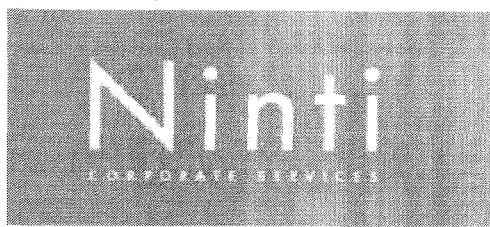


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Hi Susan

Just received your paperwork on the inquiry into Indigenous community stores.

I could go on all day about how Outback Stores get into communities, operate the store without giving financial reports to the owners, increase prices to the largely indigenous customers and decrease the range of available foods. All this from Government money (Though they claim not to be government) in an effort to improve community store businesses.

Effective Community Store management can be achieved through good management and accountability. This has been proven to work within our company, Ninti Corporate Services, several times. We work on a very simple idea of buying from the cheapest suppliers passing on this discount to the customer and growing the business with a higher GP at the same time.

Example:

1. Buy price \$1.00 Mark-up 55% Sell price \$1.55 Profit \$0.55
2. Buy price \$0.85 Mark-up 70% Sell price \$1.44 Profit \$0.59

Outback stores use number 1, Ninti stores use number 2. This works. Take this over a \$2-3million business and the difference is huge. Outback stores claim their mark-up is lower therefore better. Outback Stores also have preferred suppliers who aren't necessarily the cheapest or the best.

Food supplies within the Ninti stores are hugely varied and sales have increased in all stores since Ninti management. Ninti takes responsibility for the management of the business, growing it in a way that can be managed by the community or others in the future in a sustainable way.

Basic Nutrition policies have encouraged a large increase in the healthier foods sold within Ninti stores. Prices of the fruit and vegetables are subsidised with higher mark-ups on luxury goods like DVD's.

Ninti usually takes on stores that have been badly managed and we turn them into well run businesses that make profit. This profit is then put to community development. Store meetings are held regularly involving a store committee in management decisions and to table financial reports.

NT Stores currently have huge burdens placed on them with Income management. The extra work required to continue the same business is huge. This costs the business money which is gained through increasing prices to the customers - the very people the intervention is supposed to help.

Should you wish to have further information from this viewpoint I will be only too pleased to help.

6/02/2009

Regards,

Richard Bugg

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