



31 March 2026

Low-Cost Essentials Subsidy Scheme Post-Implementation Review
National Indigenous Australians Agency
Charles Perkins House
16 Bowes Place
Woden ACT 2606

via email: subsidyschemereview@niaa.gov.au

Dear Reviewer

Post-Implementation Review - Low-Cost Essentials Subsidy Scheme

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to provide a submission to the Post-Implementation Review of the Australian Government's Low-Cost Essentials Subsidy Scheme (the Scheme).

Small businesses make a critical contribution to the Australian economy:

- approximately 97% of all Australian businesses are small businesses
- 39% of the private sector workforce are employed by small businesses
- approximately one-third of Australia's GDP is attributable by small businesses¹
- 92% of small businesses have a turnover of less than \$2 million.²

This highlights that most Australian small businesses operate on a small or micro scale with resources and capabilities that differ markedly from those of larger enterprises.

The ASBFEO supports the Government's commitment to improving food security for First Nations communities, including through the Low-Cost Essentials Subsidy Scheme. We note the Scheme is intended to address the significantly higher price of everyday essentials in remote community stores compared with regional and urban supermarkets, due to their higher freight costs and operating overheads, and a lack of economies of scale.

Under the current Scheme, participating remote community stores may order a limited range of 30 essential product lines at subsidised prices through a single food distributor, Outback Stores, which acts as the central point of contact for ordering and supply.

The ASBFEO's concern with the Scheme's design is its reliance on a single distributor for accessing subsidised essentials, which risks distorting competition in the food and grocery distribution markets servicing these communities. This could lead to existing suppliers or distributors reducing services or even exiting the market, reducing the availability of, and putting upward pressure on the prices for, food and grocery items that fall outside the Scheme.

Further, there is a risk that the Scheme may create barriers for small remote community stores, particularly where compliance with the National Code of Practice for Remote Store Operations

¹ Australian Small Business and Family Enterprise Ombudsman (ASBFEO), *Small Business Data Portal: Number of small businesses in Australia; Contribution to Australian Gross Domestic Product; Contribution to Australian Employment*, ASBFEO, 2025, accessed 18 March 2026.

² ASBFEO, *Number of small businesses in Australia*, ASBFEO, 2025, accessed 18 March 2026.



(the Code) results in increased costs for compliance. These impacts could undermine market diversity and affect the long-term effectiveness of the Scheme.

Scheme design

While the Scheme's centralised distribution arrangements through Outback Stores may deliver efficiencies in the short term, there is concern that, over time, it may harm competition in remote-area food distribution by creating a sustained competitive advantage for a single supplier. Furthermore, Outback Stores operates as a retail entity managing several remote community stores, which may give it a competitive advantage over other remote community stores.

As purchasing volumes are consolidated through a single supplier, Outback Stores' purchasing power is likely to increase, potentially reinforcing its market position relative to independent wholesalers and distributors. This dynamic may inadvertently disrupt existing commercial relationships between small remote community stores and independent suppliers and, over time, contribute to a weakening of local and regional supply chains.

The Review should consider whether the design of the Scheme is distorting the food and grocery distribution market, particularly where reduced purchasing volumes from alternative suppliers result in higher prices for items not included in the Scheme. As volumes decline and business conditions deteriorate, existing market participants may reduce services or withdraw altogether, ultimately leading to a shrinking of the market.

The Scheme may achieve stronger and more sustainable outcomes if its design remains focused on its core objective; reducing the cost of food and groceries and improving food security for First Nations communities, while also considering how competition in food distribution can be supported. This could include introducing a competitive process for food distribution or exploring ways to leverage the collective purchasing power of the approximately 152 remote community stores to achieve lower costs, including freight and distribution, without relying on a single distributor and while maintaining a diverse supplier base.

Additionally, there is a risk of increased supply-chain fragility. Centralising supply and distribution to a single source heightens exposure to climate-related and logistical disruptions. Where small remote community stores have reduced or ceased relationships with independent distributors, interruptions to the central supply chain may leave communities with fewer alternative supply options, further exacerbating food security risks.

Support for small remote community stores

The application process for the Scheme, combined with the requirement to meet conditions of the Code, may be creating an unintended barrier to participation for small remote community stores. To remain a "scheme registered store", a store must:

- continually comply with the Scheme Rules
- continually comply with the Code, Code Rules and Code Guidelines.

Further, an applicant to the Scheme must have regard for the Scheme Guidelines and provide certain information including, but not limited to:

- entity details
- signatories



- store operations such as weekly turnover and per cent of ready-to-eat meals that are healthy foods.

While the Code is designed to help remote community stores meet standards that improve health outcomes and protect food security for remote First Nations communities, there may be a risk that the application and ongoing compliance requirement does not fully consider the administrative capability of these stores. Where compliance requirements are complex or resource-intensive, smaller stores may be less able to participate; despite being among the stores the Scheme is intended to support.

Consideration should be given to the operational realities of small remote community stores. Many face constraints such as limited connectivity, low reliance on technology, and more manual processes (including price ticketing and price updates), along with smaller store footprints, minimal staffing, and limited experience with corporate governance or compliance requirements. These factors may increase the time and cost of meeting ongoing compliance obligations.

Compliance support should therefore be designed and delivered with these limitations in mind so that smaller remote community stores are not inadvertently being deterred from participating in the Scheme.

The ASBFEO acknowledges that the National Indigenous Australians Agency has engaged Monash University to provide dedicated support to remote store owners and operators to help them comply with the Code. In addition, the Office of the Registrar of Indigenous Corporations will provide practical, culturally appropriate governance training for remote community store directors to support strong store operations that contribute to food security. Together, these initiatives could help reduce some barriers to participation.

However, if entry to, or ongoing compliance with, the Scheme is designed in a way that is overly complex or resource-intensive, it may deter or exclude small remote community stores from participation. This would limit the Scheme's reach and mean the Scheme's objectives—including delivering cost of living relief and improving food security—may not be fully met for all First Nations communities.

If you would like to discuss any of the issues raised in this submission or require further information, or clarification, please contact ASBFEO via email at advocacy@asbfeo.gov.au.

Yours sincerely

Lynda McAlary-Smith

Australian Small Business and Family Enterprise Ombudsman