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Tasmanian Freight Equalisation Scheme – Other Markets Review
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Draft Tasmanian Freight Equalisation Scheme – Other Markets Review Report

The Tasmanian Government re-affirms its strong support of the extension of the Tasmanian Freight Equalisation Scheme (TFES) for goods transhipped on the mainland to other markets. The enhancement of the scheme levels the playing field and allows more Tasmanian businesses to participate in high value global markets.

The extended scheme addresses the cost pressures that Bass Strait shipping places on Tasmania's exporters. In submissions to the Productivity Commission's 2014 Inquiry, it was noted that international exporters paid approximately double the Bass Strait shipping costs of a TFES-assisted domestic exporter. This placed significant additional costs on Tasmanian businesses, putting jobs and investment at risk.

The extension of TFES was strongly supported by industry and key stakeholders and was welcomed as a real game-changer for our exporters, with the potential to create job opportunities right across the State. This potential is demonstrated in the figures provided in the draft Report, showing that claims for eligible exports from Tasmanian businesses are significantly higher in 2017 as awareness increases and export opportunities grow. The extended TFES makes Tasmanian exports more viable and will allow our export sector growth to accelerate as new international markets are identified and volumes increase.

In lobbying for the extension, the state's mining, agriculture, manufacturing and smelting industries said the expansion of the TFES would drive exports. This is supported by the draft Report's finding that claims for metal products, machinery and equipment comprised approximately 43% of TEUs. The mining and resources sector is a significant contributor to Tasmania's economy and more competitive export costs support this industry to grow and create jobs.

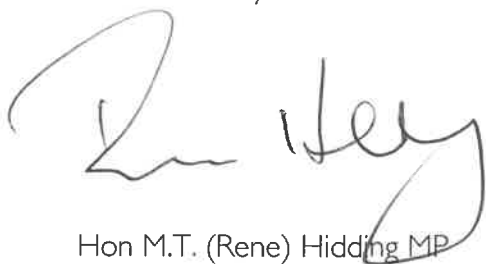
The commitment of the Australian Government to the extension of the scheme recognised the critical role that TFES, in particular, plays in reducing the impact of the fundamental transport cost disadvantage faced by many Tasmanian businesses. This disadvantage stems from the geographic reality that most Tasmanian businesses have no viable choice other than to transport their goods by sea across Bass Strait, in order to access their domestic and international markets.

There is no doubt that the TFES remains critical to ensuring that Tasmanian businesses are not rendered uncompetitive as a result of their inherent transport cost disadvantage, and the extension to cover other markets has provided a more level playing field for our export businesses.

While the limitations of the data available for the draft Report are noted, it demonstrates that Tasmanian businesses see the benefits of the expanded TFES and are developing markets and opportunities now that the freight cost disadvantage is reduced.

The Tasmanian Government welcomes the opportunity to comment on the draft Report and looks forward to continuing to work cooperatively with our Federal counterparts to support Tasmanian exporters.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rene Hidding', written in a cursive style.

Hon M.T. (Rene) Hidding MP
Minister for Infrastructure