth with a level of control and oversight. The agreement will also include eligibility requirements for remote stores to access the subsidy. Stores will need to demonstrate a need to access the cheaper essential items and there will be a requirement for remote stores to sign up to the Code to enable monitoring and oversight of any suspected price gouging.

### **How will the scheme work?**

As detailed above, Outback Stores will purchase and on-sell products at a low wholesale price, subsidising the sale price (if required) and the cost of freighting the products to participating remote stores. This will land the items at a price delivered that allows shelf price to be at parity with urban supermarkets.

Freight logistics and invoices would be covered by Outback Stores rather than the participating remote store. Outback Stores currently organises freight for Outback Stores-managed stores and to the additional stores under the trial for the subsidised products. Outback Stores does not freight the products, this is through private transport companies using existing systems. Consultation by Outback Stores with freight companies through the trial has occurred to ensure this subsidy would not impact on the freight companies' usual operations. This engagement also discussed the mitigation of inefficient distribution models through ensuring existing freighting routes and procedures will be utilised. This scheme will not take business from private transport companies or affect the viability of freight into remote communities more generally.

Outback Stores has purchasing power and relationships with freight companies. Outback Stores' purchasing power will increase under the subsidy noting it will be purchasing and freighting the 30 items for remote stores. With the increased purchasing power and current relationships with freight companies, it is unlikely for freight companies to unduly impact the proposed subsidy. Outback Stores will monitor freight costs and manage these relationships over time (noting





stakeholder engagement with freight companies and suppliers is already part of its current remit). An Oversight Committee will be established to monitor Outback Stores' application of the subsidy to freight, including its performance with regards to negotiating rates with freight companies. The Oversight Committee will regularly review and update the list of items, expanding it from its current 30 to allow Outback Stores to substitute items when appropriate.

### **Remote Store Ordering and Role in the Subsidy**

Remote stores will order the subsidised products directly through Outback Stores. While this may mean that remote stores have to complete additional ordering processes through Outback Stores, this is common practice as stores will order via food, whitegoods, fuel and hardware wholesalers. The Outback Stores process has been streamlined to be of industry standard and limit administrative burden.

To assist with price monitoring compliance, stores will be required to report to Outback Stores on their previous order (i.e. sell price and stock sold) when ordering stock. Outback Stores will pass this report to the NIAA to monitor compliance alongside the Oversight Committee.

### **Remote Store Eligibility to access the Scheme**

The NIAA will develop eligibility requirements for remote stores to access the subsidy. Stores will need to demonstrate a need to access the cheaper essentials and there will be a requirement for remote stores to sign up to the Code to enable monitoring and oversight of any suspected price gouging. The eligibility criteria will ensure stores that are operating in remote First Nations communities and are critical to the food security of that area are supported to access cheaper prices.

For example, the Katherine region in the NT is classified as MM6 (remote community), however, the people living there have access to a major supermarket chain. Additionally, some remote areas have 'roadhouses' which provide groceries and essentials however these are usually targeted at passing tourists rather than remote communities. The subsidy eligibility criteria will be developed to ensure that remote food security is supported in areas and stores where it is needed.

### **Key Milestones**

Key milestones to implement this arrangement include:

- Australian Government further consideration and development in consultation of finalised details of the scheme.
- Finalisation of the Code.
- Entering into a funding agreement with Outback Stores to expand the trial and implement the subsidy – **1 July 2025**.





- This funding agreement will include eligibility criteria for remote stores to access the scheme, performance metrics for Outback Stores to meet and opportunities for regular monitoring and evaluation.
- Establishing the oversight committee – **before 1 July 2025**.
  - The NIAA will provide secretariat support to this committee.
- Entering arrangements with remote stores – **from 1 July 2025**.
  - The NIAA and Outback Stores will commence engagement with remote stores ahead of 1 July 2025 to streamline the application process for remote stores and to best support the scheme.
  - The NIAA will engage with the ACCC and other relevant Commonwealth agencies to consider eligibility criteria, develop the arrangement/application and on the Code more broadly.
- Procurement of the warehouse/distribution hub.
- Milestone payments- that are paid to the managed underpinning fund, with Outback Stores able to invest uncommitted funds, to increase returns on the fund's balance.
- Monitoring and evaluation – **ongoing**.

### Key responsibilities

Each cohort impacted by this subsidy will have key roles and responsibilities including:

- **Government:** The Australian Government will be responsible for funding the subsidy, implementing the funding arrangement with Outback Stores, determining eligibility for the scheme, establishing the governance mechanism (as detailed further in Part 7) and monitoring the scheme (including operations by Outback Stores and compliance by remote stores).
- **Outback Stores:** Outback Stores will manage the underpinning fund and implement the scheme, engage with manufacturers, suppliers, freight companies and remote stores and report to government/oversight committee.
- **Remote Stores:** The remote stores in receipt of the subsidy will be required to apply formally, sign on to the Code, order the products through Outback Stores and provide data to support monitoring activities.
- **Manufacturers:** The impact of this proposal on manufacturers is minimal and this proposal does not apply any additional responsibility or role to this cohort.
- **Freight companies:** The impact of this proposal on freight companies is minimal and this proposal does not apply any additional responsibility or role to this cohort.

### Risks

There are two key operational risks for implementing this option:



1. Poor company management of Outback Stores by the CEO/Board.
2. Poor scheme management/subsidy failure.

In relation to the first risk, as a Commonwealth-owned Company, Outback Stores has a high level of accountability, including through annual ANAO financial audits, participation in Senate Estimates processes, and no incentive or opportunity to achieve financial gain through the model. Members of the Outback Stores Board are appointed by the Minister for Indigenous Australians and are accountable to the Australian Government. Outback Stores is supported in achieving its purpose and goals by an Indigenous Advisory Group of influential and respected Indigenous leaders who provide expertise, cultural knowledge, and lived experience from remote communities. As such, this risk is mitigated through these robust oversight mechanisms.

In relation to the risk of poor scheme management, this could be actualised through Outback Stores ineffectively and inefficiently managing the scheme resulting in higher prices to administer. For example, Outback Stores could reduce its focus on negotiating lower prices with manufacturers thus using more of the subsidy subsidising the sale price. The funding agreement between Outback Stores and the NIAA to implement the subsidy and provide the relevant funding will provide the Commonwealth with a level of control and oversight, including outlining the terms of reference for a governance (oversight committee) to oversight the scheme. The NIAA will monitor and report to the oversight committee with the opportunity to obtain independent performance audits of the subsidy scheme.

There are also risks in relation to price gouging or unethical conduct by remote stores. The agreement between Outback Stores and the NIAA will include eligibility requirements for remote stores to access the subsidy – in particular, stores will need to demonstrate a need to access the cheaper essentials and there will be a requirement for remote stores to sign up to the Code to enable monitoring and identification of any suspected price gouging. The legal agreement between Outback Stores and remote stores will also contain relevant oversight provisions to allow for price monitoring.

As detailed above, the Code will be broader than the subsidy scheme and aim to improve the governance and operations of remote stores more broadly. As such, if remote stores are not interested in signing up to the Code and being accountable for strengthening governance and operations, there would be greater risk of misuse of the subsidy by that store.

For holistic mitigation of these risks, an independent oversight committee will review the subsidy program including operations, demand for the scheme and products to be covered regularly (likely quarterly). The NIAA will be secretariat of this committee and will support the committee's decision-making on adjusting products and pricing, referring stores to the ACCC in the instance of potential price gouging and exclusion of ordering through non-compliance with the Code (including any stores managed by Outback Stores).

There is an assumption that an expansion of the current Outback Stores subsidy trial will replicate positive outcomes in communities regardless of geographical differences. This option is practical and well-informed, while offering positive change on a more significant scale than other options.



**Option 4** is unlikely to have negative impacts on individuals or communities and is associated with the least amount of risk to the Commonwealth as the subsidy will be managed through a Commonwealth owned entity which is already operating a successful trial and is experienced in operating in remote sectors.

**Option 1** involves no net positive change to food security, **Options 2 and 3** may be not sustainable long-term due to the costs incurred by remote stores and the Commonwealth respectively.

**Option 2** will have a significant burden placed on remote stores to cover the costs of freight and wear the costs to ensure shelf prices are lower. Thus, this option could lead to non-viable business models for remote stores, which are already operating in tough markets, and result in community stores closing due to the higher operational costs.

**Option 3** would place the administrative and financial burden on remote stores rather than on a Commonwealth owned company. Remote stores would be burdened with the financial cost until the subsidy is received following sale of goods and with the administration of seeking the subsidy from government after point-of-sale. While the Qld model is similar to this approach and is effective, **Option 4** would place less burden on remote stores to implement the Government's objectives.

**Option 4** would be implemented to maximise impact across jurisdictions.

This proposal will support community stores across the NT, Western Australia, South Australia, Queensland and New South Wales. Queensland is the only jurisdiction with a 'subsidy' scheme in place, however it is probable that funding for the scheme will be exhausted in 2025, and its future is unknown. Option 4 would provide greater support for Queensland remote stores upon cessation of the Queensland subsidy scheme (should this occur). The subsidy scheme would not impact the NT Remote Stores Program. The Code leverages and complements the NT Remote Stores Program.

There is also rigour with **Option 4** as the package of actions (the subsidy, governance training, the Code and nutrition workforce) are interconnected and support food security holistically noting the broad intersections of remote food security barriers. The Code and governance training will assist remote stores in achieving best practice which in turn will support remote food security through better operational practices. Through better operational practices, stores are able to better perform and understand their governance and legislative requirements. Improved operations and governance in turn supports a remote stores' ability to service the community. The nutrition workforce will assist people living in remote communities and remote stores to better understand healthy and nutritious food choices which will combat any negative impact the subsidy scheme may have on health (i.e. through people having more income for discretionary spending).



## 7. How will you evaluate your chosen option against the success metrics?

Monitoring of the scheme will be continuous and have many points for evaluation.

Monitoring and evaluation of the scheme, including price monitoring, would be supported through a requirement for remote stores receiving the subsidy to sign up to the Code. This provides an opportunity for appropriate oversight of the scheme and mitigates the risk an unmonitored scheme would result in remote stores maximising profits rather than passing on savings to consumers (however noting that remote stores are commercial enterprises and non-subsidised products may increase in price). The possibility of a subsidy which does not require participating remote stores to meet the Code was found to be non-viable due to the risk that savings by remote stores would not be passed on to consumers in remote communities.

A governance/oversight committee would be established to monitor the subsidy scheme from implementation and will meet regularly (likely quarterly). The committee would decide, in partnership with the community-controlled sector, the number of and which products are to be covered by the subsidy. This committee would operate separately from Outback Stores and will include relevant Commonwealth agencies including engagement with the ACCC.

NIAA will monitor the agreement with Outback Stores through embedding a monitoring and evaluation framework in the funding agreement. This will support NIAA in having oversight of Outback Stores' administration of the scheme and to also track and analyse sales data. Analysing sales data will ensure that the right products are being subsidised for greater impact in community. Should sales data indicate that a product is not being bought in community, there is flexibility to update the products being subsidised to ensure community members are receiving the full benefit of the scheme. This will ensure Outback Stores is effectively and efficiently administering the scheme.

As noted throughout, the scheme intends to subsidise 30 items. This list of items will leverage the list of items at Appendix A, however, will be refined through further consultation with industry and the community-controlled sector. There will be flexibility to expand or reduce the list based on supply and demand. Decisions on the products to be subsidised will be made by the committee and informed by remote store data, advice from industry and the community-controlled sector.

Remote stores will also be required to report on prices for the products under the subsidy which the governance/oversight committee will review and manage. The administrative burden of this has been considered in the RBEs.

The FSWG and National Strategy governance mechanism will provide further opportunities for evaluating the scheme. The FSWG provides direct engagement with remote store management



companies and will enable further engagement with manufacturers. With the delivery of the National Strategy in early 2025, a National Strategy Governance mechanism will be set up to monitor and evaluate actions under the Strategy. This mechanism will include relevant experts and will be able to provide an opportunity to evaluate this scheme.

| Policy Objective   | Evaluation Metric   | Data to be collected   | Frequency of data collection | How will data be collected   | Required stakeholders                         | Responsible entity |
|--|---|--|------------------------------|--|---|--------------------|
| Reduce the cost for consumers of a defined basket of healthy food and essentials in remote First Nations communities.  | -Cost of essential items in remote stores<br>-Number of these essential items sold  | - Remote store prices on the 30 products under the subsidy<br>-Sale numbers from Outback Stores        | 3 monthly                    | -To be determined through consultation with the ACCC on the Code and appropriate legal mechanism to collect the data.                              | -Outback Stores<br>-Remote Stores             | NIAA               |
| Support remote stores to implement pricing policies that aim to improve nutrition and health outcomes for First Nations people.                                  | - Decreased discretionary and sugary product sales<br>- Increased healthy product sales in remote stores.   | - Sales data   | 3 monthly                    | - Remote stores with nutrition workforce will be required to complete performance reports as part of the funding agreement                         | - Remote Stores<br>- ALPA<br>- Outback Stores | NIAA               |
| Improve remote store operations and governance, and ensure governance oversight and support successful implementation of the National Strategy with action plans | - Training is held face-to-face in remote communities and regional centres to improve remote store governance.<br>- Toolkits and templates are freely available to remote stores to support them in | - Number of trainings sessions held and attendance details<br>- Access count on toolkits and templates | 3 monthly                    | - Reported by the training supplier(s) as required through the grant and/or procurement.<br>- Further consultation with remote stores will provide | - ORIC<br>- Training supplier(s)              | NIAA and ORIC      |



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# Appendix A – List of 30 Items (for further consultation and refinement)

## List of core essential items

1. Flour
2. Milk – UHT, powder, fresh
3. Tinned Tuna
4. Rice
5. Bread
6. Cereal Wheat Biscuits
7. Canned meals
8. Yoghurt
9. Canned baked beans and spaghetti
10. Beef mince, lean
11. Chicken (skinless)
12. Eggs
13. Sugar reduced and sugar free soft drinks
14. Bottled and cask water
15. Apples
16. Orange
17. Banana
18. Canned fruit in natural juice
19. Potatoes
20. Tomatoes
21. Pumpkin
22. Carrots
23. Tinned vegetables
24. Mixed vegetables, frozen
25. Toilet rolls
26. Nappies
27. Baby formula – all age groups
28. Shampoo and Conditioner
29. Tooth brush and toothpaste
30. Feminine hygiene



# Appendix B – Remote Food Security Working Group Membership

|  |
|--|
| <b>Chair</b>   |
| National Indigenous Australians Agency (NIAA)  |
| <b>Industry</b>  |
| Arnhem Land Progress Aboriginal Corporation (ALPA)   |
| Community Enterprise QLD (CEQ)   |
| Outback Stores Pty Ltd   |
| Mai Wiru Regional Stores Council Aboriginal Corporation                                    |
| Ngaanyatjarra Council Aboriginal Corporation   |
| Metcash  |
| Sea Swift  |
| TAH Northern Trading   |
| Australian Food and Grocery Council  |
| <b>State and Territory Governments</b>   |
| NT Department of the Chief Minister and Cabinet  |
| QLD Department of State Development Infrastructure, Local Government and Planning          |
| SA Attorney General's Department   |
| WA Department of Premier and Cabinet   |
| <b>Community-controlled health sector</b>  |
| Aboriginal Medical Services Alliance NT (AMSANT)   |
| National Aboriginal Community Controlled Health Organisation (NACCHO)                      |
| <b>Commonwealth Government</b>   |
| Department of Agriculture, Fisheries and Forestry  |
| Department of Industry, Science and Resources  |
| Department of Infrastructure, Transport, Regional Development, Communications and the Arts |
| Australian Competition and Consumer Commission (ACCC)                                      |
| National Emergency Management Agency (NEMA)  |
| Torres Strait Regional Authority (TSRA)  |



# Appendix C: National Food Security Strategy Partnership Membership

|  |
|--|
| <b>Chair</b>   |
| Co-Chair: National Indigenous Australians Agency (NIAA)  |
| Co-Chair: Aboriginal Medical Services Alliance NT (AMSANT)                                       |
| <b>Community Controlled Health Sector</b>  |
| National Aboriginal Community Controlled Health Organisation (NACCHO)                            |
| Puntukurnu Aboriginal Medical Service  |
| Aboriginal Health Council of SA  |
| Aboriginal Health Council of WA  |
| QLD Aboriginal and Islander Health Council   |
| Aboriginal Health and Medical Research Council of NSW  |
| <b>State and Territory Government</b>  |
| WA Department of the Premier and Cabinet   |
| SA Attorney-General's Department   |
| Aboriginal Affairs NSW   |
| NT Department of the Chief Minister and Cabinet  |
| QLD Department of Women, Aboriginal and Torres Strait Islander Partnerships and Multiculturalism |
| <b>Remote Community Representatives</b>  |
| Aurukun (QLD) Community Representative   |
| APY Lands (SA) Community Representative  |
| East Arnhem Land (NT) Community Representative   |
| Pormpuraaw (QLD) Community Representative  |



# Appendix D: Options 4 and 5 Outback Stores Costings

It is noted that 98% of the cost impact for Options 4 and 5 will be incurred by Outback Stores, a Commonwealth owned company. In determining this impact amount, it was considered that approximately 152 remote stores will participate in the scheme, and they will be required to:

- apply to participate in the scheme and establish customer/wholesaler arrangements with Outback Stores (this will occur once at scheme set up and will not be time consuming)
- order through Outback Stores where they will be required to advise of the amount sold and price of the subsidised products (assuming stores will order weekly or fortnightly – between 52 and 26 orders a year – each order will be <1 hour).

Outback Stores will be required to:

- establish and manage customer arrangements with participating stores;
- establish administration of ordering, warehousing, arranging freight;
- manage and dispatch loads; and
- manage assets.

There will also be additional costs for Outback Stores including electricity, insurance, repairs and maintenance, and other operating expenses.

