

Submission No 89

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06 APR 2009

BY: ATIA


To Whom it may concern,

As part of the enquiry into the price of groceries in remote stores I would like to express my views at to the problems in the Torres Strait, and a partial solution.

I am the owner of Ilan Health Foods T/AS Ilan Café at Gab Titui on Thursday Island. We are a non-profit organisation. As a Registered Nurse I am addressing the lack of health foods available on Thursday Island, specifically in the take-away market.

The single largest add-on cost to food suppliers in the Torres Strait is the cost of freight. All other things being considered, there is no reason that food and other items should be more expensive here in the Torres Strait than in Cairns.

All goods must be shipped by a sole freighting company – Seaswift. Recently the alternate shipping company, Endeavour, sold all of their Cairns – Horn Island ships to Seaswift, again creating a shipping monopoly in the Torres Strait. My cost of shipping fresh food went from around \$220 per cubic meter to \$380 per cubic meter. This represents a 73% increase in freight costs overnight to every item in the Torres Strait.

Seaswift has opportunistically profited from remote communities for the past 20 years, with dire consequences to the Indigenous Australians of this area. They have operated with the ethos of “Charge what you can”.

It was estimated at the enquiry by the individual business owners and representatives that freight contributes the following amounts to the final retail price of goods:

- IBIS- 20%
- Seehops Supermarket – 30%
- Ilan Health Foods 25%

With the average of the above being 25% it indicates that for every \$100 spent in the Torres Strait, \$25 goes directly to Seaswift. That’s a lot of money!

The best way to address the difference in the price of groceries between Cairns and Thursday Island is to take steps towards reducing the 25 cents in the dollar we pay seaswift to move those goods.

If my business could pay \$250 per cubic meter for shipping of fresh food, I could remove at least 10% from the final sale price of my foods.

Lowering the price of freight lowers the base price of every food item and can dramatically reduce the final retail price.

By the government coordinating a tender arrangement, with the best tender being awarded the contract, significant savings and a lowering of the retail price of foods can be achieved. This has the potential to be done with no on-going costs to the government.

I do not agree with any proposed subsidies as they are simply a bandaid solution and do not address the underlying problem.

Michael Higgins