Tasmanian Freight Equalisation Scheme: Recommended Rates of Assistance for Southbound Cargoes, Livestock and Timber at 31 January 1979

Report

This Report sets out recommended new rates of assistance to be paid under the Tasmanian Freight Equalisation Scheme TFES on eligible southbound cargoes and on northbound shipments of livestock and timber. The southbound rates were recalculated to meet a direction issued by the Commonwealth Government when the Freight Equalisation Scheme was first introduced, while the direction to recalculate timber rates arose from recommendations made in the 1978 BTE report giving new northbound TFES rates. The investigation of northbound livestock rates was initially directed towards determining whether higher rates of assistance should be paid on consignments of stud animals, but during the course of the study the terms of reference were widened to cover all livestock shipments.

BUREAU OF TRANSPORT ECONOMICS

TASMANIAN FREIGHT EQUALISATION SCHEME
RECOMMENDED RATES OF ASSISTANCE FOR SOUTHBOUND CARGOES, LIVESTOCK, AND TIMBER
AT 31 JANUARY 1979

AUSTRALIAN GOVERNMENT PUBLISHING SERVICE
CANBERRA 1979

ISBN No. 0 642 04687 5

The Bureau of Transport Economics regularly published results and findings of its research work. BTE publications are produced in the following principal series:

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Printed by C. J. THOMPSON, Commonwealth Government Printer, Canberra

FOREWORD

This report sets out recommended new rates of assistance to be paid under the Tasmanian Freight Equalisation Scheme on eligible southbound cargoes and on northbound shipments of livestock and timber. The southbound rates were re-calculated to meet a direction issued by the Commonwealth Government when the Freight Equalisation Scheme was first introduced, while the direction to re-calculate timber rates arose from recommendations made in the 1978 BTE report giving new northbound TFES rates. The investigation of northbound livestock rates was initially directed towards determining whether higher rates of assistance should be paid on consignments of stud animals, but during the course of the study the terms of reference were widened to cover all livestock shipments.

Apart from describing mainland and Tasmanian freight movements and the administration of assistance payments the report is confined to a re-calculation of the assistance rates and no other aspects of the Freight Equalisation Scheme were investigated. With two exceptions, therefore, the recommended new rates will not entail any major changes in the administration of the Scheme. The exceptions are: first, in order to set assistance rates accurately it was necessary to split some commodity groups into sub-classifications. Secondly, many of the rates have been recommended subject to the claimant meeting a specified net cost after receipt of TFES assistance. This approach enabled the BTE to calculate the new rates on the basis of the average freight rates paid by most shippers while at the same time providing safeguards against over-payments to those firms benefiting from lower than normal freight rates.

This report was prepared by Mr P. McNamara of the Finance Branch under the direction of Mr R.W.L. Wyers. The survey on timber movements was carried out with the assistance of Mr R. Butterworth.

I would like to thank the firms, freight forwarders, stock carriers, shipping lines, port authorities, and other organisations, too numerous to mention individually, which assisted the BTE by providing the data on which this report is based.

(C. A. GANNON)
Director

Bureau of Transport Economics
Canberra
October 1979

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SUMMARY

This report gives recommended new rates of assistance applicable under the Tasmanian Freight Equalisation Scheme on all eligible southbound cargoes and on northbound consignments of livestock and timber. The methods of calculating the rates were based on the approach adopted by the Nimmo Commission, as required by the terms of reference given to the Bureau by the Commonwealth Minister for Transport. This approach involves the calculation of assistance rates as the difference between the cost of moving a consignment between the mainland and Tasmania, and the cost of moving a similar consignment over comparable mainland routes.

For general cargo, the new per tonne subsidy rates are higher on all routes while the per cubic metre rates increased on two routes, remained the same on one, and fell on three routes. Many shippers who previously claimed assistance on a per cubic metre basis may now find it advantageous to claim TFES assistance on a per tonne basis.

For refrigerated cargoes two rates of assistance were set covering standard and low density commodities; both are on a per tonne basis. The standard rate is lower than the previous rate for refrigerated cargoes on all routes except one, while the low density rate is higher on all routes.

For mobile agricultural machinery it is recommended that the general cargo rate be paid rather than setting a special rate.

The rates for sheep and cattle have been split into sub-classifications to allow more accurate calculation of freight equalisation rates. The results generally gave slightly lower rates for smaller animals, such as calves and yearlings, and higher rates for larger animals such as bulls.

Two levels of freight rates are available for shipping horses from Tasmania to the mainland; the higher rate is based on immediate shipment, even for consignments of one horse, while the lower rate is available to shippers prepared to wait until the carrier has assembled a full load or for shippers sending a full container load. The new TFES rate for horses is substantially higher than the previous rate because it was calculated on the basis of the higher freight rate. However, payment of the full rate is subject to the shipper meeting a specified net transport cost after receipt of the subsidy. After taking this minimum requirement into account, shippers using the lower cost service will receive about the same amount of TFES assistance as before.

The TFES rates for general and reefer cargoes and livestock have also been recommended as subject to the shipper meeting a specified minimum transport cost after receipt of the subsidy.

Concerning stud animals, the BTE found that the transport disadvantage suffered on consignments from Tasmania to the mainland was the same or less than for other animals. Only one TFES rate was therefore set for both ordinary and stud animals. The unit costs of moving stud animals out of Tasmania are higher than for other animals, but this is more than offset by the differential between the costs of moving ordinary and stud stock on the mainland.

The rates recommended for southbound stock movements are the same as for northbound shipments.

A survey of timber shipments receiving TFES assistance over a two month period showed the stowage factor of this commodity ranged from one cubic shipping metre per tonne to over three cubic shipping metres per tonne. Calculations based on this newly available data showed the current TFES timber rates are too high and that the amount of transport disadvantage suffered by low density timber shipments is much greater than on high density

loads. It is therefore recommended that this commodity be split into two sub-categories on the basis of stowage factor; high density shipments and low density shipments of timber. The report suggests that low density shipments should continue to receive the current assistance rates while the subsidy on high density shipments should be reduced to about half the current rate.

CHAPTER 1 - INTRODUCTION

This report presents recommended new rates of assistance for southbound cargoes eligible for assistance under the Tasmanian Freight Equalisation Scheme together with an outline of the way in which they were recalculated. The report also gives recommended new rates of assistance for eligible northbound consignments of timber and livestock.

The recalculation of the southbound rates was carried out to meet a requirement specified by the Commonwealth Government when it introduced the Freight Equalisation Scheme in 1976, while the requirement for recalculating the timber rates arose from the findings of a previous BTE report[1]. The recalculation of livestock rates was initially restricted to investigating whether higher rates should be paid on stud horses and cattle, but was subsequently widened to include all livestock; this matter is further discussed in Chapter 6.

The study was carried out at the direction of the Commonwealth Minister for Transport under the terms of reference given below.

TERMS OF REFERENCE

In accordance with the Government's decision to implement the Tasmanian Freight Equalisation Scheme, the Bureau of Transport Economics is directed to recalculate the TFES rates of assistance to be paid on eligible cargoes consigned from the mainland to Tasmania. The recalculation should be carried out as at 31 January 1979 and should comply with the following terms of reference:

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(1) Bureau of Transport Economics, Tasmanian Freight Equalisation Scheme: Recommended Assistance Rates at 1 January, 1978, AGPS, Canberra, 1978.

a) The new schedule of assistance rates should be consistent with the administrative guidelines issued by the Department of Transport concerning which cargoes are eligible for assistance

b) The recalculation should be carried out using the same comparison routes as were used for calculating the northbound rates of TFES assistance

c) The new assistance rates should be calculated so as to provide compensation for eligible freight consigned from mainland Australia to Tasmania by the most efficient means of transport; in most cases, this will be the cost of a full container load consignment

d) The new assistance rates should approximate the full difference between the levels of Tasmanian and mainland interstate freight rates

e) The new rates should not include any allowance for intrastate transport disadvantages but should be calculated on the basis of a standard pick up and delivery distance for both mainland and Tasmanian cities.

The Bureau is also directed to undertake necessary investigation into

- the movement of timber and timber products out of Tasmania and on the mainland

- the movement of stud cattle and horses between Tasmania and the mainland and on the mainland[1].

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(1) The terms of reference were subsequently widened to include all livestock.

to determine whether, in the light of results obtained, revised rates of assistance for these cargoes should be recommended based on the same methodology and criteria as used in the Bureau's 'Report on Recommended Assistance Rates as at 1 January 1978'. Calculation of new and/or revised rates of assistance for these items should be carried out as at 31 January 1979.

BACKGROUND TO RECALCULATION OF SOUTHBOUND RATES

One of the recommendations made by the Commission of Inquiry into Transport to and from Tasmania (also known as the Nimmo Report)[1] was that the Commonwealth Government should implement a freight rate equalisation scheme for certain types of cargo being moved across Bass Strait between Tasmania and the mainland. The Commission recommended that the scheme should apply to northbound consignments of goods produced in Tasmania for use or sale on the mainland, and to southbound consignments of materials and equipment for use by Tasmanian industries.

In July 1976, the Minister for Transport, the Honourable P.J. Nixon, M.P., announced that the Commonwealth would implement a Tasmanian Freight Equalisation Scheme (TFES) based on the Commission's recommendations. In announcing the scheme, the Minister said that the rates of assistance would be recalculated by the Bureau of Transport Economics within 18 months.

Because the Nimmo Commission had carried out the necessary preparatory work, the Government was able to provide immediate assistance to northbound consignments; cargoes shipped on or after 1 July 1976 were eligible for assistance and the first payments were made to claimants by the Department of Transport's Hobart office in late July of that year.

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(1) Report of the Commission of Inquiry into Transport to and from Tasmania, Commissioner J.F. Nimmo, AGPS, Canberra, 1976.

However, it was not possible to begin immediate assistance to southbound cargoes because lack of time had prevented the Commission from completing its investigation of the southbound trade. Mr Nixon's July announcement therefore foreshadowed the introduction of freight equalisation assistance for southbound cargoes and said that work was underway to determine the rates of assistance. The work was carried out by the Coastal and Overseas Bulk Branch of the Department of Transport and involved investigations into the type of freight being carried from the mainland to Tasmania and the freight rates being charged, and required considerable liaison and discussions with Tasmanian firms and freight forwarders. Discussions were also held with other involved Commonwealth Government Departments to define the administrative procedures for the Southbound Scheme.

Further details of the Southbound Scheme were made public by the Prime Minister in November 1976 when he announced that it would apply to non-consumer raw materials and equipment used in the manufacturing, mining, agricultural, forestry and fishing industries which were shipped from the mainland as non-bulk cargoes[1]. The Prime Minister also announced that firms which wished to receive southbound TFES assistance should register as claimants with the Department of Transport before 1 February 1977. (This date was subsequently extended to 31 March). When the Southbound Scheme became operational, firms which had registered before 31 March were able to claim back dated assistance on all eligible consignments shipped on or after 1 July 1976. Claimants who registered after 31 March were only eligible for assistance on cargoes shipped from the date of registration.

The administrative regulations and rates of assistance for the southbound component of the Freight Equalisation Scheme were announced on 28 July 1977 by the Honourable K. Newman, M.P.,

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(1) See Annex A for details of eligibility.

Minister for Environment, Housing and Community Development, on behalf of the Minister for Transport, the Honourable P.J. Nixon, M.P.,[1]. Immediately after this announcement was made the Department of Transport began receiving and processing claims for TFES assistance on southbound cargoes. Details on which cargoes are eligible for assistance and which cargoes are specifically excluded from the Scheme are given below in the section on Administrative Regulations and in Annex A.

By this time the northbound component of the Freight Equalisation Scheme had been operational for 12 months and the BTE had, in accordance with the direction from the Minister for Transport, begun a study to recalculate the northbound assistance rates as at 1 January 1978. To gather the necessary data, the Bureau had begun a computer processing operation to analyse all northbound claims paid; was examining a large sample of claim forms; and was interviewing a number of major claimants and freight forwarders.

Immediately after Mr Newman's announcement, consideration was given to widening the BTE study to include a recalculation of the southbound TFES rates as at 1 January 1978. It was decided, however, to defer recalculation of the southbound rates to a later date, since at that time such recalculations would have largely duplicated the recent work by the Department of Transport. Moreover, little extra data would have been available from southbound claim forms as so few had been lodged, while claimants were still familiarising themselves with the administrative regulations and would not have been able to provide much information for any recalculation.

Further background information on the introduction of the Tasmanian Freight Equalisation Scheme is given in a previous BTE report setting out recommended new northbound rates of TFES assistance[2].

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(1) See Annex A for details of eligibility.
(2) BTE, op.cit.

LIVESTOCK AND TIMBER

The requirement to recalculate the northbound rates for stud cattle and for timber arose out of comments made in the BTE's report recommending new northbound TFES rates.

For timber, the previous BTE report pointed out that consignments comprised a wide range of products with significantly different transport characteristics[1]. The BTE noted that it would have been desirable to split the timber category into two or more classifications, but that this was not possible due to lack of data and lack of time to carry out the necessary investigations. The new northbound TFES rate for timber was therefore calculated on the assumption that all timber products had the same transport characteristics. This resulted in a rate which probably gave too much assistance to some timber commodities and too little to others. The results of the BTE's recent investigations into the northbound rates for timber are given in Chapter 5.

Concerning cattle, it was recommended that further studies should be carried out to determine whether a higher rate of assistance should be paid for stud animals and, if so, the actual amount that should be paid[2]. Given that a special study was being carried out for stud cattle, it was decided that stud horses should also be included. The study was subsequently widened to cover all livestock and to investigate instances where the TFES subsidy appeared to provide more than adequate freight equalisation assistance. The results of the BTE's investigations into northbound TFES rates for livestock are given in Chapter 6.

ADMINISTRATIVE REGULATIONS

In order to qualify for southbound TFES assistance, claimants must be Tasmanian mining or manufacturing firms as defined for

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(1) BTE, op.cit., p.50.
(2) Ibid, p.49.

Australian Standard Industrial Classification (ASIC) categories B, (Mining), or C, (Manufacturing), or must be involved in the agricultural, forestry, or fishing industries. Firms in other sectors are not eligible for TFES assistance, e.g. public utilities, construction, and transport communications and storage.

Firms in the mining and manufacturing sectors must register as claimants with the Department of Transport in order to qualify for southbound TFES assistance and are subject to the following administrative regulations:

- the minimum claim payable is $250 although this can be made up from several shipments of goods provided they are not spread over a period of more than 3 months

- assistance is only payable on goods of Australian origin or imported goods which have undergone some further manufacturing or processing on the Australian mainland and which suffer a transport disadvantage

- each claimant firm must register each type of material on which it intends to claim assistance (1)

- assistance is paid on raw materials only if the total value of all raw material inputs from the mainland exceeds 5 per cent of the factory door price of the finished product

- claimants are not required to register items of equipment on

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(1) For the purposes of TFES administration, raw materials are defined as natural or semi-manufactured goods which are changed in form during the manufacturing process. Thus 'manufactured' materials used in the production process which are consumed or changed in form but which are not incorporated in the finished product are classified as items of equipment rather than as raw materials, e.g. mill grinding balls, explosives, and reagents are classified as items of equipment and not as materials.

which they wish to claim assistance, although they must certify that the goods meet the eligibility requirements of the Scheme.

Claims for TFES assistance must be made on official forms and submitted to the Department of Transport's Hobart office together with supporting documents.

For claimants in the agricultural, forestry and fishing sectors the administrative regulations are simpler. Claimants are not required to register themselves or the materials or equipment on which they intend claiming assistance, nor is there any restriction on the minimum size of claims. Assistance is only payable, however, on materials and equipment included in the schedule of 'approved material inputs to primary industries'. To qualify for inclusion on this list, items must be of Australian origin and suffer some transport disability.

Goods which are specifically excluded from southbound TFES assistance include fuels and lubricants, air cargo, goods of Tasmanian origin, goods imported from overseas, bulk cargoes, building and construction materials and equipment, motor vehicles for use on public roads, fertilisers, agricultural chemicals, veterinary supplies, fodder and seed, and any item not suffering a freight disadvantage (e.g. goods sold under a price equalisation scheme where the seller averages transport costs for mainland and Tasmanian consignments and charges the same free into store price in all State capitals.)

The schedule of assistance rates introduced in July 1977 is shown in Annex A on pages 90 and 104. Because of the very large number of materials transported from the mainland to Tasmania, it was not possible for the Department to calculate a special TFES rate for each item. Instead, rates were set for very widely defined classes of freight, namely: general cargo, refrigerated cargo, livestock, and mobile farm machinery.

To make some allowance for the very wide range of stowage factors of cargoes within each class, claimants were given the option of claiming assistance for general and refrigerated cargoes on a weight or volume basis. Claims must be submitted in the same unit of measure shown on the supporting shipping documents, but claimants are free to ask their freight forwarder to write their shipping invoices on a 'per tonne' or 'per cubic metre' basis, whichever gives the greater TFES return for the commodity in question.

Full details of the administrative rules for the Southbound TFES Scheme are given in Annex A beginning on page 81.

ANALYSIS OF PAYMENTS IN 1977-78

Details of southbound freight equalisation payments made in 1977-78 are given in Tables 1.1 to 1.5.

Table 1.1 gives an analysis of southbound payments by route and commodity class. This table shows that, for cargoes eligible for TFES assistance, Victoria was the major source of supply for both Hobart and Northern Tasmania. New South Wales was the second most important source of supply for cargoes consigned to Hobart, generating more than double the amount of subsidy paid on cargoes from the South Australia/Western Australia region. However, for Northern Tasmania the positions are reversed and southbound TFES payments on cargoes from SA/WA were slightly more than payments on cargoes from New South Wales.

Of the total $2.1 million paid in southbound TFES subsidies during 1977-78, $156 000(7.3 per cent) went to claimants in the agricultural, forestry, and fishing industries, while $1.99 million (92.7 per cent) went to the mining and manufacturing sectors.

Table 1.2 shows that 93 per cent of Southbound TFES payments in 1977-78 went to mining and manufacturing industries, with primary

TABLE 1.1 - SOUTHBOUND TFES PAYMENTS BY ROUTE AND COMMODITY CLASS 1977-78

($)

Commodity Code and Name	To Hobart from			To Northern Tasmania from			Total
	VIC	SA/WA	Rest of Mainland[a]	VIC	SA/WA	Rest of Mainland[a]	
	M	N	O	P	Q	R	
Agricultural Claimants							
301 cattle & horses	556	-	156	948	84	960	2 704
302 sheep & pigs	1 108	-	-	2 478	192	282	4 060
321 general cargo t	646	-	40	536	137	578	1 937
322 general cargo m^3	79 552	2 897	7 266	31 059	5 950	7 838	134 562
331 mobile agricultural units	1 166	130	-	8 773	-	2 686	12 755
Sub-Total	83 028	3 027	7 462	43 794	6 363	12 344	156 018
Mining & Manufacturing Claimants							
210 refrigerated cargo t	72 598	4 932	19 104	3 663	1 354	2 350	104 002
211 refrigerated cargo m^3	971	-	13	-	-	-	984
221 general cargo t	70 979	74 031	155 374	353 534	162 608	148 223	964 750
222 general cargo m^3	245 021	28 213	69 107	409 637	105 474	59 880	917 334
Sub-Total	389 569	107 176	243 598	766 834	269 436	210 453	1 987 070
TOTAL	472 598	110 205	251 061	810 628	275 800	222 796	2 143 088

(a) 'Rest of Mainland' shipments mainly comprise cargoes from NSW shipped out of Sydney.

Note: The initial southbound TFES subsidies are shown on pages 90 and 104. Differences in total are due to rounding.

Source: Coastal and Overseas Bulk Branch, Department of Transport.

industries receiving 7 per cent. Dry general cargo accounted for 94 per cent of payments, refrigerated cargo for 5 per cent, and the remaining 1 per cent went to livestock and mobile agricultural machinery.

TABLE 1.2 - PROPORTIONAL DISTRIBUTION OF SOUTHBOUND TFES PAYMENTS BY COMMODITY, 1977-78

Commodity Code and Name	Amount Paid ($)	Proportion within Industry Group (%)	Proportion Overall (%)
Agricultural Claimants			
301 Cattle & Horses	2 704	1.73	0.13
302 Sheep & Pigs	4 060	2.60	0.19
321 General cargo t	1 937	1.24	0.09
322 General Cargo m^3	134 562	86.25	6.28
331 Mobile Agricultural units	12 755	8.18	0.60
Sub-Total	156 018	100.00	7.28
Mining & Manufacturing Claimants			
210 Refrigerated cargo t	104 002	5.23	4.85
211 Refrigerated Cargo m^3	984	0.05	0.05
221 General cargo t	964 750	48.55	45.02
222 General cargo m^3	917 334	46.17	42.80
Sub-Total	1 987 070	100.00	92.72
TOTAL	2 143 088	-	100.00

Source: Coastal and Overseas Bulk Branch, Department of Transport.

Table 1.3 gives an analysis of the amount of TFES assistance received by individual claimants. During 1977-78 a total of 523 individuals and firms received TFES assistance on southbound cargoes. As with the Northbound Scheme, the distribution of payments is highly skewed. The top 51 claimants (9.8 per cent of all claimants) received payments of $1.9 million (88.6 per

cent of the total). At the other extreme, the bottom 25 per cent of claimants (133) received less than $5 000 or 0.2 per cent of the total. The average amount paid to each claimant over the period was $4098 while the median payment was $232.

TABLE 1.3 - DISTRIBUTION OF SOUTHBOUND TFES PAYMENTS, NUMBER OF CLAIMANTS BY AMOUNT PAID, 1977-78

Amount Paid ($)	Number of Claimants	Total Payments ($)
Less than $50	97	2 096
51 - 100	36	2 548
101 - 250	146	25 707
251 - 500	95	32 480
501 - 1 000	33	23 929
1 001 - 5 000	65	158 053
5 001 - 10 000	15	103 646
10 001 - 50 000	22	544 776
50 001 - 100 000	9	634 582
100 000 +	5	615 270
TOTAL	523	2 143 088

Source: Coastal and Overseas Bulk Branch, Department of Transport.

From Table 1.4 it can be seen that the major claimants are in the mining and manufacturing sectors while the majority of small claimants are in the agricultural, forestry and fisheries sectors(1).

An indication of the range in size of claims paid each month is given by Table 1.5.

(1) Table 1.4 was prepared in such a way as to avoid double counting of claimants, and therefore the number of claimants shown in each class interval is different from the corresponding number in Table 1.3. See notes to Table 1.4 for an explanation of the difference.

TABLE 1.4 - SOUTHBOUND TFES CLAIMANTS BY COMMODITY CLASS AND AMOUNT RECEIVED, 1977-78

Commodity	No of Claimants Receiving Amount of ($):							Total
	0-100	101-500	501-1000	1001-5000	5001-10 000	10 001-50 000	50 000+	
301	59.83	5.00	-	-	-	-	-	64.83
302	12.50	2.33	1.50	1.00	-	-	-	17.33
321	7.00	2.50	0.50	-	-	-	-	10.00
322	62.50	200.50	25.33	21.00	1.50	0.50	-	311.33
331	0.50	20.00	2.50	2.50	-	-	-	25.50
210	0.25	-	1.00	2.67	1.00	0.50	0.50	5.92
211	-	-	0.25	-	-	-	-	0.25
221	1.00	3.33	4.33	12.58	4.33	6.33	3.50	35.40
222	1.83	6.25	5.00	21.00	6.33	9.00	3.00	52.51
TOTAL	145.41	239.91	40.41	60.75	13.16	16.33	7.00	523.00

Note: In order to avoid double counting, claimant firms which received assistance under 'n' commodity codes were counted as 1/n for each code, e.g. if a firm received assistance under codes 302, 221 and 222, then the firm would be counted as 1/3 under each code. The number of claimants in each group in this table therefore differs from the number in the comparable group in Table 1.3.

Source: Coastal and Overseas Bulk Branch, Department of Transport.

TABLE 1.5 - DISTRIBUTION OF SOUTHBOUND TFES CLAIMS FOR A SAMPLE PERIOD OF TWO MONTHS[a]

Commodity	No of Claims of Amount ($):							Total
	0-100	101-250	251-500	501-1000	1001-5000	5001-10 000	10 000+	
301	1	-	-	-	-	-	-	1
302	-	-	-	-	-	-	-	-
321	2	1	1	-	-	-	-	4
322	20	21	12	1	3	1	-	58
331	1	3	4	-	-	-	-	8
210	11	-	-	1	2	-	1	5
211	-	-	-	-	-	-	-	-
221	6	7	12	10	13	4	2	54
222	3	6	17	21	15	3	-	65
TOTAL	34	38	46	33	33	8	3	195

(a) May and June 1978.

Note: In preparing this Table, a claim submitted by an individual for assistance under 2 or more category codes was counted as once under each code for which assistance was given. The Table therefore gives an over-estimate of the number of claimants actually assisted.

Source: Coastal and Overseas Bulk Branch, Department of Transport.

The remainder of this report comprises five chapters. A description of the nature of southbound freight is given in Chapter 2 and details of the method used in calculating the new southbound rates in Chapter 3. The new southbound rates are given in Chapter 4. The new northbound rates for timber and livestock are given in Chapters 5 and 6 respectively.

CHAPTER 2 - SOUTHBOUND FREIGHT MOVEMENTS

In this chapter, a description is given of southbound freight movements to Tasmania. The chapter deals with the quantity of freight moved, the nature of southbound freight consignments, freight rates charged, and the type of cargo units used. Where appropriate, comparisons are made with northbound movements and mainland conditions.

FREIGHT QUANTITY

Tasmania's interstate sea freight movements in 1976-77 are shown in Tables 2.1 and 2.2. In both tables general cargo is defined as cargo carried on Ro-Ro or conventional vessels. The figures include vehicles and empty containers but exclude interstate cargoes landed for transhipment to another state.

The Tables show that in 1976-77[1] Tasmanian ports received 1.7 million tonnes of general cargo from the mainland while northbound consignments totalled 1.8 million tonnes. In terms of totals, therefore, the northbound and southbound general cargo trades were almost equal. Both figures are measured in terms of shipping tonnes, the straight addition of those cargoes measured in tonnes weight and those cargoes measured in cubic metres volume. In weight terms, Tasmania's northbound and southbound interstate freight movements are both probably between half and three quarters of a million tonnes per annum.

An indication of the relative size of Tasmania's interstate trade is given by comparing these figures with Tables 2.3 and 2.4. Table 2.3 shows that consignments by rail between the mainland capital cities in 1975-76[2] were just over 3.0 million tonnes

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(1) At the time of writing this report, statistics for later years were not available from the source quoted.

(2) Table 2.4 is based on a developmental data collection which probably underestimates the quantity of road freight consigned by freight forwarders.

TABLE 2.1 - TASMANIAN[a] INTERSTATE SEA FREIGHT MOVEMENTS: IMPORTS, 1976-77

('000 cargo tonnes)[b]

Cargo Type/ Destination	Origin						Total
	NSW	VIC	QLD	SA	WA	NT	
General Cargo[c]							
Hobart	85	238	2	49[d]	1	-	375
Burnie	46	171	2	69	-	-	288
Devonport	5	548[e]	-	-	-	-	553
Launceston	110	391	-	7	-	-	508
Port Latta and Stanley	-	6	-	-	-	-	6
Sub-Total	246	1 354	4	125[d]	1	-	1 730
Bulk Cargo[f]							
Hobart	2	266	84	251[d]	20	-	623
Burnie	10	68	21	100	62	-	261
Devonport	14	172	-	15	-	-	201
Launceston	103	145	151	53	-	181	633
Port Latta and Stanley	-	-	-	21	-	-	21
Sub-Total	129	651	256	440	82	181	1 739
TOTAL	375	2 005	260	565[d]	83	181	3 469

(a) Excludes King and Flinders Islands.

(b) The sum of cargoes measured in mass (tonnes) and cargoes measured in volume (cubic metres).

(c) Defined here as cargo carried on Ro-Ro or conventional vessels.

(d) On the advice of Hobart Marine Board, an additional 16 thousand tonnes has been included in the figures for Adelaide.

(e) This figure does not include 173 000 tonnes of tourist vehicles shipped from Victoria to Devonport.

(f) Defined here as any cargo carried in bulk vessels.

Source: Commonwealth Department of Transport, Port Authority Cargo Movements, 1976-77, AGPS, Canberra, 1978, and Marine Board of Hobart.

TABLE 2.2 - TASMANIAN[a] INTERSTATE SEA FREIGHT MOVEMENTS: EXPORTS, 1976-77

('000 cargo tonnes)[b]

Cargo Type/ Origin	Destination						Total
	NSW	VIC	QLD	SA	WA	NT	
General Cargo[c]							
Hobart	155	264	5	28	8	-	460
Burnie	114	201	43	39	8	-	405
Devonport	-	504[e]	-	-	-	-	504
Launceston	65	363	-	-	-	-	428
Sub-Total	334	1 360	48	67[d]	16	-	1 825
Bulk Cargo[f]							
Hobart	229	13	6	5[d]	10	-	263
Burnie	95	103	40	5	-	-	243
Devonport	79	114	-	-	-	-	193
Launceston	63	-	-	8	-	-	71
Sub-Total	466	230	46	18	10	-	770
TOTAL	800	1 590	94	85	26	-	2 595

(a) Excludes King and Flinders Islands.

(b) The sum of cargoes measured in mass (tonnes) and cargoes measured in volume (cubic metres).

(c) Defined here as cargo carried on Ro-Ro or conventional vessels.

(d) On the advice of Hobart Marine Board, an additional 16 thousand tonnes has been included in the figures for Adelaide.

(e) This figure does not include 173 000 cargo tonnes of tourist vehicles shipped from Devonport to Victoria.

(f) Defined here as any cargo carried in bulk vessels.

Source: Commonwealth Department of Transport, Port Authority Cargo Movements, 1976-77, AGPS, Canberra, 1978, and Marine Board of Hobart.

TABLE 2.3 - GOVERNMENT RAILWAYS: FREIGHT CONSIGNED BETWEEN MAINLAND CAPITALS, THE ACT, AND ALBURY WODONGA, 1975-76

('000 tonnes) (a)

Origin	Destination							Total
	Sydney	Melbourne	Brisbane	Adelaide	Perth	ACT-Qbn	Alb-Wod.	
Sydney	-	325	278	34	153	229	3	1 022
Melbourne	475	-	118	288	243	5	130	1 259
Brisbane	125	26	-	12	9	-	-	172
Adelaide	65	353	24	-	125	-	-	567
Perth	51	56	2	77	-	1	-	117
ACT-Qbn	13	-	-	-	-	-	-	13
Albury-Wodonga	40	80	18	11	10	6	-	165
TOTAL	769	840	440	352	540	241	133	3 315

(a) Tonnes weight.

Note: The above figures are for total rail movements and include some bulk liquids and solids; however, most of the freight comprises 'general cargo'.

Source: BTE, Estimates of Australian Inter Regional Freight Movements, 1975-76, AGPS, Canberra, 1978, p.27.

TABLE 2.4 - INTERSTATE ROAD FREIGHT CARRIED BY MAJOR FREIGHT FORWARDERS, 1977-78

('000 tonnes)[a]

Origin	Destination										
	Sydney	Newcastle	Wollongong	Melbourne	Brisbane	Adelaide	Perth	Tasmania[b]	Darwin	ACT	Total
Sydney	-	-	-	723	375	224	29	5	6	34	1 396
Newcastle	-	-	-	53	25	13	2	-	-	-	93
Wollongong	-	-	-	53	14	38	-	1	-	-	106
Melbourne	783	26	11	-	223	323	42	-	2	34	1 444
Brisbane	228	9	3	130	-	27	7	-	15	-	419
Adelaide	198	2	-	222	72	-	8	1	6	3	512
Perth	14	-	-	21	2	10	-	-	-	-	47
Tasmania[b]	1	-	-	-	-	-	2	-	-	-	3
Darwin	2	-	-	-	2	-	-	-	-	-	4
Canberra	15	3	-	7	5	-	-	-	-	-	30
TOTAL	1 241	40	14	1 209	718	635	90	7	31	71	4 054

(a) Tonnes weight.

(b) Freight movements involving more than one mode of transport are classified according to the mode employed for the greater proportion of the line haul.

Note: The ABS data collection on which this table is based does not cover all transport operators and therefore the above figures probably underestimate the quantity of freight carried by road between capitals. Differences in totals are due to rounding.

Source: BTE estimates based on data from a developmental collection undertaken by the Australian Bureau of Statistics.

weight. Melbourne was the major consigning centre, sending out 1.2 million tonnes by rail, followed by Sydney with 1.0 million tonnes of consignments. The total of 3.3 million tonnes comprised mainly 'general cargo' but did include some bulk products. Total interstate rail consignments for the period totalled just over 6.0 million tonnes weight although this included a larger proportion of bulk cargoes.

Comprehensive figures on mainland road freight movements are not available but Table 2.4 shows road consignments by major freight forwarders between mainland capital cities in 1977-78[1]. The major route was the Sydney-Melbourne link over which 1.5 million tonnes was shipped while consignments between all centres shown were over 4 million tonnes.

CHARACTERISTICS OF SOUTHBOUND TRADE

In terms of consignment sizes, Tasmania's northbound and southbound freight movements have significantly different characteristics, particularly if the comparison is restricted to goods receiving TFES assistance.

Most of Tasmania's northbound non-bulk freight comprises manufactured or processed goods consigned in 'Full Container Loads' (FCL's). Many of the major northbound consignors ship several containers each day while smaller firms might consign only one or two containers each month. Whatever the total amount, however, most Tasmanian firms consign northbound cargoes in full container loads. (Even less than container load consignments (LCL's) are relatively large; usually at least several tonnes at a time).

Since FCL consignments are the most efficient way of moving

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(1) Table 2.4 is based on a developmental data collection which probably underestimates the quantity of road freight consigned by freight forwarders.

freight, Tasmanian industries are in a reasonably favourable position with their northbound consignments. In particular, consigning in FCL quantities gives some Tasmanian manufacturers the option of cutting costs by organising their own transport services rather than consigning through a freight forwarder. This entails hiring containers,[1] paying the sea freight charges direct to the shipping company, and organising road transport to deliver the containers to the wharf in Tasmania and then to the customer on the mainland. This option of dealing direct with shipping companies is probably a factor which tends to limit the freight forwarders' profit mark-ups.

For southbound cargoes, however, the situation is different. As a generalisation, most Tasmanian manufacturing industries receive the main volume of their material inputs from intrastate sources (or from interstate in bulk ships not eligible for TFES assistance) while imports from the mainland comprise small lots of machines, spare parts, various components and minor input materials, chemicals, additives, etc. Some FCL's of materials are imported from the mainland but the majority of southbound TFES claims are for LCL shipments[2].

For southbound cargoes, therefore, most Tasmanian firms use the door-to-door services of a freight forwarder. On a cost per tonne basis, the rates charged by freight forwarders are higher than FCL rates. In part at least, this is due to the extra costs involved with LCL shipments, such as the transport of goods to and from freight terminals, the labour required to consolidate small consignments into container loads, and the extra documentation involved. As a very broad generalisation, southbound LCL door-to-door freight rates would be about 150 to

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(1) Tasmanian shipping lines may not have enough equipment to guarantee that cargo units will always be available for hire, especially to casual shippers.

(2) A considerable number of FCL shipments are carried south to Tasmania but they mainly comprise cargoes not eligible for TFES assistance, such as consumer goods.

200 per cent higher than the rates charged for a northbound FCL consignment of a similar cargo on the same route.

Southbound cargo costs could be reduced by shipping FCL quantities but often this is impossible since many materials are used in small quantities - less than one or two container loads per annum - while spare parts are ordered on a replacement basis. Even very large companies importing a large total amount from the mainland often find it is impossible to attain FCL economies because their cargoes comprise hundreds, or even thousands, of items of materials and equipment purchased from divers mainland suppliers.

Some firms reduce costs by requiring all their various mainland suppliers to ship orders through a particular freight forwarder, using the increased volume to negotiate a lower rate. A few firms have all small mainland purchases sent to a mainland address where they are consolidated into FCL's and then shipped to Tasmania.

Another way of reducing costs can be to purchase goods from a Tasmanian agent rather than direct from a mainland supplier. This approach only works where total Tasmanian demand for a particular item has been adequate to justify the establishment of an agency to import in FCL quantities (and where the agency passes on at least some of the reduced transport costs to the final purchaser). At present, except for agricultural machinery, very few claims for southbound TFES assistance are for goods purchased from Tasmanian agents.

CARGO UNITS

Before discussing southbound freight rates, a description of the cargo units is necessary.

All Tasmanian interstate shipping services except one use RO-RO

vessels[1]. The cargo units in general use are therefore designed for movement by fork lift trucks or cranes.

The most commonly used cargo units are the 5.08 metre containers, (also referred to as cargo flats), 6.1 metre ISO containers, and trailers of various lengths. Refrigerated cargoes are carried in a variety of reefer containers, of which the 6.1 metre ISO reefer is the most common, and reefer trailers of various lengths. The use of refrigerated trailers is said to be confined mainly to the trade to and from Melbourne.

The most numerous general cargo unit is the 5.08 metre container; it has an open top, removable wire sides and collapsible ends (enabling containers to be collapsed and stacked for empty returns). The open 5.08 metre unit comes in two forms: the low 'gate' unit[2] - 1.37 metres internal height and capacity 16.6 tonnes; and the high gate unit - 2.23 metres internal height and capacity 16.2 tonnes. A high gate unit can be stacked on top of a low gate unit to form a staked pair. The staked pair is the lowest cost form of transport across Bass Strait for general cargoes.

Shipping lines encourage the consignment of staked pairs, or of single containers which can be made up into staked pairs, because these units make the most efficient use of the space available.

Unfortunately, a significant number of low gate containers are still being consigned with cargo loaded over gate height[3]. Such containers cause two sets of problems. First, they cannot be used to make up staked pairs and therefore represent both a

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(1) The WA State Shipping Service's vessel, the 'Wambiri', being the exception. A new RO-RO vessel, the 'Kimberley', is being built for this service.
(2) 'Gate' refers to the removable side.
(3) This problem could probably be solved or alleviated by an appropriate pricing policy. i.e. by charging a higher rate for low gate units with cargo loaded above gate height.

waste of space and a loss of revenue to the shipping line. Second, extra time is required sorting out containers suitable for making up into staked pairs; this means a reduction in the total quantity of freight that can be carried on each voyage since the turnaround time is fixed and cargo capacity is determined by the speed of loading and unloading operations[1].

In addition to the open 'gate' type, some 5.08 metre units are constructed as enclosed box-type containers and as refrigerated units.

Although 5.08 metre staked pairs provide the lowest cost transport, many consignors use 6.1 metre ISO boxes because they provide greater security and protection against water damage. The 6.1 metre ISO box has a capacity of 17.8 tonnes and 30.4 cubic metres. Southbound cargoes are often carried in overseas ISO boxes when they are being moved to Tasmania for loading with an export cargo.

Some southbound cargoes are carried in 6.1 metre ISO containers hired by overseas shipping lines to freight forwarders at a low or negligible charge. The overseas line thereby avoids the cost of moving an empty unit to Tasmania (where it is loaded with an export cargo) and the freight forwarder avoids the cost of transporting empty units back to the mainland.

Similar to the standard ISO box is the recently introduced Sea Pak container. This unit has standard ISO lifting fittings, but is slightly larger; its cargo capacity is 20 tonnes and 34 cubic metres[2].

The Sea Pak unit is wide enough to carry 2 rows of Australian pallets (1168 x 1168 mm) and has been designed as a multi-modal

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(1) Tasmanian interstate ships rarely sail with a full load.
(2) Full utilisation of this increased weight capacity requires strengthening ship decks and upgrading handling facilities.

unit to facilitate direct on-forwarding by road or rail on the mainland.

Sheep and cattle are carried in either specially adapted 5.08 metre containers or trailers. The trailers used are usually about 11 to 12 metres long and can be adapted to carry either 2 decks of cattle or 3 decks of sheep. A few four deck dedicated sheep trailers are also used.

Horses are carried in trailers, in specially adapted 5.08 metre containers, or in horse boxes.

Outsize items of cargo which cannot fit into standard containers are normally loaded onto trailers.

Specifications and photographs of cargo units are given in Annex D.

SOUTHBOUND FREIGHT RATES

The sea line haul rates charged on southbound routes as at 31 January 1979 are shown in Tables 2.5 and 2.6. For open cargo units, such as trailers and 5.08 metre cargo units, the rates charged are determined according to the area of the deck space occupied and the height of the load. For enclosed containers, the rate charged is based only on the deck area occupied.

The tables show that staked pairs are the most economical means of consigning goods on all routes, both on a per tonne and per cubic metre basis. Even if consigned as single units, the 5.08 metre unit is less expensive than an 11 metre trailer for carrying reasonably dense cargoes and is marginally less expensive than a 6.1 metre ISO box[1]. Only for low density cargoes of

(1) A further advantage of 5.08 metre units is that an allowance is made for the bottom layer of pallets in open containers, e.g, palletised cargo can be loaded about 2.6 metres high in a 5.08 metre unit and yet still be carried at the 2.5 metre high rate.

stowage over 3.0 cubic metres per tonne is the cost of using a trailer comparable to a staked pair.

According to shipping officials, many firms currently consigning cargoes in single 5.08 metre units could substantially reduce their transport costs by using staked pairs instead.

The rate paid for a door-to-door transport service covers the sea line haul, the pick up and delivery components, administrative costs (documentation etc.) and, of course, the freight forwarder's profit. The cost of a pick up and delivery service can vary significantly between different consignors. Factors such as distance, volume of cargo consigned, average consignment size, and cargo type must be taken into account.

According to industry sources, the cost of a pick up and delivery service for a full container load would be in the range $60 to $120 where both the pick up and delivery points are within about fifteen kilometres of the wharf.

Two additional factors important in determining freight forwarders rates are their need to obtain an optimum 'mix' of cargo and the problem of returning empty containers. Freight forwarders try to consign as many of their containers as possible as staked pairs in order to minimise sea line haul costs. For example, on the Melbourne-Launceston run, the line haul cost for consigning a single 5.08 metre unit loaded to 2.5 metres is $581 while a similar unit loaded to 1.5 metres costs $424; a total of $1005 for the two. If the two are combined and consigned as a staked pair the rate is $814, a saving of $191. Since individual manufacturers tend to use mainly one type of unit, either high gate or low gate, the freight forwarder's strategy involves building up a clientele such that approximately equal numbers of high and low gate units are received. The limiting factor on the number of staked pairs that can be made up is usually the availability of suitable low gate containers, so this type of unit is often given a relatively favourable rate. For example,

TABLE 2.5 - SEA LINE HAUL RATES TO NORTHERN TASMANIA FROM SYDNEY, MELBOURNE, AND ADELAIDE, 31 JANUARY, 1979

Cargo Unit	Rate ($/m^2) (a)	Total Charge ($)	Maximum Load (b) (tonnes)	Unit Cost ($/tonne)	Internal Volume (m^3)	Unit Cost ($/$m^3$)
			FROM SYDNEY			
5.08 m unit loaded to						
- 1.5 m	48.49	615.82	16.6	37.10	17.9	34.40
- 2.0 m	55.30	702.31	16.6	42.31	23.8	29.51
- 2.5 m	62.18	789.69	16.2	48.75	29.8	26.50
Staked pair loaded to						
- 3.0 m	70.80	899.16	28.0 (c)	32.11	35.8	25.12
- 3.5 m	80.38	1 020.83	32.8	31.12	41.8	24.42
- 4.0 m	89.66	1 138.68	32.8	34.72	47.7	23.87
6.1 m ISO Box	61.20	910.66	17.8	51.16	30.4	29.96
6.1 m ISO Reefer	61.20	910.66	16.6	54.86	24.6	37.02
11.3 m Trailer	62.18	1 714.30	21.0	81.63	67.2	25.51
			FROM MELBOURNE			
5.08 m unit loaded to						
- 1.5 m	33.41	424.31	16.6	25.56	17.9	23.70
- 2.0 m	39.64	503.43	16.6	30.33	23.8	21.15
- 2.5 m	45.75	581.03	16.2	35.87	29.8	19.50
Staked pair loaded to						
- 3.0 m	51.82	658.11	28.0 (c)	23.50	35.8	18.38
- 3.5 m	58.08	737.62	32.8	22.49	41.8	17.65
- 4.0 m	64.13	814.45	32.8	24.83	47.7	17.07
6.1 m ISO Box	42.53	632.85	17.8	35.55	30.4	20.82
6.1 m ISO Reefer	42.53	632.85	16.6	38.12	24.6	25.73
11.3 m Trailer	45.75	1 261.33	21.0	60.06	67.2	18.77

TABLE 2.5 (CONT) - SEA LINE HAUL RATES TO NORTHERN TASMANIA FROM SYDNEY, MELBOURNE, AND ADELAIDE, 31 JANUARY, 1979

Cargo Unit	Rate ($/m^2) (a)	Total Charge ($)	Maximum Load (b) (tonnes)	Unit Cost ($/tonne)	Internal Volume (m^3)	Unit Cost ($/$m^3$)
			FROM ADELAIDE			
5.08 m unit loaded to						
- 1.5 m	46.70	593.09	16.6	35.73	17.9	33.13
- 2.10 m	54.15	687.71	16.6	41.43	25.0	27.51
- 2.55 m	60.60	769.62	16.2	47.51	30.4	25.32
Staked pair loaded to						
- 3.00 m	68.50	869.95	31.0 (c)	28.06	35.8	24.30
- 3.60 m	79.57	1 010.54	32.8	30.81	43.0	23.50
- 3.75 m	82.36	1 045.97	32.8	31.89	44.8	23.35
6.1 m ISO Box	58.30	867.50	17.8	48.74	30.4	28.54
6.1 m ISO Reefer	49.53	737.01	16.6	44.40	24.6	29.96
11.3 m Trailer	60.60	1 670.74	21.0	79.56	67.2	24.86

(a) Sea charges are computed on the basis of area occupied. The figures used in preparing this table are: 12.7 m^2 for 5.08 metre trays and staked pairs; 14.88m^2 for ISO boxes and reefers; and 27.57m^2 for an 11.3 metre trailer.

(b) The figures shown here are the maximum normally allowed under safety regulations. Commodities with stowage factors above 1.1m^3 per tonne would not attain these loadings and therefore the cost per tonne would be higher.

(c) For 3.0 metre high staked pairs, ANL and USS impose a weight limit of 28 and 31 tonnes respectively; a limit of 31 tonnes was assumed for Holymans.

Note: The costs shown in this table are for the sea line haul only. In addition there are the costs of pick up and delivery of cargo units and, for LCL consignments, the costs of consolidating and deconsolidating loads at depots and delivery to and from depots. For calculating the sea freight rate for open containers and trucks, the load height is taken as the actual measurement less 5 per cent.

Source: Published Freight Schedules of ANL, USS, and Holymans Shipping Companies as at 31 January, 1979.

TABLE 2.6 - SEA LINE HAUL RATES TO HOBART FROM SYDNEY, MELBOURNE AND ADELAIDE, 31 JANUARY, 1979

Cargo Unit	Rate ($/m^2) (a)	Total Charge ($)	Maximum Load (b) (tonnes)	Unit Cost ($/tonne)	Internal Volume (m^3)	Unit Cost ($/$m^3$)
			FROM SYDNEY			
5.08 m unit loaded to						
- 1.5 m	53.39	678.05	16.6	40.85	17.9	37.88
- 2.0 m	60.44	767.59	16.6	46.24	23.8	32.25
- 2.5 m	66.20	840.74	16.2	51.90	29.8	28.21
Staked pair loaded to						
- 3.0 m	77.45	983.62	31.0 (c)	31.73	35.8	27.48
- 3.5 m	84.08	1 067.82	32.8	32.56	41.8	25.55
- 4.0 m	93.35	1 185.55	32.8	36.14	47.7	24.85
6.1 m ISO Box	56.99	848.01	17.8	47.64	30.4	27.90
6.1 m ISO Reefer	56.99	848.01	16.6	51.08	24.6	34.47
11.3 m Trailer	66.20	1 825.13	21.0	86.91	67.2	27.16
			FROM MELBOURNE			
5.08 m unit loaded to						
- 1.5 m	40.58	515.37	16.6	31.05	17.9	28.79
- 2.0 m	46.01	584.33	16.6	35.20	23.8	24.55
- 2.5 m	52.96	672.59	16.2	41.52	29.8	22.57
Staked pair loaded to						
- 3.0 m	65.62	833.37	31.0 (c)	26.88	35.8	23.28
- 3.5 m	70.40	894.08	32.8	27.26	41.8	21.39
- 4.0 m	76.42	970.53	32.8	29.59	47.7	20.35
6.1 m ISO Box	48.05	714.98	17.8	40.17	30.4	23.52
6.1 m ISO Reefer	48.05	714.98	16.6	43.07	24.6	29.06
11.3 m Trailer	52.96	1 460.11	21.0	69.53	67.2	21.73

TABLE 2.6 (CONT) - SEA LINE HAUL RATES TO HOBART FROM SYDNEY, MELBOURNE AND ADELAIDE, 31 JANUARY, 1979

Cargo Unit	Rate ($/m^2) (a)	Total Charge ($)	Maximum Load (b) (tonnes)	Unit Cost ($/tonne)	Internal Volume (m^3)	Unit Cost ($/$m^3$)
FROM ADELAIDE						
5.08 m unit loaded to						
- 1.5 m	53.67	681.61	16.6	41.06	17.9	38.08
- 2.10 m	62.22	790.19	16.6	47.60	25.0	31.61
- 2.55 m	69.62	884.17	16.2	54.58	30.4	29.08
Staked pair loaded to						
- 3.00 m	78.65	998.86	31.0 (c)	32.22	35.8	27.90
- 3.60 m	91.60	1 163.32	32.8	35.47	43.0	27.05
- 3.75 m	94.60	1 201.42	32.8	36.63	44.8	26.82
6.1m ISO Box	67.09	998.30	17.8	56.08	30.4	32.84
6.1 m ISO Reefer	58.53	870.93	16.6	52.47	24.6	35.40
11.3 m Trailer	69.62	1 919.42	21.0	91.40	67.2	28.56

(a) Sea charges are computed on the basis of area occupied. The figures used in preparing this table are: 12.7m^2 for 5.08 metre trays and staked pairs; 14.88m^2 for ISO boxes and reefers; and 27.57m^2 for an 11.3 metre trailer.

(b) The figures shown here are the maximum normally allowed under safety regulations. Commodities with stowage factors above 1.1m^3 per tonne would not attain these loadings and therefore the cost per tonne would be higher.

(c) For 3.0 metre high staked pairs, ANL and USS impose a weight limit of 28 and 31 tonnes respectively; a limit of 31 tonnes was assumed for Holymans.

Note: The costs shown in this table are for the sea line haul only. In addition there are the costs of pick up and delivery of cargo units and, for LCL consignments, the costs of consolidating and deconsolidating loads at depots and delivery to and from depots. For calculating the sea freight rate for open containers and trucks, the load height is taken as the actual measurement less 5 per cent.

Source: Published Freight Schedules of ANL, USS, and Holymans Shipping Companies as at 31 January, 1979.

the rate charged for a low gate container loaded to 1.37 metres is often significantly less than the rate charged for a similar unit loaded to 1.5 metres, even though the sea haul and pick up and delivery costs are exactly the same for both if consigned as single units[1]. The 1.37 metre high unit is given a better rate because it can be used to make up a staked pair.

By way of comparison, airline freight rates for a one tonne consignment to Tasmania are shown in Table 2.7. Air freight services to Tasmania are provided by the two major airline companies and two smaller operators.

Air freight rates in Australia are expressed in terms of cents per kilogram with discounts for larger consignments. Additional discounts are available for cargo consigned on an airport to airport basis. Since the rates set by the airlines are calculated as a function of distance, the rates between any two airports are the same in both directions. The discounts for larger consignments are the same in both directions, the maximum available being 20 per cent for consignments over 500 kilograms consigned airport to airport.

On those routes where the airlines are trying to generate additional freight, discounts of 50 per cent are allowed on cargoes over 100 kilograms consigned between 6 am and 12 noon. According to published freight rate schedules this 50 per cent discount applies between all mainland capital cities except Perth. No mention is made of Tasmania, although a previous BTE study has found that similar substantial discounts were allowed on some northbound Tasmanian air cargoes. After taking these discounts into account it was found that air freight rates were competitive with sea northbound rates for low density cargoes stowing at 5 cubic metres or more per tonne.

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(1) Except on the Melbourne to Northern Tasmania run where the rate for 5.08 metre units loaded to 1.37 metres height is slightly less than for units loaded 1.5 metres high.

TABLE 2.7 - AIR FREIGHT RATES FOR ONE TONNE CONSIGNMENT, 31 JANUARY, 1979

Origin	Destination					
	LAUNCESTON			HOBART		
	Terminal to Terminal $/tonne[a]	Airport to Airport $/tonne[b]	Airport to Airport Low Density $/m^3[c]	Terminal to Terminal $/tonne[a]	Airport to Airport $/tonne[b]	Airport to Airport Low Density $/m^3[c]
Adelaide	654	616	88	671	632	90
Sydney	654	616	88	671	632	90
Melbourne	331	312	45	348	328	47
Brisbane	850	800	114	926	872	125

(a) Calculated as standard rate per kg less 15 per cent.

(b) Calculated as standard rate per kg less 20 per cent.

(c) For cargoes with stowage factor 7 cubic metres per tonne or greater.

Note: A door-to-door pick up and delivery service is available for 2¢/kg up to a maximum of $25.
See Annex B for further details of the air freight rate schedule.

Source: TAA Fares and Rates Schedule, 30 September, 1978.

For southbound cargoes, the maximum discount rate officially available is 20 per cent. A comparison of Table 2.7 with Tables 2.5 and 2.6 shows that air freight rates are higher than sea line haul rates for FCL consignments of all types of cargoes. For example, for deadweight commodities, the airport to airport rate from Melbourne to Launceston is more than 12 times the sea line haul rate by a low gate container. Since the volume allowance for air cargo is 7 cubic metres per tonne, the difference in rates is less extreme for low density cargoes. For cargoes stowing 7 cubic metres per tonne or higher, the rate for airport to airport cargo is $45 per cubic metre compared to $17 per cubic metre for line haul sea transport by a staked pair.

It should be noted that the sea line haul rates quoted above are for FCL quantities i.e. for consignments in the order of 16 tonnes or 25 cubic metres or more. The rate charged for LCL consignments is higher particularly if a door-to-door service is involved. For air cargo on the other hand, the maximum discount is allowed for consignments of 500 kilograms or more.

The rate charged by air transport for door-to-door service is the terminal-to-terminal rate plus 2 cents per kilogram up to a maximum of $25.

To compete with air cargo services, freight forwarders offer a high priority sea cargo service from Melbourne with next day delivery in Northern Tasmania and delivery in Hobart on the second working day after consignment. This service is available 6 days per week. Priority cargoes from Sydney or Adelaide would take an extra day to deliver. Priority cargo rates are substantially less than air cargo rates. For example, in September 1978, the advertised air cargo rate for delivering a 1 tonne load from Melbourne to Launceston was $331 for terminal-to-terminal service and $312 for an airport to airport delivery. The priority rate advertised by one forwarder was $127.

SHIPPING SERVICES

Five shipping lines using 9 vessels run interstate services to Tasmania providing direct links to all mainland State capitals except Darwin and to northern ports in Queensland. Consignments to Darwin can be transhipped through Melbourne or Sydney.

The companies providing the services are: the Australian National Line (ANL), the Union Steamship Company of New Zealand Limited (USS), William Holyman and Sons Pty Ltd, the Western Australian Coastal Shipping Commission (WA CSC), and the Transport Commission of Tasmania (TTC). Other small firms provide services to King and Flinders Islands.

The Holyman Company and USS are controlled by Union Bulkships Pty Ltd although they are operated as separate enterprises.

Details of the ships and services are given in Tables 2.8 and 2.9.

TABLE 2.8 - SHIPS OPERATING INTERSTATE SERVICES TO TASMANIA, 1979

Ship	Operator	Deadweight Tonnes	Route	Frequency[a]
Seaway Prince	USS	5 565	Hobart-Melbourne	2/week
Seaway Princess	USS	5 491	Hobart-Sydney	1/week
Brisbane Trader	ANL	4 493	Melbourne-Bell Bay	3/week
Townsville Trader	ANL	4 493	Melbourne-Devonport-Fremantle-Burnie	1/2weeks
Bass Trader	ANL	7 510	Sydney-Bell Bay-Burnie-Brisbane-Townsville-Mackay-Cairns	1/2weeks
Sydney Trader	ANL	4 493	Melbourne-Burnie-Devonport-Melbourne	3/week
Melbourne Trader	ANL	5 500	Sydney-Bell Bay-Burnie Brisbane-Townsville-Mackay-Cairns	1/2weeks
Empress of Aust.[b]	ANL	2 725	Melbourne-Devonport	3/week
Straitsman	TTC	1 053	Stanley-Melbourne	2/week
Wambiri	WACSC	7 416	Hobart-Burnie-Melbourne-Fremantle	1/4weeks
Mary Holyman	Holyman	2 540	Hobart-Burnie-Adelaide[c]	1/week

(a) Most common or average frequencies. Variations do occur in peak and off peak seasons.

(b) Passenger vehicle deck cargo ship: carries up to 440 passengers, tourist vehicles and freight.

(c) Sails to Hobart and Burnie alternate weeks.

Source: Department of Transport, Australian Shipping and Shipbuilding, AGPS, Canberra, 1977, p. 4, and shipping companies.

TABLE 2.9 - TASMANIAN INTERSTATE SHIPPING SERVICES, 1979

(Sailings per four week period)

	VIC	NSW	SA	QLD via NSW	WA	TOTAL
Northern Tasmania	47[(a)]	-	2	4	3	56
Hobart	8	4	2	-	1	15
TOTAL	55	4	4	4	4	71

(a) Includes 12 sailings of Empress of Australia and 1 sailing by the WACSC vessel.

CHAPTER 3 - METHOD OF CALCULATION

This chapter outlines the method used to recalculate the southbound freight equalisation subsidy rates. The first section of the chapter describes the concept of 'freight equalisation' and gives the definitions adopted by the BTE for recalculating the new southbound rates. Following sections give information on the data collected for the recalculation, constraints, the nature of the transport disadvantage suffered by southbound freight, and the form of the new schedule of assistance rates. The last section gives an example of how the rates were calculated.

DEFINITION OF TRANSPORT DISADVANTAGE

The general principle adopted by the Commonwealth Government in respect of the Tasmanian Freight Equalisation Scheme is that Tasmanian consignors should be paid a subsidy such that the net cost of moving goods between Tasmania and the mainland approximates the cost of moving a similar consignment over a comparable interstate route on the mainland[1].

To calculate new TFES rates, it was therefore necessary to define three factors, namely: the comparable mainland interstate routes; the type of freight rates to be compared; and the type of consignments for which freight rates are to be compared.

The set of comparison routes adopted was the same as that used by the Department of Transport for calculating the initial set of southbound rates introduced in July 1977.

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(1) Commonwealth Department of Transport, Document of Instructions on the Tasmanian Freight Equalisation Scheme, issued as an attachment to the Acting Minister for Transport's News Release, Administration of Tasmanian Freight Equalisation Scheme (76/806) Canberra, 27 June 1976, p. 1.

COMPARISON ROUTES	
Tasmanian Route	Mainland Equivalent
Melbourne to Northern Tasmania	Melbourne to Adelaide
Adelaide to Hobart	Sydney to Adelaide
Sydney to Northern Tasmania) Adelaide to Northern Tasmania) Melbourne to Hobart) Sydney to Hobart)	Sydney to Brisbane

A similar set of comparison routes was used by the Nimmo Commission for calculating the initial northbound TFES rates and subsequently by the BTE for calculating the new northbound rates introduced in July 1978. For calculating northbound rates, the freight rates charged on the reverse legs of the Tasmanian routes shown above were used, e.g. Northern Tasmania to Melbourne instead of Melbourne to Northern Tasmania.

It should be noted that the BTE has some reservations about using the above set of comparison routes for calculating southbound TFES assistance rates because there is no evidence to verify that they are in fact 'comparable' routes. As a result of its inquiries, the Nimmo Commission drew up a set of mainland routes which, in its opinion, were comparable to the major routes along which freight was moved north from Tasmania to the mainland. The Nimmo Commission's files on this matter are confidential and were not made available to the BTE but it is understood that the set of comparison routes was selected on criteria such as distance, volume of freight, and the 'general conditions' in the market for transport services. However, given that a specific mainland route is deemed equivalent to a specific route from Tasmania to the mainland, it does not necessarily follow that the same mainland route is also equivalent to the reverse leg of the Tasmanian route, e.g. given that the Melbourne to Adelaide route is comparable to the Northern Tasmania to Melbourne route, it does not necessarily follow that the Melbourne-Adelaide route is also comparable to the Melbourne-Northern Tasmania route.

Indeed, the type and quantity of freight consigned on the forward leg of any route and the rates charged are frequently quite different from the quantities and rates charged on the reverse leg.

The decision to use the above set of comparison routes despite their potential shortcomings was taken due to lack of any apparently superior alternative set of comparison routes. It should be noted, however, that future research might disclose a superior method of calculating southbound TFES rates.

The freight rates used in the calculations were those charged by freight forwarders for a door-to-door service. Door-to-door freight forwarders' rates were also used by the Department of Transport in calculating the initial southbound TFES rates. The use of door-to-door freight forwarders' rates was considered the most appropriate because most consignments eligible for southbound TFES assistance are consigned on such a basis.

It should be pointed out, however, that some consignors do not use the services of freight forwarders, but rather organise their own transport services. In such cases it might be more appropriate to calculate TFES rates on the basis of the cost of the sea line haul plus the pick up and delivery service. This approach was not adopted because it would not have given adequate assistance to the majority of claimants using freight forwarders' services. It is recommended that this situation be reviewed at future recalculations of TFES assistance rates.

The freight rates used in the calculations were for a 12 metre trailer on the mainland and a single 5.08 metre container to Tasmania. The new rates would have been considerably lower than those recommended in Chapter 4 if the calculations had been based on the cost of using a staked pair since, as shown in Tables 2.4 and 2.5, the unit cost of using a staked pair is less than for a single 5.08 metre unit. After discussions with the Department of Transport, however, it was decided to base the calculations on

the cost of a single 5.08 metre container as a compromise between the higher LCL rates paid by a large proportion of consignors and the much lower rates attainable by shipping in staked pairs.

Lastly, it must be emphasised that the TFES subsidies are not calculated on the basis of 'industrial' disadvantage, i.e., the amount of subsidy needed to enable Tasmanian producers to successfully compete against mainland producers, either in the Tasmanian or mainland markets. Both northbound and southbound TFES rates are calculated only on the basis of transport disadvantage as defined at the beginning of this section.

DATA COLLECTION

Most of the data used in recalculating the southbound TFES rates was obtained through questionnaires sent to TFES claimants, freight forwarders, and livestock carriers. Additional information was provided by direct contact with shipping companies, freight forwarders, and manufacturers of agricultural machinery.

A questionnaire was sent to each claimant firm which had received more than $1000 in TFES assistance on southbound cargoes during the first eleven months of the 1977-78 financial year. A total of 82 questionnaires were sent out of which 78 were returned completed. The questionnaire to claimants provided up-to-date information on the transport characteristics of southbound cargoes receiving TFES assistance and on the freight rates being paid.

Not all firms were able to give the information sought. Some firms had negotiated a rate in terms of the unit being shipped, for example, drums or crates, which they were not able to relate in terms of tonnes or cubic metres as required by the BTE. A more widespread problem arose with firms which buy goods from the mainland on a free into store basis. Such firms were often unable to give any information on freight rates paid.

The questionnaire to freight forwarders sought information on the freight rates being charged for consignments to Tasmania and on the comparable mainland routes for both general and reefer cargoes. The questionnaire specified that the rates provided should be for cargoes carried under the following conditions:

- One pick-up and one delivery of a full truck (or container) load without any consolidation or de-consolidation.
- Pick-up and delivery points are within the metropolitan area.
- The freight is not dangerous and requires no special handling.
- The shipper generally consigns two to three full loads per week.
- Accounts are paid within the normal time allowed.
- No demurrage or insurance costs are included in the freight rate.

The questionnaire to mainland livestock carriers sought information on the type of transport units used for long distance movements and the rates charged for various types of animals on the specified comparison routes.

The rates charged for moving livestock into Tasmania were obtained from Tasmanian livestock carriers.

FINANCIAL CONSTRAINTS

The terms of reference for the study did not specify any limit on the amount of finance available for the southbound component of the TFES. Nor was any limit suggested by the Department of Transport. In calculating the new southbound rates therefore, the amount of finance available was not regarded as a constraint.

TASMANIA'S FREIGHT DISADVANTAGE

The nature of Tasmania's freight disadvantage can be illustrated by comparing the costs and physical constraints of consigning cargoes by trailer on the mainland and by 5.08 metre containers to Tasmania.

The capacity of a 12.2 metre (41 foot) trailer carrying freight on a mainland route is 21 tonnes weight or about 72 cubic metres. For cargoes with a stowage factor below 3.4 cubic metres per tonne, a full load of 21 tonnes weight can be loaded, although only part of the available volume will be used. For cargoes of stowage factor above 3.4 cubic metres per tonne, the trailer's full volume capacity of 72 cubic metres can be used, but the load will not reach the weight capacity of 21 tonnes.

The cost of consigning a full trailer load of cargo on any specific mainland route is virtually constant, and would vary only slightly, if at all, with variations in the density of the load. For mainland consignments therefore this means that:

- The cost per tonne is constant for cargoes of stowage factor up to 3.4 cubic metres per tonne, then increases with increases in the stowage factor.

- The cost per cubic metre is maximum for dense cargoes and decreases to a constant level for cargoes of stowage 3.4 cubic metres per tonne or higher.

For consignments to Tasmania, the situation is a little more complicated because the freight rates charged vary according to the height of the load. Freight can be consigned in single 5.08 metre containers (capacity 16.2 tonnes weight and 29 cubic

metres) or staked pairs (32.8 tonnes and up to 47 cubic metres)[1]. For consignments to Tasmania, therefore:

- The cost per tonne is constant for cargoes of stowage factor up to 1.1 cubic metres per tonne, then increases with increases in the stowage factor.

- The cost per cubic metre is maximum for dense cargoes and falls to a constant for cargoes of stowage factor above 1.5 cubic metres per tonne.

The net effect of the above factors is shown in Figures 3.1 and 3.2. Figure 3.1 shows that the disadvantage on a per tonne basis is constant up to 1.1 cubic metres per tonne, then increases with increases in the stowage factor. On a per cubic metre basis, Figure 3.2 shows that the disadvantage is minimum for dense cargoes, then increases to a maximum for cargoes with a stowage factor of 3.4 cubic metres per tonne or higher[2].

GENERAL CARGO

The current schedule of southbound TFES rates gives claimants the option of claiming assistance payments on a weight or volume basis. The level of rates is such that assistance payments are maximised by claiming on a weight basis for dense cargoes or on a

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(1) Volume capacities calculated for 2.5 metre high single unit and 4.0 metre high staked pair.

(2) Figures 3.1 and 3.2 both give a simplified picture of Tasmanian shipping costs. Tasmanian shippers actually face a series of overlapping curves of similar shape, each curve representing the unit cost of shipping in a 5.08 metre container loaded to a specific height. Containers loaded to less than 1.5 metres are the most economical for moving deadweight cargoes, while containers loaded to higher levels give the lowest unit costs for cargoes of higher stowage factors.

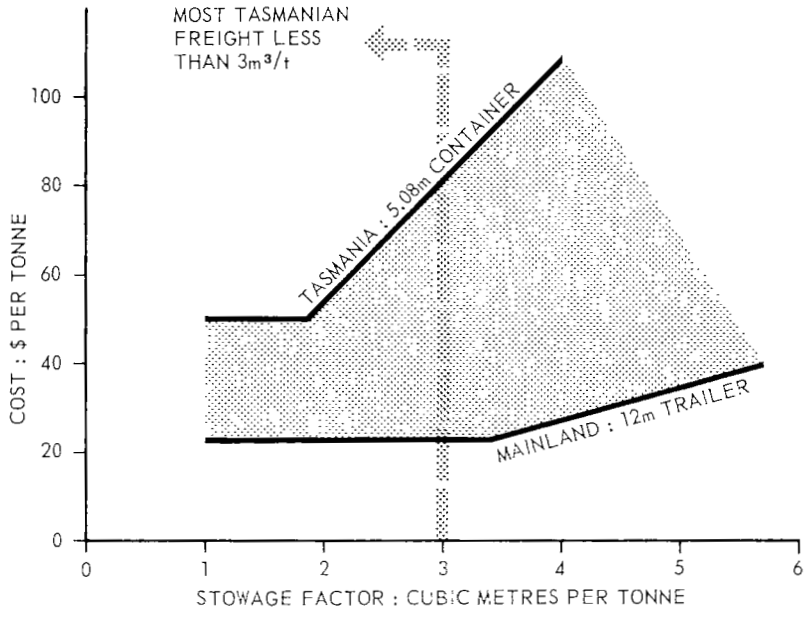

FIGURE 3.1 – ILLUSTRATION OF TASMANIA'S FREIGHT DISADVANTAGE ON A COST PER TONNE BASIS.

Note: This figure uses hypothetical door to door freight rates for a 5.08m container loaded to 2.5m and a 12m trailer to illustrate Tasmania's freight disadvantage on a cost per tonne basis.

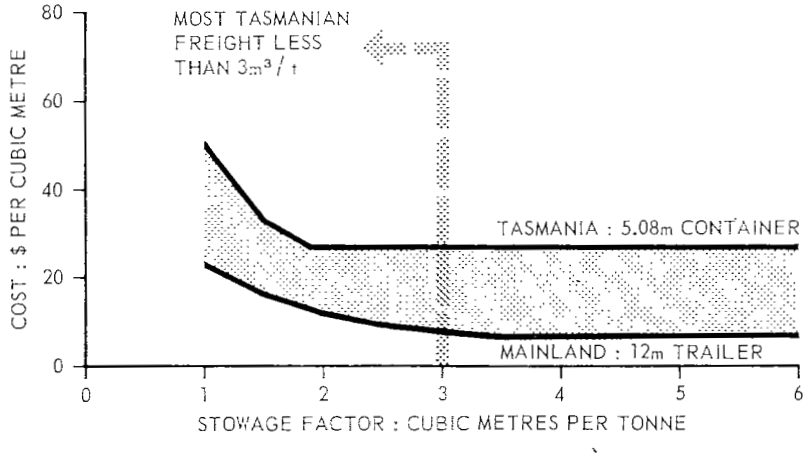

FIGURE 3.2 – ILLUSTRATION OF TASMANIA'S FREIGHT DISADVANTAGE ON A COST PER CUBIC METRE BASIS.

Note: This figure uses hypothetical door to door freight rates for a 5.08m container loaded to 2.5m and a 12m trailer to illustrate Tasmania's freight disadvantage on a cost per cubic metre basis.

volume basis for lighter cargo[1]. For cargoes lighter than deadweight therefore, only the volume rate is logically applicable.

The disadvantage of this arrangement is that it is not possible to set exact equalisation rates for all commodities. As described in the previous section, the freight disadvantage varies with the stowage factor from a minimum for deadweight cargoes to a maximum for cargoes stowing about 3.4 cubic metres per tonne or more. Hence, setting only one rate for all cargoes lighter than deadweight means giving too much assistance to some commodities and too little to others.

Consideration was given to splitting the general cargo category into a number of sub-classifications but this could not be done without increasing the administrative complexity of the Scheme. The current approach of setting one volume rate and one weight rate for general cargo was therefore retained. Two other factors were taken into account in making this decision. First, the quantity of eligible southbound freight was relatively small and did not warrant the creation of a detailed and highly precise schedule of assistance rates. Second, it was possible to set the weight and volume assistance rates so as to give acceptably accurate assistance rates for cargoes stowing up to about 2.0 cubic metres per tonne while most of the major eligible southbound cargoes probably stow at less than 2.3 cubic metres per tonne.

The new weight rates for general cargo given in the next chapter were calculated on the difference between the cost per tonne of carrying goods on the mainland routes and the cost of sending a low gate (1.5 metres high) 5.08 metre container to Tasmania. A load of 21 tonnes per trailer was assumed for mainland consign-

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(1) For Melbourne to Hobart consignments, the current subsidy payments give maximum payment if TFES assistance is claimed on a volume basis for general cargo stowing over 0.86 cubic metres per tonne or for reefer cargoes stowing over 1.5 cubic metres per tonne.

ments and 16 tonnes for Tasmanian containers. The results of these calculations gave the disadvantage suffered by commodities stowing less than 1.1 cubic metres per tonne. The volume rate was calculated by adjusting the weight rate downward to give the disadvantage on a cargo stowing at exactly 1.0 cubic metre per tonne.

For commodities stowing more than 1.1 cubic metres per tonne, therefore, the new TFES rates will give a maximum payment if assistance is claimed on a per cubic metre basis. The assistance being paid per tonne for any commodity can be calculated as the product of its stowage factor and the TFES rate per cubic metre. Hence, even though the transport disadvantage per tonne becomes greater with increases in stowage factor over about 1.1 cubic metres per tonne, so also does the amount of TFES assistance provided. The volume rates given in Chapter 4 give reasonably accurate equalisation assistance for commodities stowing up to about 2.0 cubic metres per tonne, i.e. commodities for which a full 16 tonne load can be carried in a single 5.08 metre container.

For cargoes stowing just over 2.0 cubic metres per tonne, the undercompensation is not great. With very light cargoes the adequacy of the new rates depends on how the cargo is shipped. An FCL of a very light commodity would weigh very much less than 16 tonnes and would receive less than full equalisation assistance from the new rates (See Figure 3.3). However, in practice, freight forwarders often blend very light commodities with denser cargoes, and in such cases the rate charged per tonne is often much less than for an FCL consignment.

Since the new rates are based on the cost of consigning a single FCL, they would give too much assistance on FCL staked pair consignments. Overpayment could also occur in cases where individual shippers managed to secure better than average freight rates into Tasmania.

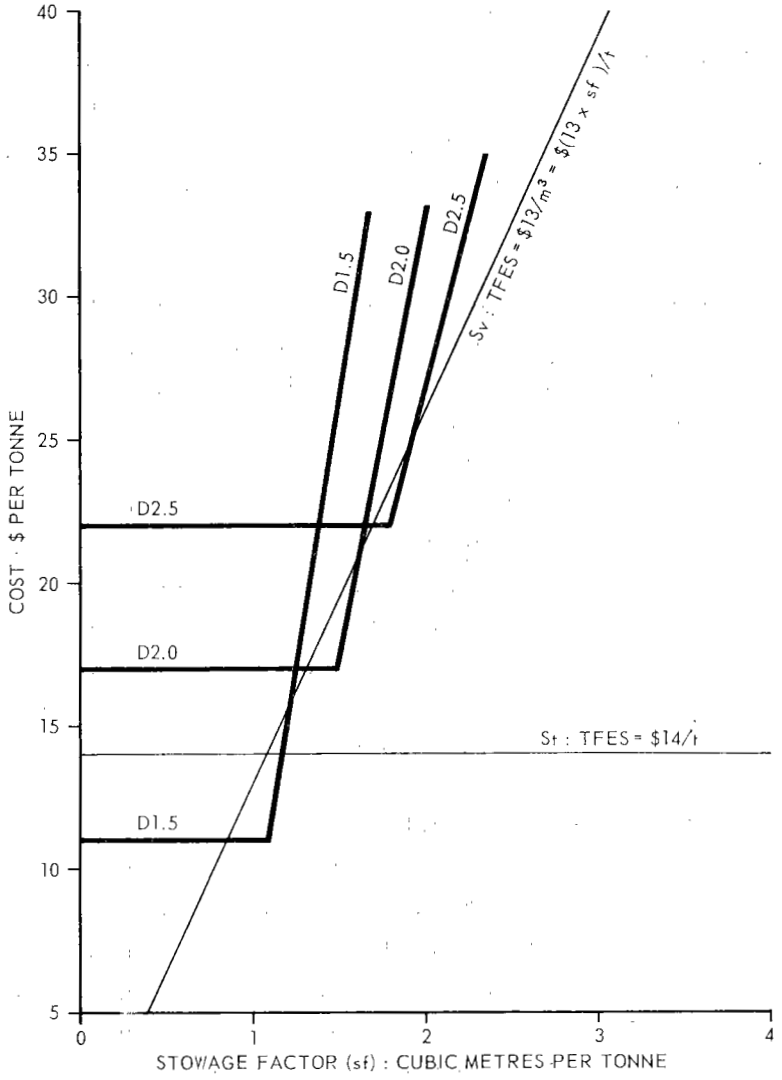

FIGURE 3.3 – ILLUSTRATION OF RELATIONSHIP BETWEEN TRANSPORT DISADVANTAGE AND TFES ASSISTANCE RATES

Note: Figure 3 uses hypothetical cost figures to illustrate the relationship between transport disadvantage and the southbound TFES subsidy rates. Lines D1.5, D2.0 and D2.5 show the transport disadvantage for cargoes consigned in 5.08 metre flats loaded to heights of 1.5, 2.0, and 2.5 metres respectively. The overall level of disadvantage is shown by the lower envelope of the three curves.

The TFES assistance provided is assumed to be $14 per tonne–shown by the line St–or $13 per cubic metre. The line Sv shows the volume TFES rate of $13 per cubic metre converted to an equivalent amount per tonne. The figure shows that even though the disadvantage per tonne becomes greater with increases in stowage factor, so also does the amount of assistance provided by the TFES volume rate.

The graph shows transport disadvantage as about equal to TFES assistance for stowage factors up to about 2.0 cubic metres per tonne, then progressively exceeding assistance for higher stowage factors. In practice, however, very low density cargoes are often shipped in staked pairs–which incur much less transport disadvantage than a single flat–or obtain lower freight rates by being blended with denser cargoes.

It is suggested therefore that individual TFES claims should be subject to limits to ensure that unwarranted payments do not occur. The suggested limit is that claimants should meet a net cost of $20 per tonne on consignments from Melbourne to Northern Tasmania and $29 per tonne on other routes. (The net costs to shippers will probably be greater than these amounts for many commodities). Allowances should be made for the cost of pick up and delivery operations where shippers perform this task themselves. Further investigations may be necessary to set limits for very dense and very low density commodities since the rates paid on these types of cargoes may be affected by 'blending' operations.

Two points should be noted about the new TFES rates for general cargo. First, the rate for shipments from Melbourne to Northern Tasmania is greater than the Melbourne to Hobart rate. Previous calculations of TFES rates, both northbound and southbound, have indicated a higher level of disadvantage for shipments between Melbourne and Hobart than between Melbourne and Northern Tasmania. With this recalculation, however, the reverse case applied. As a check on this result, the Nimmo formula for calculating subsidy rates on these two routes was applied individually to the freight rates quoted by each of those freight forwarders operating on both Tasmanian and mainland routes. In every case the results showed the level of transport disadvantage for Melbourne-Northern Tasmania cargoes being greater than for the Melbourne-Hobart cargoes, i.e. the difference between the door-to-door rates charged on the Melbourne to Hobart and Sydney to Brisbane routes was less than the differential between the Melbourne to Northern Tasmania and Melbourne to Adelaide rates.

The second point to note concerns the relative levels of TFES subsidy to Northern Tasmania from Victoria or Adelaide. Adequate data on freight rates charged from Melbourne to Northern Tasmania were available because several shippers consign full container load consignments on this route and because all freight forwarders contacted were able to quote rates for such movements. However, only about half of the freight forwarders contacted were able to

quote on Adelaide-Northern Tasmania consignments because they did not normally operate on this route. Further, those rates which were provided varied significantly. The higher quotes indicated about equal levels of disadvantage for shipments to northern Tasmania from both Adelaide and Melbourne, the lower quotes indicated the disadvantage on shipments from Adelaide as being a few dollars less than cargoes out of Melbourne. Since data from other sources were also ambiguous, it was decided on this occasion, to set the Adelaide-Northern Tasmania rate as equal to the Melbourne-Northern Tasmania rate. Further research on the quantities of freight carried by individual freight forwarders between South Australia and Tasmania should solve this problem for future re-calculation exercises.

REFRIGERATED CARGOES

This section gives background details on the calculation of the recommended new rates for refrigerated cargoes set out in the next chapter.

On the mainland, refrigerated cargoes are normally consigned by road in trailers of about 11 to 12 metres length and with capacities ranging from 17 tonnes and 50 cubic metres to 19 tonnes and 58 cubic metres. Trailers can therefore carry a full weight load of commodities stowing up to about 3.0 cubic metres per tonne.

For consignments to Tasmania, freight forwarders use both refrigerated trailers and containers. It is understood that the trailers are consigned mainly from Melbourne and that refrigerated cargoes from Adelaide and Sydney are carried mainly in containers.

The refrigerated containers in use are not all of the same design. The ISO reefer unit with a capacity of 16.6 tonnes and 24.6 cubic metres is larger than many of the older units still in service but smaller than some of the newer containers being introduced.

As with other commodities the freight disadvantage on refrigerated cargoes is a function of stowage factor. This is because over the relevant range of stowage factors mainland reefer trailer rates are reasonably constant while the Tasmanian rates (per kilo) for movements using ISO reefer boxes begin to increase for commodities stowing more than about 1.5 cubic metres per tonne. For example, a 6.1 metre ISO reefer box can carry about 16 tonnes of cargo stowing 1.5 cubic metres per tonne or about 12 tonnes of any commodity stowing at about 2 cubic metres per tonne. Given the same door to door container rate therefore, the lighter commodity is being charged a higher rate per tonne. (In practice, freight forwarders may sometimes be able to carry very light cargoes at a lower rate than implied above by 'blending' the light commodity with a heavier type of cargo).

For both mainland and Tasmanian shipments there was substantial variation in the reefer rates quoted to the BTE by freight forwarders. To some degree this reflects the actual state of the market, since it would be unusual for all shippers to pay exactly the same rate. Differences in the type of services provided and the bargaining strengths and skills of shippers will result in some spread in the rates paid. The existing freight patterns of forwarders are also important in determining the freight rates quoted by forwarders for new work. Low rates would be quoted for routes where forwarders are looking for backloading cargo to be carried in units currently travelling empty. High rates would be quoted on routes where the forwarder would have to put on extra equipment for new work without any assurance of backloading.

The recommended new southbound rates for refrigerated cargoes set out in the next chapter were calculated on a comparison of mainland reefer trailer rates and the costs of shipping an ISO reefer unit to Tasmania. The actual mainland rates used in the calculations were near the lower end of the range quoted to the BTE by freight forwarders and are representative of what major national shippers pay. The Tasmanian rates used were those quoted by forwarders with backloading out of Tasmania.

Because the transport disadvantage of refrigerated cargoes varies widely according to the stowage factor of cargoes, two reefer rates were set: a lower rate for denser cargoes and a higher rate for lighter commodities. It is suggested that the higher rate should only be allowed on low density items for which it can be demonstrated that a full load, efficiently loaded into a 6.1 metre ISO container, weighs less than 11.5 tonnes.

This arrangement will not give precise freight equalisation to all commodities but is rather an averaging system. It was noted above that there was some variation in the rates quoted to the BTE for consignments to Tasmania. In calculating the new TFES rates for refrigerated cargoes, the BTE selected mainland freight rates towards the lower end of the going range while the Tasmanian rates used were closer to the centre of the range. Given this method of calculation there is some possibility of the new rates providing more assistance than required to offset the transport disadvantage suffered, particularly if shippers pay freight rates significantly lower than those quoted to the BTE. Such lower rates might be available where shippers obtained a favourable backloading arrangement or where they arranged their own transport services rather than dealing through a freight forwarder.

As a general rule, therefore, it is recommended that individual TFES payments should be limited so that the shipper meets a net cost of at least 3.0 cents per kilo on consignments from Melbourne to Northern Tasmania and 3.6 cents per kilo on other routes. (The net costs to shippers will probably be greater than these amounts for many commodities).

It will be noted that for shipments into Hobart, the TFES rates for refrigerated cargoes from Adelaide are less than for consignments from Melbourne, even though the former route has the higher line haul charges. This result emerged because of the difference in reefer rates charged on the two mainland comparison routes; the rates for reefer cargoes on the Sydney to Adelaide route

are significantly greater than on the Sydney to Brisbane route. Hence the TFES rate for consignments out of Melbourne is the higher because the difference between the rates charged on the Melbourne to Hobart and Sydney to Brisbane routes is greater than the difference between the rates charged on the Adelaide to Hobart and Sydney to Adelaide routes.

MOBILE AGRICULTURAL MACHINERY

Calculating the freight disadvantage on mobile agricultural machinery posed some unique problems; first, because very different methods of assessing freight rates are used by land and sea transport, and second, because the level of transport disadvantage can vary quite significantly according to whether mainland road or rail rates are used in the calculations.

Each of the major shipping services to Tasmania has set a special rate for mobile agricultural machinery. The rate charged is determined by the area occupied and the height of each piece of machinery. The only difference in the form of the rates is the heights at which increased rates apply. (See Table 3.1).

Shippers sending machinery to Tasmania often arrange transport by dealing directly with a shipping company rather than consigning through a freight forwarder. Pick up and delivery of agricultural machinery may be by truck or, if more convenient, the machine may be driven to and from the wharf.

On the mainland, agricultural machinery can be consigned by road or rail. Comprehensive figures are not available on how many items of agricultural machinery are carried interstate by road and rail but it is known that each mode is used by at least some major manufacturers. Manufacturers using rail transport usually do so because rail freight rates are said to be lower while those using road cite the better quality of service and more reliable handling via road.

TABLE 3.1 - SOUTHBOUND TASMANIAN RATES FOR MOBILE AGRICULTURAL MACHINERY, 31 JANUARY, 1979

($/m^2)

Height (metres)	Origin		
	Melbourne	Adelaide	Sydney
	TO NORTHERN TASMANIA		
Less than 1.83	30.27	39.56[(a)]	43.11
1.83 to 2.80	37.75	55.31[(a)]	59.44
2.80 and over	52.75	55.31	78.35
	TO HOBART		
Up to 2.0	33.00	45.59[(a)]	46.78
2.01 to 2.80	40.74	63.64[(a)]	62.94
2.81 and over	48.05	63.64	81.15

(a) For cargoes from Adelaide, the lower rate is charged on items up to 1.8 metres high, the higher rate on items over 1.8 metres.

Note: Sea freight rates are calculated on the basis of the area of deck space occupied.

Source: ANL Rates December 9, 1978, U.S.S. Rates, December 11, 1978, and Holyman's Rates October 1978.

Machinery sent between rail systems on the mainland is charged Railways of Australia (ROA) Rates. The ROA rates schedule classifies commodities into 5 classes: A, B, C, 1, and 2; class A freight is charged the lowest rate per tonne and class 2 freight the highest. The rate applied to mobile agricultural machinery depends on the size of the consignment; small shipments are charged the class 2 rates plus 25 per cent or the C rate, whichever is the lesser; the C rate applies to consignments of 3 tonnes or more; and the B rate is available for consignments of 20 tonnes or more per 14 metre wagon. ROA rates on the three mainland comparison routes are shown in Table 3.2.

TABLE 3.2 - RAILWAYS OF AUSTRALIA RATES FOR AGRICULTURAL MACHINERY 31 JANUARY 1979

($/t)

Class	Rate for Movement on Route		
	Sydney-Brisbane	Sydney-Adelaide	Melbourne-Adelaide
B: minimum 20 t per 14 m wagon	36.70	50.40	33.20
C: minimum 3 t	51.60	71.50	46.20
2 + 25%: lesser quantities	113.00	158.38	100.25

Source: Railways of Australia, Goods Rates Book, (ROA 33, 1-9-1978), p. 24, p.36, and ANR.

Manufacturers consigning tractors by road usually hire carriers using ordinary 12 metre trailers although for the small units a specialised car-trailer may be used. The length of a tractor is usually the critical factor determining how many units of any specific type of tractor can be carried on a 12 metre trailer. Because even a full load of tractors will not usually utilise the full weight or volume capacity of a trailer, tractors are often carried with some other cargo.

The road freight rates charged for any specific type of tractor seem to be determined by two factors: the tractor's length, which determines the maximum number that can be carried; and the competing ROA rates for the same type of unit. In addition to the basic rate, road carriers may impose a surcharge for units fitted with cabins or other attachments.

TABLE 3.3 - DIMENSIONS OF SELECTED TRACTORS

Make		Length	Width	Height	Volume	Weight
			(m)		(m^3)	(t)
Fiat	640 DT	3.360	2.020	1.600	10.860	2.380
Fiat	880	3.730	2.235	1.850	15.423	3.970
Ford	1164	4.076	1.819	1.676	12.426	4.450
Ford	1454	4.343	2.057	2.457	21.950	6.580
Ford	2600	3.210	1.630	1.470	7.691	1.675
Leyland	245	3.200	1.800	1.600	9.216	2.112
Leyland	285	4.100	2.300	2.600	24.518	5.500

Source: Fiat and Ford sales literature and information supplied by Leyland.

Making generalised comparisons between sea and land rates for agricultural machinery was difficult because each mode used different methods of assessing freight and in each case the freight rate is most sensitive to changes in a different measurement. Sea rates are calculated from the area occupied; road rates are determined by length; and rail rates are assessed on weight. Furthermore, sea rates may be sensitive to changes in height; a tractor measuring 2.0 metres high would be charged $33 per square metre from Melbourne to Hobart, but a vehicle over 2.01 metres is rated at $41 per square metre; a difference of over 20 per cent. Under ROA or road rates, such small variations in height would not give any significant change in the amount charged. Hence, because the fitting of cabins or other attachments to tractors can significantly alter some of their measure-

ments without causing proportional variations in others, such as weight, it is not possible to make any generalised comparison between sea and land transport rates.

Since a generalised approach was not possible, the freight disadvantage suffered by a range of tractors was calculated using specifications supplied by manufacturers. Some of these calculations are shown in Tables 3.4 and 3.5. Both these tables were compiled using published ROA and shipping rates. The sea and rail rates shown only include the line haul cost, but pick up and delivery costs would be about the same for each mode. Road rates are not shown in the tables because they were supplied to the BTE on a confidential basis. The opinion of manufacturers seems to be that, in general, rail is the lower cost mode for agricultural machinery, although BTE investigations did find some instances of road rates offered by carriers specialising in this trade being comparable to ROA rates. The figures shown in Tables 3.4 and 3.5 can therefore be taken as indicative of the rates actually paid by mainland shippers of mobile agricultural machinery.

In nearly all cases, the transport disadvantage on consignments of agricultural machinery to Tasmania was found to be about the same or less than the transport disadvantage on general cargo. The BTE therefore recommends that a special higher subsidy rate for mobile agricultural machinery is not justified and that consignments of agricultural machinery should receive the same assistance rates as recommended for general cargo in the next chapter.

The special higher rate for mobile agricultural machinery set by the Department of Transport at the beginning of the Southbound Scheme was calculated on the basis of the transport disadvantage suffered by large items of machinery, such as combine harvesters, which may incur a 25 per cent shipping surcharge because of their outsized dimensions. Subsequent experience with the Southbound Scheme and information supplied by manufacturers has indicated that small to medium size tractors are more representative of the type of agricultural machinery shipped to Tasmania.

TABLE 3.4 - FREIGHT DISADVANTAGE ON SELECTED TRACTORS TO NORTHERN TASMANIA, 31 JANUARY, 1979

($)

Type	Sea Rate from			Rail Rate[a]			Total Disadvantage			Disadvantage per Cubic Metre		
	Vic	SA	NSW	Melb-Adel	Syd-Bris	Syd-Bris						
	P	Q	R	P	Q	R	P	Q	R	P	Q	R
Fiat 640 DT[b]	205	268	293	109	123	123	96	145	170	9	13	16
Fiat 880	315	461	496	183	205	205	132	256	291	9	17	19
Ford 1164	224	293	320	206	230	230	18	63	90	1	5	7
Ford 1454	337	494	531	303	340	340	34	154	191	2	7	9
Ford 2600[b]	158	206	226	77	86	86	81	120	140	11	16	18
Leyland 245[b]	174	228	248	98	109	109	76	119	139	8	13	15
Leyland 285	356	522	561	254	284	284	102	238	277	4	10	11

(a) Calculated using 'C' class rates.

(b) Tractors weighing less than 3 tonnes are only charged C class rates if consigned as part of a shipment weighing 3 tonnes or more. For a consignment of a single tractor weighing less than 3 tonnes the rate charged would be either the class 2 rate plus 25 per cent or the C class rate for 3 tonnes, whichever was the lesser.

Note: The figures in this table were calculated from data shown in Tables 14, 15 and 16. The sea and rail rates shown are the total costs for line haul movements on the route shown. The letters P, Q and R are the standard TFES code letters for the routes shown.

TABLE 3.5 - FREIGHT DISADVANTAGE ON SELECTED TRACTORS TO HOBART, 31 JANUARY, 1979

($)

Type		Sea Rate from			Rail Rate[a]			Total Disadvantage			Disadvantage per Cubic Metre		
		Vic	SA	NSW	Syd-Bris	Syd-Adel	Syd-Bris						
		M	N	O	M	N	O	M	N	O	M	N	O
Fiat	640 DT[b]	224	309	318	123	170	123	101	139	195	9	13	18
Fiat	880	275	530	390	205	284	205	70	246	185	5	16	12
Ford	1164	245	338	347	230	318	230	15	20	117	1	2	9
Ford	1454[b]	364	569	562	340	470	340	24	99	222	1	4	10
Ford	2600[b]	173	239	245	86	120	86	87	119	159	11	16	21
Leyland	245[b]	190	263	269	109	151	109	81	112	160	9	12	17
Leyland	285[b]	384	600	594	284	393	284	100	207	310	4	8	13

(a) Calculated using 'C' class rates.

(b) Tractors weighing less than 3 tonnes are only charged C class rates if consigned as part of a shipment weighing 3 tonnes or more. For a consignment of a single tractor weighing less than 3 tonnes the rate charged would be either the class 2 rate plus 25 per cent or the C class rate for 3 tonnes, whichever was the lesser.

Note: The figures in this table were calculated from data shown in Tables 2.9, 3.1 and 3.2. The sea and rail rates shown are the total costs for line haul movements on the routes shown. The letters M, N and O are the standard TFES code letters for the routes shown.

CHAPTER 4 - RECOMMENDED SOUTHBOUND TFES RATES

It is recommended that the rates set out in Table 4.1 be paid on southbound cargoes eligible for Tasmanian Freight Equalisation Assistance. The total amount paid on each claim should be subject to the shipper meeting the minimum net transport cost shown in the footnotes to this table.

TABLE 4.1 - RECOMMENDED SOUTHBOUND TFES RATES

($)

Cargo Type	Assistance Rate for Movements					
	To Sth Tas from			To Nth Tas from		
	Vic	SA/WA[c]	NSW	Vic	SA/WA[c]	NSW
General Cargo[a]						
- per tonne	14	16	24	15	15	19
- per cubic metre	13	15	22	14	14	17
Refrigerated Cargo[b]						
- standard-per tonne	30	25	44	28	28	39
- low density-per tonne	48	45	66	44	44	60

(a) After payment of TFES subsidy, shippers should pay at least $20 per tonne on consignments from Melbourne to Northern Tasmania and $29 per tonne on other routes.

(b) After payment of TFES subsidy shippers should pay at least $30 per tonne on consignments from Melbourne to Northern Tasmania and $36 per tonne on other routes.

(c) A common rate was set for consignments from WA and SA. At the time of calculation, the quantity of freight consigned to Tasmania from WA did not justify setting a separate TFES rate.

NOTES ON THE RATES

- Volume: The volume of a cargo is defined as the product of the length, width and height of the area actually occupied by the cargo and is not to include any unused space within containers.

- Deadweight cargoes: Cargoes stowing up to 1.1 cubic metres per tonne should be required to claim assistance on a weight basis. This would include cargoes such as salt, scrap metal, resin, liquids, etc.

- Refrigerated cargoes: The higher rate should only apply to cargoes for which it can be shown that an efficiently loaded fully laden ISO reefer container weighs less than 11.5 tonnes net.

CHAPTER 5 - TIMBER

This chapter gives recommended new rates of assistance for northbound consignments of timber from Tasmania. The requirement for setting new rates arose from the recommendations of a previous BTE report[1] that the TFES category for timber be split into two or more classifications. This recommendation was made because the transport disadvantage suffered by any specific type of cargo consigned from Tasmania is a function of its stowage factor. Since the densities of timber shipments out of Tasmania vary widely (from 1.0 cubic metre per tonne[2] to over 3.0 cubic metres per tonne) it would not be possible to set only one rate of TFES assistance which gives sufficiently accurate freight equalisation assistance to all shipments of timber.

In setting the 1978 TFES rates, the BTE encountered similar problems with a number of other commodities. The normal solution was to split such commodity groups into two classifications, each with its own rate of assistance. Due to lack of data, this solution was not possible for timber at that time. In setting the 1978 timber rates therefore, the BTE assumed that the average stowage factor of timber consignments was a reasonably high figure and that the most expensive pick up and delivery services were used.

The 1978 TFES timber assistance rates calculated using this approach gave correct freight equalisation assistance to low density shipments but probably over-compensated shipments of high density timber products.

To rectify this situation the BTE carried out a detailed analysis of timber shipments from Tasmania and on the basis of this data calculated new TFES rates. Details of this analysis are given in

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(1) BTE, op.cit., p.50.
(2) Unless otherwise stated, all references to volume in this chapter are in terms of shipping volume rather than timber content.

the following section and in Annex C. The following sections discuss the costs of transporting timber out of Tasmania and on the mainland. The final section sets out the new TFES rates for timber.

DATA COLLECTION

To gather data necessary for setting new TFES rates, the BTE analysed data from all TFES timber claims paid in August and September 1978. The data gathered related to 1429 shipments of timber of over 33 000 cubic metres volume and over 18 000 tonnes weight. For the purposes of the analysis, 'one shipment' was defined as one bolster, one container load, or one trailer load.

The analysis showed that the median and average stowage factors of all timber consignments were just under 2.0 cubic metres per tonne. However, the distribution of consignments was bi-modal rather than uni-modal. There were a large number of shipments stowing about 1.3 cubic metres per tonne, a smaller number stowing between 1.5 and 2.0 cubic metres per tonne, and a second peak in the range 2.1 to 2.3 cubic metres per tonne. As a generalisation, the denser product is probably green timber while the lighter consignments are probably of seasoned timber. There were a smaller number of consignments in the range 3.0 to 4.0 cubic metres per tonne, but these figures probably reflect inefficient packing and the use of containers for some shipments rather than very light timber.

CONSIGNMENTS THROUGH HOLYMANS

The BTE's analysis of timber consignments out of Tasmania disclosed that shippers consigning through the Holymans line have not been claiming TFES assistance in the correct manner. The result has been that such shippers have not claimed as much TFES assistance as they were entitled to receive.

Since the implementation of the Freight Equalisation Scheme, the timber subsidy has been paid on the basis of the shipping volume of timber consigned. As noted below, however, Holyman's freight rates are charged according to the timber content in each consignment, i.e. the sum of the volumes of each piece of timber in the consignment. Due to factors such as airspace between pieces of timber, the shipping volume of a timber consignment is always greater than the timber volume, sometimes by a considerable margin.

Hence, claims for TFES assistance computed from the timber volume figure shown on a Holyman's consignment note understate the amount of subsidy actually payable. This matter has been brought to the attention of the Department of Transport and William Holyman and Sons Pty Ltd.

The facts outlined above are not meant to imply any criticism of the Holyman company. The BTE understands that when the Freight Equalisation Scheme was initiated, the question of whether claims should be paid on a timber volume or shipping volume basis was discussed at some length with several timber producers as well as their industry association. Since then, many firms shipping through Holymans have also regularly consigned timber through ANL or USS. Such firms presumably have been aware that the Holyman's documentation showed timber volume figures while the other lines used the higher shipping volume measurement.

TASMANIAN CONSIGNMENTS

Timber may be consigned from Tasmania to the mainland, in bolsters, in containers, or on trailers. The BTE's calculations of the new timber rates were based on the cost of consigning bolsters as this is the most common form of shipment.

Various arrangements exist between Tasmanian mills and mainland buyers for shipping timber across Bass Strait. In some cases, the mill arranges free-into-store delivery on the mainland while

at the other extreme some buyers are responsible for all transport costs from the mill gate. The most common arrangement seems to be for the timber producer to pay all transport costs to the mainland wharf whence the buyer arranges transport to the final destination.

Whichever party organises the transport services has the option of using the services of a freight forwarder or dealing direct with the shipping companies and road hauliers. (A few timber producers and buyers use their own trucks for the pick up and delivery operations.) The rate charged by freight forwarders includes a markup for profit and administration costs. Data gathered by the BTE indicates that most timber shipments are not consigned through a freight forwarder.

The three major shipping companies serving Tasmania all assess timber freight rates on a volume basis, although with some differences in the actual method of calculation.

ANL's bolster rate to Sydney is a flat $23 per cubic metre while into Melbourne it is $19 per cubic metre for dense loads (stowing less than 1.27 cubic metres per tonne) and $17 per cubic metre for other loads. Volume is taken as the product of the bolster's length, width and height, less 5 per cent.

The USS rate schedule gives rates in terms of the length of a bolster. For bolsters of maximum cross section, the rate into Melbourne varies between $17 and $19 per cubic metre, while for Sydney consignments the range is $23 to $24 per cubic metre. (See Table 5.1)

Holyman's published schedule also gives a bolster rate in terms of length, but in practice it is understood that a flat rate of $50.43 per cubic metre of timber is charged for consignments from Northern and Southern Tasmania to Adelaide. This is probably equivalent to between $25 and $30 per cubic shipping metre. It

is further understood that this rate includes delivery within the Adelaide area.

The rates charged per cubic metre by both ANL and USS for timber consignments are comparable to the rates charged for staked pair consignments of general cargo. The rate charged on a single bolster of timber would therefore be less than the rate charged on general cargo carried in a single 5.08 metre container. A similar comparison for Holyman's rates would be difficult to make because of the different method of calculating timber rates used by that line.

TABLE 5.1 - USS TIMBER RATES EX HOBART, 31 JANUARY, 1979

Bolster Size		Rate to Melbourne		Rate to Sydney	
Length (m)	Volume[(a)] (m^3)	Total ($)	Unit ($/$m^3$)	Total ($)	Unit ($/$m^3$)
3.6	16.47	320.43	19.46	397.23	24.12
3.9	17.84	339.53	19.03	425.45	23.85
4.2	19.22	358.65	18.66	453.67	23.60
4.5	20.59	377.75	18.35	481.91	23.41
4.8	21.96	398.13	18.13	511.27	23.28
5.1	23.33	417.24	17.88	539.48	23.12
5.4	24.71	436.34	17.66	567.71	22.97
5.7	26.08	461.79	17.71	595.95	22.85
6.0	27.45	480.88	17.52	624.17	22.74
6.3	28.82	500.00	17.35	652.40	22.64

(a) Assuming maximum cross section of 4.575 m^2, i.e. 1.83 x 2.5 metres. Most shipments are 2.44 m wide.

Source: Union Steam Ship Company of NZ. Seaway Cargo Express Service Freight Schedule, effective 11/12/1978.

Some shippers seem to be under the impression that the shipping companies charge a flat rate for timber on each route. On a per tonne basis, this is not correct. The rate charged per cubic metre for any timber shipment can be converted to a per tonne basis by multiplying by the stowage factor. For example, a rate of $20 per cubic metre is equivalent to $20 per tonne for a bolster stowing 1.0 cubic metres per tonne, but equals $40 for a 2.0 cubic metre per tonne load and $50 per tonne at 2.5 cubic metres per tonne.

The road rates charged for delivery of bolsters to the wharf in Tasmania and to the customer on the mainland vary considerably depending on such factors as the delivery distance, the total quantity of cargo consigned and the negotiating strength and skill of the shipper. Most payments would probably be in the range $50 to $120 per bolster; this would cover both the pick up in Tasmania and delivery on the mainland.

MAINLAND TRANSPORT

Interstate consignments of timber on the mainland may be sent by either road or rail. Accurate figures are only available on the quantity of timber carried interstate by rail, however, available evidence suggests road is the more commonly used mode. Table 5.2 shows that in 1977-78 an estimated 539 000 cubic metres of timber were consigned between mainland states; this would have equalled between 500 and 250 000 tonnes weight. Table 5.3 shows that in 1975-76 mainland railways carried only 76 000 tonnes of interstate consignments of timber.

In calculating the new timber rates, therefore, the mainland cost of transport was taken as the rate for using a 12 metre trailer.

The capacity of a 12 metre trailer is about 21 tonnes weight and 72 cubic metres volume. A trailer can therefore carry a full 21 tonne load of any commodity stowing less than 3.4 cubic metres per tonne. For lighter cargoes, the maximum load is less, e.g.

TABLE 5.2 - MAINLAND INTERSTATE MOVEMENTS OF SAWN WOOD, 1977-78

('000 cubic metres of timber)

Origin	Destination							Total
	NSW	VIC	QLD	SA	WA	ACT	NT	
NSW	-	15.2	109.7	0.2	0.1	0.8	0.1	126.1
VIC	11.3	-	-	10.0	0.1	0.4	-	21.7
QLD	69.0	1.3	-	-	..	0.2	0.2	70.7
SA	35.0	73.5	-	-	0.1	0.8	-	109.4
WA	4.8	3.9	-	17.1	-	-	1.1	26.9
TAS	15.1	160.0	-	9.6	..	-	-	184.7
TOTAL	135.2	253.9	109.7	36.9	0.2	2.2	1.4	539.5

Note: The above figures should be regarded as estimates since the source document implies that they might not be precisely accurate. The figures do not include railway sleepers.
.. Denotes a quantity of less than 50 cubic metres.

Source: Forestry and Timber Bureau, Timber Supply Review, June Quarter, 1978, AGPS, Canberra, p.28.

TABLE 5.3 - MAINLAND RAIL MOVEMENTS OF TIMBER, 1975-76

('000 tonnes)

Origin	Destination						Total
	NSW	ACT/ALBURY-WODONGA	VIC	QLD	SA	WA	
NSW	93.6	0.4	17.0	6.0	3.0	2.0	122.1
ACT/ALBURY-WODONGA	5.7	-	..	-	-	-	5.7
VIC	0.1	0.3	225.8	-	4.0	-	230.1
QLD	-	-	-	116.0 [a]	-	-	116.0
SA	1.0	-	11.0	-	50.4	-	62.4
WA	2.0	2.0	2.0	-	20.0	338.0	364.0
TOTAL	102.4	2.7	255.8	122.0	77.4	340.0	900.2

(a) This is the figure for 1976-77 since 1975-76 data were not available for Queensland.

Source: Unpublished BTE data.

for a commodity stowing at 4.0 cubic metres per tonne, the maximum load would be 18.0 tonnes.

The rate charged for hiring a trailer to carry a full load between any two mainland centres is fixed at any time by market forces and is largely independent of the type of cargo carried. Enquiries made by the BTE indicated that most mainland timber shippers consigned through a transport firm rather than dealing direct with an owner-driver.

Assuming the cost of hiring a trailer over any route to be constant, the cost per tonne is also constant for any cargo stowing less than about 3.4 cubic metres per tonne. For lighter cargoes, less than 21 tonnes can be carried and hence the cost per tonne is higher. For example, if the trailer hire is $630, then the rate for a full 21 tonne load is $30 per tonne. For a lighter cargo, stowing at say 4.0 cubic metres per tonne, a full load is 18 tonnes and therefore the rate is $35 per tonne.

Using the same line haul cost of $630 it can be seen that the cost per cubic metre is maximum for dense cargoes and declines to a constant for light cargoes stowing 3.4 cubic metres per tonne or more. For a cargo stowing at 1.0 cubic metre per tonne, a full load measures 21 cubic metres, and the unit cost is $30 per cubic metre. For cargoes stowing at 2.0 cubic metres per tonne a full 21 tonne load measures 42 cubic metres and the unit rate is $15 per cubic metre. With cargoes lighter than 3.4 cubic metres per tonne, a trailer's maximum load is limited by the total volume capacity of 72 cubic metres and the unit rate is $8.75 per cubic metre.

FREIGHT DISADVANTAGE ON TIMBER

The facts outlined in the previous sections can be summarised as follows to illustrate the nature of the disadvantage suffered by Tasmanian timber consignments.

- On a cost per cubic metre basis

  - the sea line haul costs of shipping timber to the mainland are about constant on each route

  - the unit costs of transporting timber by trailer on any mainland route are maximum for dense cargoes, then decline to a minimum for cargoes stowing more than 3.4 cubic metres per tonne

  - the net result is that the transport disadvantage suffered by consignments of timber from Tasmania is least for dense loads, and increases for lighter loads up to a maximum for cargoes stowing 3.4 cubic metres per tonne or higher.

- The same result is given by analysing the transport disadvantage in terms of the cost per tonne weight

  - the cost per tonne of consigning timber from Tasmania to the mainland is lowest for dense loads, then increases as a direct function of the stowage factor

  - the mainland cost per tonne of transport by trailer is constant for cargoes stowing less than 3.4 cubic metres per tonne, then increases as a function of the stowage factor

  - the net result is that the disadvantage is least for dense consignments of timber and increases as a direct function of the stowage factor for lighter loads.

RATE CALCULATIONS

The transport disadvantage on shipments of timber was calculated as the costs of the sea line haul and pick up and delivery services less the cost of transporting timber on the comparable mainland route.

An indication of the transport disadvantage on Tasmanian timber shipments is given in Table 5.4. The figures shown were calculated in the following manner:

- the sea line haul figures were those given in the published ANL and USS freight schedules

- the pick up and delivery charges used were the maximum normally charged by freight forwarders for such services within port areas; shippers arranging their own transport to and from wharves would often pay less

- the mainland comparison costs used were significantly lower than the going rates on each of the comparison routes. (The rates actually being charged for full truck load consignments from Sydney to Brisbane and from Melbourne to Adelaide as at 31 January 1979 were given to the BTE on a confidential basis and are not shown or implied in this report.)

The results of the calculations shown in Table 5.4 are therefore an overstatement of the transport disadvantage on Tasmanian timber shipments.

The calculations were carried out in this form for shipments to Melbourne and Sydney only. Consignments to Adelaide are carried mainly by the Holymans line which assesses freight charges by a different method to that used by ANL and USS. A different method must therefore be used to measure the transport disadvantage on shipments through Holymans.

Table 5.4 shows that the transport disadvantage on timber shipments varied widely on each route as a function of the stowage factor of consignments. The lowest disadvantage was suffered by consignments stowing about 1.0 cubic metre per tonne, the highest by consignments stowing 3.4 cubic metres or more per tonne. The disadvantage per shipping cubic metre for timber shipped out of Hobart ranged from -$2.51 to $14.55 for

consignments to Melbourne and from $2.49 to $20.55 on Sydney cargoes. For consignments out of Northern Tasmania the disadvantage per shipping cubic metre ranged from $2.25 to $15.45 to Melbourne and from $1.49 to $20.05 to Sydney.

A computation based on lower pick up and delivery charges and more realistic mainland costs would have given lower overall disadvantage figures.

TABLE 5.4 - TRANSPORT DISADVANTAGE ON TIMBER CONSIGNMENTS FROM TASMANIA TO THE MAINLAND[(a)]

($/m^3)

Stowage Factor (m^3/t)	From Southern Tasmania to		From Northern Tasmania to	
	VIC	NSW	VIC	NSW
1.0	-2.51	2.49	2.25	1.49
1.2	2.86	6.86	5.83	5.86
1.4	4.59	9.59	5.99	8.59
1.6	4.73	11.09	7.57	10.59
1.8	7.08	13.08	9.22	12.58
2.0	8.66	14.66	10.55	14.16
2.2	9.96	15.96	11.63	15.46
2.4	11.05	17.05	12.53	16.55
2.6	11.96	17.96	13.29	17.46
2.8	12.75	18.75	13.95	18.25
3.0	13.43	19.33	14.51	18.93
3.2	14.02	20.02	15.05	19.52
3.4	14.55	20.55	15.45	20.05

(a) Figures shown in this Table overstate the amount of transport disadvantage suffered by timber shipments out of Tasmania. The figures were calculated on the basis of maximum pick up and delivery costs and lower than actual mainland transport costs.

Because of the wide range in the amount of transport disadvantage suffered by timber shipments, the BTE recommends that the TFES category for timber be split into two classifications: 21A high density consignments of timber, and 21B, low density consignments. The criterion for paying assistance under the higher 21B rate should be that a shipment has a stowage factor of more than 1.9 cubic metres per tonne.

Consideration was given to setting one average rate for timber but this would have penalised those firms which ship a higher than average proportion of low density consignments and given excessive TFES assistance to any firms specialising in high density consignments.

Although a case could be put forward for a lower rate, the BTE recommends that the current rate should continue to be paid on low density timber shipments and that a new rate about half the current rate should be set for high density shipments. On the data now available, such rates should give adequate assistance on most timber shipments. It is proposed that a further adjustment towards correct freight equalisation be made when northbound TFES rates are next recalculated. This approach is being recommended to avoid or mitigate difficulties which might be caused to timber producers by a sudden unexpected change in cash flows. The recommended new TFES rates for timber are shown in Table 5.5.

TABLE 5.5 - RECOMMENDED TFES RATES ON NORTHBOUND CONSIGNMENTS OF TIMBER ($/m^3) (a)

	From Southern Tasmania to			From Northern Tasmania to		
	VIC	SA/WA	NSW	VIC	SA/WA	NSW
21A High Density timber	7	9	11	6	7	9
21B Low Density timber	13	17	20	11	13	16

(a) Volume being measured in shipping cubic metres.

CHAPTER 6 - LIVESTOCK

The Minister's initial terms of reference to the BTE required only a recalculation of northbound rates for stud cattle. This direction arose from a previous BTE report[1] which noted that further research would be required to determine whether stud cattle should receive a higher rate of TFES assistance.

The terms of reference were subsequently extended to include a recalculation of all livestock rates. This action was taken because of instances where the amounts of subsidy paid on consignments of livestock appeared to provide more than adequate freight equalisation assistance. For example, the 1978 TFES livestock rates for sheep were calculated to give equalisation assistance to sheep consigned in three deck trailers. Since that time, some lambs have been consigned in four deck trailers. The operating and shipping costs of a four deck trailer are about the same as for a three deck unit but its capacity is considerably greater (for young lambs a maximum of about 480 animals as compared to up to 400 animals on a three deck unit). Since TFES assistance is paid on a per head basis, the total assistance paid on a full four deck load of sheep may cover a much greater proportion of the cost of a four deck unit than for a three deck unit.

FREIGHT RATES

The TFES rates for livestock given below were calculated from data supplied by Tasmanian and mainland stock carriers. For sheep and cattle, the rates used were for a movement by 11 and 12 metre trailers on the mainland and by 5.08 metre containers across Bass Strait. For horses, the calculations were based on movements by special horse floats on the mainland and by 5.08 metre units across Bass Strait.

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(1) BTE, op.cit., p.49.

Rail rates for livestock were not used because the majority of inter-regional livestock movements on the mainland are carried by road.(1)

MAINLAND STOCK MOVEMENTS

Semi trailers of length 11 and 12 metres are the most commonly used unit for long distance road movements of sheep and cattle on the mainland. Most stock carriers seem to use trailers capable of carrying either two decks of cattle or three decks of sheep. Four deck sheep trailers are also available but these cannot be used for moving cattle and therefore do not appear to be so popular with carriers. Some single deck units are also in use.

The maximum carrying capacity of a trailer is determined by the volume of space available and road regulations which limit the maximum load weight to about 21 tonnes. To preserve the condition of stock, however, shippers usually load less than the full capacity of a trailer. The actual number loaded is largely a matter of subjective judgment based on factors such as the age, condition and value of the stock. The number of stud animals loaded is usually considerably less than for ordinary animals. Stud animals are usually only loaded on one deck.

This means that the cost per head of moving stud animals is higher than for ordinary stock because mainland carriers usually give a basic quote in terms of a rate per loaded kilometre travelled, regardless of the number of animals carried.

For transporting horses, mainland carriers usually use special horse floats. The equipment used by those firms which supplied information to the BTE ranged in capacity from 6 to 12 horses. Rates were quoted on a cost per horse basis and did not vary

(1) Unpublished BTE data.

significantly between firms according to the type of equipment used. The rate charged for stud animals was the same as for ordinary horses.

Horse floats are also sometimes used for carrying stud cattle. The cost per head is much higher than for a trailer.

TASMANIAN INTERSTATE STOCK MOVEMENTS

Virtually all Tasmanian livestock movements are consigned from Northern Tasmania to Melbourne. Consignment of animals on other sea routes is very unusual. Animals consigned to places outside Melbourne are usually carried to the final destination by road transport.

Sheep and cattle can be carried across Bass Strait either in specially adapted 5.08 metre containers or trailers. Trailers are usually used only for small animals, such as lambs. As on the mainland, the number of animals loaded in each type of unit depends on factors such as their age, condition and value. The number of stud animals loaded in any unit is usually less than for ordinary stock.

Horses are consigned across Bass Strait either in a special small trailer or in a specially adapted 5.08 metre container(1). For movements to destinations beyond Melbourne, horses may be transferred to horse floats operated by mainland carriers.

The rates charged by Tasmanian carriers vary quite significantly. The lowest rate available is paid by those shippers consigning more than one horse on a low priority basis, i.e. consignment is delayed until the carrier has assembled a full load. The highest rate is charged for guaranteed immediate shipment, even of one horse consignments.

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(1) Single and double horse floats can also be used but these are probably more expensive than trailers or containers.

METHOD OF CALCULATION

The calculation of TFES rates for livestock poses some unique problems. For other commodities, the TFES rate is set as the difference between the costs of transporting the goods out of Tasmania and on the mainland by the most efficient available methods. For most commodities the selection of the most efficient form of transport is not difficult, but with livestock the situation is more complicated. As mentioned above, the capacity of a cargo unit can vary widely according to the age and condition of the stock being consigned, and the shipper's judgment. Different types of equipment are used for performing similar operations, e.g. the use of 3 and 4 deck trailers for sheep movements. Different types of services are available at varying freight rates, e.g. the lower 'low priority' rate for horses out of Tasmania as opposed to the higher rate for immediate consignment, and the use of trailers, horse floats, and rigid trucks for moving stud cattle on the mainland. (The variation in unit cost for the latter being over 600 per cent.)

In order to avoid the above problems consideration was given to alternative ways of setting TFES livestock rates. An obvious alternative was to set a container rate for livestock. This would have been possible to calculate but might be difficult to administer. For example, the documentation currently issued by shipping companies does not exactly identify the type of unit consigned or whether a trailer is carrying one, two, three or four decks of animals. Administrative problems would also be encountered in allocating payments where carriers consolidate a number of small shipments into one container load.

Instead, the BTE has set a rate per head for livestock but with a minimum transport cost to be paid by the shipper (net of the TFES subsidy.) The TFES payment was generally set on the basis of the highest cost a shipper is likely to pay using 'efficient' means of transport while the minimum figure was determined by either the lowest rate available or by the rate paid on the

mainland comparison route. (In the latter case the minimum payment was calculated as the lowest rate available on the mainland comparison route, less a discount; the discount being to give shippers an incentive to negotiate lower rates.)

In order to provide increased accuracy, the commodity groups for sheep and cattle were split into sub categories: rams, other sheep, calves, yearlings, cows and bulls.

All calculations were based on the costs paid for a consignment shipped from Northern Tasmania by sea, then by road to the final destination.

The rates were initially calculated using the standard Nimmo-type method outlined in Chapter 2. This gave rates for Northern Tasmania greater than for Southern Tasmania. The higher set of rates was therefore set for both Northern and Southern Tasmania.

STUD ANIMALS

Detailed calculations were carried out to see whether a higher TFES rate should be paid on shipments of stud animals. The calcuations were based on the assumption that stud stock would be carried across Bass Strait in 5.08 metre containers with lower than normal loadings. The use of a single deck 12 metre trailer was assumed for mainland movements of both Tasmanian and mainland consignments.

The calculations showed that both mainland and Tasmanian consignors pay substantially higher rates for transporting stud animals. The higher cost is primarily due to the lower loadings. It was found that the transport disadvantage suffered by consignments of Tasmanian stud stock was the same or less than the disadvantage suffered by ordinary stock. It is therefore recommended that stud animals should continue to receive the same assistance as other animals.

For horses, both Tasmanian and mainland carriers advised the BTE that the cost of transporting stud stock is the same as for ordinary animals. It is recommended therefore that the same rate of assistance should be paid on all consignments of horses. The new rate for horses is about the same as the 1978 rate for consignors sending horses on a 'low priority' basis, while those using more expensive services will receive an increase in assistance. The recommended new TFES rates for livestock are shown in Table 6.1.

TABLE 6.1 - RECOMMENDED TFES RATES FOR SHEEP, CATTLE AND HORSES

Livestock	($/head)					
	Southern Tas To			Northern Tas To		
	Vic	SA/WA[(a)]	Rest of Australia	Vic	SA/WA[(a)]	Rest of Australia
	M	N	O	P	Q	R
Sheep						
Rams	3	5	6	3	5	6
- minimum	3	4	4	3	4	4
Other	2	4	4	2	4	4
- minimum	2	3	3	2	3	3
Cattle						
Calves	10	17	18	10	17	18
- minimum	7	10	10	7	10	10
Yearlings	15	23	25	15	23	25
- minimum	11	15	15	11	15	15
Cows	20	31	33	20	31	33
- minimum	15	20	20	15	20	20
Bulls	23	35	38	23	35	38
- minimum	17	23	23	17	23	23
Horses	70	150	175	70	150	175
- minimum	100	120	120	100	120	120

(a) A common rate was set for SA and WA consignments. At the time of calculation the volume of WA shipments did not justify setting a separate TFES rate.

SOUTHBOUND RATES

Only a small quantity of livestock is currently being moved into Tasmania probably because of restrictions imposed by the state's quarantine regulations. The market rate for transporting stock into Tasmania is therefore not as well defined as the northbound rate. However, the sea line haul rates for carrying stock into Tasmania are the same as for northbound movements and the mainland comparison rates are the same. It is recommended therefore that the southbound rates for livestock should be the same as the northbound rates given above.

ANNEX A

PRESS RELEASES AND DOCUMENTS OF INSTRUCTION CONCERNING SOUTHBOUND TASMANIAN FREIGHT EQUALISATION SCHEME

ITEM 1: INSTRUCTIONS FOR CLAIMING SOUTHBOUND TFES FOR AGRICULTURE, FORESTRY AND FISHING INDUSTRIES

BACKGROUND

The Commission of Inquiry into Transport to and from Tasmania in its Report published in March 1976 found that Tasmanian based industries who use certain raw materials and equipment imported from the mainland did suffer a transport disability and that all or part of the excess transport charges were passed on to the end user.

The Commonwealth Government announced on 9 June 1976 the introduction of the Tasmanian Northbound Freight Equalisation Scheme, and foreshadowed its intention to extend the Scheme at a future date to cover southbound shipments of certain non-consumer items moving from the mainland to Tasmania by sea. The objects and purposes of the Northbound Scheme are applicable to goods eligible under the Southbound Scheme.

On 26 November 1976, the Prime Minister announced that the Scheme would apply to non-consumer raw materials and equipment used in the Manufacturing, Mining, Agriculture, Forestry and Fishing industries, which were shipped from the mainland as non-bulk cargo.

ADMINISTERING AUTHORITY

The Commonwealth Department of Transport is responsible for the implementation and administration of the Scheme. Processing of claims is carried out through the Office of the Assistant

Director, Tasmania. All claim applications and enquiries should be made through the Tasmanian Freight Equalisation Section, Commonwealth Department of Transport, PO Box 1269N, Hobart, 7001. Telephone enquiries should be made to Hobart 34 6688[1].

DATE OF IMPLEMENTATION

Assistance will apply retrospectively to purchases of eligible cargoes shipped on or after 1 July 1976 by all primary producers.

ELIGIBLE CLAIMANTS

Primary Producers, that is firms or individuals engaged in the Agriculture, Forestry or Fishing industries, are eligible to claim assistance in respect of goods listed in Table A provided

- the goods have been purchases for their own use; and

- they are not included in one of the ineligible cargo categories listed below

INELIGIBLE CARGOES

The following cargoes are specifically excluded

. Goods transported by air
. Goods of Tasmanian origin
. Goods imported from overseas
. Bulk Cargoes
. Building and Construction material and Equipment

ADMISSION PROCEDURES FOR AGRICULTURE, FORESTRY, FISHING INDUSTRY GOODS PRESENTLY INELIGIBLE

Prospective claimants who find that materials and implements

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(1) The correct Telephone No. is Hobart 20 5307.

used by them in the above industries are not listed in Table A and are not 'ineligible' cargoes may make application to the Minister for Transport, Parliament House, Canberra seeking to have such goods included in the Scheme. The application should show the origin and destination of shipments, the size and weight of consignments, the door to door freight charges and an indication of value.

It should be noted that the eligibility of the following broad categories of material inputs to primary industry were also considered

- fertilisers
- agricultural chemicals and veterinary supplies
- fodder
- seed
- fuels and lubricants

However, each was excluded from the Scheme for the following reasons:

- they are shipped as bulk cargoes

- their value generally does not constitute a significant part of the value of the finished product

- they mainly originate from overseas

- they undergo an intermediary local manufacturing process (e.g. local milling or mixing of stock feed additives)

- they generally do not suffer a transport cost disadvantage.

RATES OF ASSISTANCE

The rates of assistance provided under the Scheme are set out in Schedule 3.

The amount of assistance will be calculated on a pro rata basis in accordance with the quantity/volume of cargo shipped. In no case will the amount of assistance paid exceed the freight paid.

These rates are broadly equivalent to the difference by which the charge for transporting goods between a place on the mainland and a place in Tasmania exceeds, or is estimated to exceed, the charge for transporting goods over approximately the same distance between two places on the mainland.

With the exception of livestock, and mobile agricultural units, one set of assistance rates for all other eligible items has been set. Each particular item will qualify for either a weight or volume measurement rate of assistance depending upon the unit freight charges applied.

Separate rates are specified for cargo moving to the two regions, Northern Tasmania and Southern Tasmania as defined for the Northbound Scheme. Any combination of land and sea transport may be used to perform the movement. EXAMPLE. If a contract is made with forwarding agents for carriage of goods from Sydney to Hobart and the goods are carried by road/rail from Sydney to Melbourne, shipped to a northern Tasmanian port and then carried by road/rail from there to Hobart the point of origin is Sydney and the point of destination is Hobart.

For the purpose of the Scheme

: Southern Tasmania is defined as any area south of latitude 42 degrees South

: Northern Tasmania is defined as any area north of latitude 42 degrees South

The rates of assistance set out in Schedule 3 may be reassessed from time to time as considered necessary by the Commonwealth. The efficiency of the Scheme will be reviewed not later than

1980 to ensure that it continues to meet the objectives set. Any modification to the Scheme will be notified by advertisements in the Tasmanian Press.

SUBMISSION OF CLAIMS

Eligible Claimants

The claimant must be the primary producer who has purchased the eligible goods for his own use.

Tasmanian suppliers, agents and distributors who are not 'end users' are not eligible to claim subsidy on goods shipped from the mainland.

How and When

Claims must be made on the official forms accompanied by supporting evidence. These forms are Treasury Form 12 and Southbound Claim Calculation Form MF444. Claims may only be made after the shipping freight has been paid where the user is the direct importer or after the goods have been purchased from the importer in Tasmania.

Treasury Form 12 requires a summary of the claim. Each claim is to be accompanied by Claim Calculation Form MF444 on which details of eligible cargo are to be entered. Assistance will not be paid unless claims are received by the Department of Transport within four months of the date of receipt of the cargo by the claimant. Applications for assistance for goods received during the period from 1 July 1976 to the commencement of the Southbound Scheme should be made within three months from the date of its implementation.

Claim forms will be available from the Commonwealth Department of Transport, Regional Office, Hobart and the Customs offices in

Launceston, Devonport, Burnie and from the Commonwealth Department of Transport, Regional Office, 108 Lonsdale Street, Melbourne.

Examples of the two forms required by the Department of Transport to be completed in full before claims are processed are contained in this document.

Supporting Documentation Required

Evidence of receipt of the goods and of payment of the freight, or evidence of purchase of the goods is to accompany each claim

- where the transport is actually arranged or paid for by the claimant for goods imported direct from mainland suppliers, the evidence is to consist of original copy of consignment note or invoice from the freight forwarder, carrier or shipping company, together with copy of receipt for payment of freight charges

- if the goods are purchased from a Tasmanian agent, wholesaler or retailer, the evidence is to consist of the original copy of the delivery docket or invoice from the local supplier from whom the goods were purchased together with a copy of the receipt for payment of such purchases. Evidence that the goods were imported direct from the mainland by sea and have not been previously used or sold in Tasmania will be required and the claimant should also provide evidence as to the shipping weight or volume of the goods concerned

- where receipts are not obtained for payment of freight or for payment of purchases in Tasmania details of cheque payments made should be provided

Documents submitted in support of each claim will be retained by the Commonwealth unless a specific request is made for their return and the Commonwealth may dispose of them at its discretion. Where documents are returned to the claimant, they must be

retained for a period of at least two calendar years from the date of claim and must be available to the Department on request.

No claimant is to be entitled as of right to assistance nor to sue the Commonwealth in respect thereof. Assistance will not be paid unless evidence required by the Department of Transport to substantiate the claim has been provided. Discretion rests with the Minister for Transport to either accept or reject the documents and he may vary the requirement as necessary.

How Often

Claims may be submitted as frequently as required but it would facilitate early payment if claimants were to submit a single consolidated claim monthly.

Where

Claims for payment of Tasmanian Freight Equalisation Assistance may be lodged at the Department of Transport Regional Office, 40 Macquarie Street[1], Hobart or sent by post to:

Tasmanian Freight Equalisation Section,
Commonwealth Department of Transport,
PO Box 1269N,
HOBART, TAS. 7001

PAYMENT OF ASSISTANCE

Cheques in payment of assistance will be mailed, as promptly as practicable after the claim has been submitted. Incomplete or inaccurate claims will delay payment. Every endeavour will be made to process claims with a minimum of delay.

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(1) Now at 11 Elizabeth Street, Hobart, Telephone No. 20 5307.

Examination of Claimants' Record

In order to meet the requirements of the Commonwealth Audit Act, the payment of Tasmanian Freight Equalisation Assistance is made on the understanding that the records of the claimants are subject to inspection by an officer authorised by the Secretary, Commonwealth Department of Transport.

For the purposes of this Scheme, an authorised officer may at all reasonable times enter the claimants' premises and may inspect, make and retain copies of and extracts from the accounts, books, documents and other records relating to the transportation of goods for which assistance has been claimed.

Failure of a claimant to allow an authorised officer to carry out these duties will render the claimant ineligible for future assistance.

Recovery of Assistance Paid but Incorrectly Assessed

All amounts incorrectly paid under this Scheme are repayable to the Commonwealth on demand.

Responsibility rests with the claimant to advise the Department of Transport of any changes in amounts claimed previously because of non-shipment of cargoes (e.g. damage to consignments prior to shipment).

The Commonwealth reserves the right to withhold assistance from claimants who fail to comply with this requirement within three months from the date on which the relevant claim was lodged.

ENQUIRIES

Enquiries regarding the Scheme should be made either by post, or telephone to the Tasmanian Freight Equalisation Section,

Department of Transport, PO Box 1269N, Hobart, 7001, Telephone No. 34 6688[1].

Personal enquiries may be made at the Office of the Freight Equalisation Section, 1st Floor, Old Police Building, Franklin Wharf, Hobart.[1]

SCHEDULE 3

Levels of assistance to Equalise Charges for moving producer materials and equipment of mainland origin by Surface Transport from the mainland to Tasmania with the Charges for Moving the same goods over comparable distances by land transport on the mainland.

(1) Now at 11 Elizabeth St, Hobart, Telephone No. 20 5307.

Item	Code	Unit	Route					
			To Sth Tas. From			To Nth Tas. From		
			Vic	SA/ WA	Rest of Main-land	Vic	SA/ WA	Rest of Main-land
			M	N	0	P	Q	R
			$	$	$	$	$	$
Livestock purchased for breeding or for slaughter								
- cattle and horses	301	per head	11	12	12	11	12	12
- sheep and pigs	302	"	2	3	3	2	3	3
General Cargo	321	tonne	12	14	16	11	14	16
General Cargo	322	m^3	14	15	18	12	15	18
Mobile agricultural units	331	m^3	18	22	25	16	22	25

TABLE A - APPROVED MATERIAL INPUTS TO PRIMARY INDUSTRIES[a]

(i) Livestock purchased for breeding or slaughter
- cattle, horses, sheep and pigs

(ii) Packaging materials

APPROVED MACHINERY, IMPLEMENTS AND EQUIPMENT

(a) AGRICULTURE

(i) Tillage Machinery and Implements -
Disc ploughs
Mouldboard ploughs
Chisel ploughs
Agricultural rippers
Tine cultivators and scarifiers
Disc harrows
Rotary cultivators

(ii) Seeding, Planting and Fertilising Machinery -
Drills and cultivating drills (incl. sod seeders and combines)
Fertiliser spreaders
Row crop and vegetable planters
Broadcasters

(iii) Harvesting, Haymaking and Silage-Making Machinery
Pick-up balers
Potato diggers
Headers (combine harvesters)
Cord header attachments
Forage harvesters
Hay conditioners and crimpers
Hay rakes
Mowers, agricultural
Windrowers
Loader stackers
Pick-up bale loaders
Bale elevators and stackers
Grain augers
Seed cutters

TABLE A (CONT) - APPROVED MATERIAL INPUTS TO PRIMARY INDUSTRIES

(iv) Other Agricultural Machinery and Equipment -
Augers and blowers
Bag loaders
Chaff cutters
Post-hole diggers
Hammer mills
Feed grinders
Graders, fruit and seed
Fruit packing equipment
Seed cleaning machinery
Sheep shearing plant and equipment
Wool pressers
Poultry farming and egg processing equipment
Dairy machinery and equipment
Mechanised pruning and spraying equipment
Bins and silos (bulk and field)

(v) Irrigation equipment -
Sprinklers
Pipes
Pumps

(vi) Miscellaneous Agricultural Equipment -
Windmills
Tree pullers and fellers
Grinder mixers
Tanks
Bee farming equipment

(vii) Tractors -
Crawler
Wheeled

TABLE A (CONT) - APPROVED MATERIAL INPUTS TO PRIMARY INDUSTRIES

(b) FORESTRY

Mechanical nursery equipment (e.g. root wrenchers)

Mechanical planting equipment

Mechanical pruning and spraying equipment

Harvesting equipment

- skidders
- cable systems
- log trailers
- loaders
- harvesters

(c) FISHING

Engines

Gearboxes

Winches

Hydraulic plant

Radio Sets

Vessel refrigeration plant

Fish boxes

(a) Additional items have been included on this list since the implementation of the Freight Equalisation Scheme.

TABLE B - DEFINITIONS

Goods imported from overseas

All goods originating from overseas and not subjected to a manufacturing process on the mainland before being shipped to Tasmania.

Bulk Cargoes

Cargoes carried loose in ships holds or tanks without any form of unitising or packaging

- cargoes carried in bulk in containers are not classed as bulk cargoes.

Mobile Agricultural Units

Those agricultural units which are shipped at the Mobile Agricultural Unit freight rate.

ITEM 2: INSTRUCTIONS FOR CLAIMING SOUTHBOUND TFES FOR MANUFACTURING AND MINING INDUSTRIES

BACKGROUND

The Commission of Inquiry into Transport to and from Tasmania in its Report published in March 1976 found that Tasmanian based industries who use certain raw materials and equipment imported from the mainland did suffer a transport disability and that all or part of the excess transport charges were passed on to the end user.

The Commonwealth Government announced on 9 June 1976 the introduction of the Tasmanian Northbound Freight Equalisation Scheme, and foreshadowed its intention to extend the Scheme at a future date to cover southbound shipments of certain non-consumer items moving from the mainland to Tasmania by sea. The objects and purposes of the Northbound Scheme are applicable to goods eligible under the Southbound Scheme.

On 26 November 1976, the Prime Minister announced that the Scheme would apply to non-consumer raw materials and equipment used in the Manufacturing, Mining, Agriculture, Forestry and Fishing industries, which were shipped from the mainland as non-bulk cargo.

Tasmanian producers in the Manufacturing and Mining industries were invited to register their companies during the period 1 December 1976 to 1 February 1977 and provide details of the imported non-bulk raw materials and equipment which represent greater than 5 per cent of the factory door price of the finished product.

ADMINISTERING AUTHORITY

The Commonwealth Department of Transport is responsible for the implementation and administration of the Scheme. Processing of

claims is carried out through the Office of the Assistant Director, Tasmania. All new registration and claim applications and enquiries should be made through the Tasmanian Freight Equalisation Scheme, Commonwealth Department of Transport, PO Box 1269N, Hobart, 7001. Telephone enquiries should be made to Hobart 34 6688[1].

DATE OF IMPLEMENTATION

Assistance will apply retrospectively to purchases of eligible cargoes shipped on or after 1 July 1976 by registered Manufacturing and Mining companies who applied to the Department of Transport by 31 March 1977. Manufacturing and Mining companies who have made application since 1 April 1977, and are registered by the Department of Transport, will be eligible to claim assistance from the date on which the application was received.

ELIGIBLE CLAIMANTS

The Scheme applies only to eligible industries, that is those covered under the following Divisions of the Australian Standard Industrial Classification.

Division B - Mining
C - Manufacturing

Only registered Manufacturing and Mining companies may claim assistance on eligible raw materials, machinery and equipment subject to meeting the minimum claim requirement.

Firms will be registered to receive assistance on raw materials or machinery and equipment or both.

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(1) The correct Telephone No. is Hobart 20 5307.

ADMISSION PROCEDURES FOR UNREGISTERED MANUFACTURING AND MINING COMPANIES

The registration period which opened on 1 December 1975 was closed on 1 April 1977.

Tasmanian firms engaged in the Manufacturing and Mining industries who have not applied for registration may do so by completing the appropriate registration forms and lodging them with the Department of Transport.

Tasmanian suppliers, agents and distributors who are not 'end users' will not be eligible for registration.

MINIMUM CLAIM

No assistance is payable on any individual claim for less than $250 or where the claimant is not eligible for assistance of more than $250 for goods purchased together with goods received within a three calendar month period.

INELIGIBLE CARGOES

The following cargoes are specifically excluded

- Fuels and lubricants
- Goods transported by air
- Goods of Tasmanian origin
- Goods imported from overseas
- Bulk cargoes
- Building and construction materials and equipment
- Motor vehicles to be registered for use on public roads.

ELIGIBLE CARGOES
(Note: see Table A - Definitions)

Those raw materials, machinery and equipment not specifically

excluded and which suffer a transport cost disability are eligible under the Scheme.

In the case of raw materials assistance will be payable only if the value of all raw material inputs imported from the mainland exceeds 5 per cent of the factory door price of the finished product.

Where a change in a company's operation would make it eligible for assistance on goods for which it is not registered, application may be made to the Department of Transport for re-registration.

RATES OF ASSISTANCE

The rates of assistance provided under the Scheme are set out in Schedule 2.

The amount of assistance will be calculated on a pro-rata basis in accordance with the quantity/volume of cargo shipped. In no case will the amount of assistance exceed the freight paid.

General rates of assistance have been set rather than specific rates for each commodity. Each particular commodity will qualify for either a weight or volume measurement rate of assistance for dry and refrigerated cargoes depending upon the unit freight charge applied.

These rates are broadly equivalent to the difference by which the charge for transporting goods between a place on the mainland and a place in Tasmania exceeds, or is estimated to exceed, the charge for transporting goods over approximately the same distance between two places on the mainland.

Separate rates are specified for cargo moving to the two regions, Northern Tasmania and Southern Tasmania as defined for the Northbound Scheme. Any combination of land and sea transport may be used to perform the movement. EXAMPLE. If a contract is

made with forwarding agents for carriage of goods from Sydney to Hobart and the goods are carried by road/rail from Sydney to Melbourne, shipped to a northern Tasmanian port and then carried by road/rail from there to Hobart, the point of origin is Sydney and the point of destination is Hobart.

For the purpose of the Scheme

: Southern Tasmania is defined as any area south of latitude 42 degrees South

: Northern Tasmania is defined as any area north of latitude 42 degrees South.

The rates of assistance set out in Schedule 2 may be reassessed from time to time as considered necessary by the Commonwealth. The efficiency of the Scheme will be reviewed not later than 1980 to ensure that it continues to meet the objectives set. Any modification to the Scheme will be notified by advertisements in the Tasmanian press.

CLAIMS PROCEDURES

Claims must be made on the official forms accompanied by supporting evidence. These forms are Treasury Form 12 and Southbound Claim Calculation Form D.o.T 2271. Claims may only be made after the shipping freight has been paid where the user is the direct importer or after the goods have been purchased from the importer in Tasmania.

Treasury Form 12 requires a summary of the claim. Each claim is to be accompanied by Claim Calculation Form D.o.T. 2271 on which details of eligible cargo are to be entered. Assistance will not be paid unless claims are received by the Department of Transport within four months of the date of receipt of the cargo by the claimant. Applications for assistance for goods received during the period from 1 July 1976 to the commencement of the

Southbound Scheme should be made within three months from the date of its implementation.

Claim forms are available from the Department of Transport Regional Office, Hobart and the Customs offices in Launceston, Devonport, Burnie and in Melbourne from the Commonwealth Department of Transport, 108 Lonsdale Street, Melbourne.

Examples of the two forms required by the Department of Transport to be completed in full before claims are processed are contained in this document.

SUPPORTING DOCUMENTATION REQUIRED

Evidence of receipt of the goods and of payment of the freight, or evidence of purchase of the goods is to accompany each claim

- where the transport is actually arranged or paid for by the claimant for goods imported direct from mainland suppliers, the evidence is to consist of the original copy of consignment note or invoice from the freight forwarder, carrier or shipping company, together with copy of receipt for payment of freight charges

- if the goods are purchased from a Tasmanian agent wholesaler or retailer, the evidence is to consist of the original copy of the delivery docket or invoice from the local supplier from whom the goods were purchased together with a copy of the receipt for payment of such purchases. Evidence that the goods were imported direct from the mainland by sea and have not been previously used or sold in Tasmania will be required and the claimant should also provide evidence as to the shipping weight or volume of the goods concerned.

- where receipts are not obtained for payment of freight or for payment of purchases in Tasmania details of cheque payments made should be provided.

Documents submitted in support of each claim will be retained by the Commonwealth unless a specific request is made for their return and the Commonwealth may dispose of them at its discretion. Where documents are returned to the claimant, they must be retained for a period of at least two calendar years from the date of claim and must be available to the Department on request.

No claimant is to be entitled as of right to assistance nor to sue the Commonwealth in respect thereof. Assistance will not be paid unless evidence required by the Department of Transport to substantiate the claim has been provided. Discretion rests with the Minister for Transport to either accept or reject the documents and he may vary the requirement as necessary.

HOW OFTEN

Claims exceeding the minimum level may be submitted as frequently as required but it would facilitate early payment if claimants were to submit a single consolidated claim monthly.

WHERE

Claims for payment of Tasmanian Freight Equalisation Assistance may be lodged at the Department of Transport Regional Office, 40 Macquarie Street, Hobart[1] or sent by post to:

Tasmanian Freight Equalisation Section,
Commonwealth Department of Transport,
PO Box 1269N,
HOBART, TAS. 7001

PAYMENT OF ASSISTANCE

Cheques in payment of assistance will be mailed, as promptly as

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(1) Now at 11 Elizabeth St, Hobart.

practicable after the claim has been submitted. Incomplete or inaccurate claims will delay payment. Every endeavour will be made to process claims with a minimum of delay.

EXAMINATION OF CLAIMANTS' RECORDS

In order to meet the requirements of the Commonwealth Audit Act, the payment of Tasmanian Freight Equalisation Assistance is made on the understanding that the records of the claimants are subject to inspection by an officer authorised by the Secretary, Commonwealth Department of Transport.

For the purposes of this Scheme, an authorised officer may at all reasonable times enter the claimants' premises and may inspect, make and retain copies of and extracts from the accounts, books, documents and other records relating to the transportation of goods for which assistance has been claimed.

Failure of a claimant to allow an authorised officer to carry out these duties will render the claimant ineligible for future assistance.

RECOVERY OF ASSISTANCE PAID BUT INCORRECTLY ASSESSED

All amounts incorrectly paid under this Scheme are repayable to the Commonwealth on demand.

Responsibility rests with the claimant to advise the Department of Transport of any changes in amounts claimed previously because of non-shipment of cargoes (e.g. recall of perishables, damage to consignments prior to shipment).

Responsibility also rests with the claimant to advise the Department of Transport if the value of eligible raw materials ceases to exceed 5 per cent of the factory door price of the goods.

The Commonwealth reserves the right to withhold further assistance from claimants who fail to comply with this requirement within three months from the date on which the relevant claim was lodged.

ENQUIRIES

Enquiries regarding the Scheme should be made either by post, or telephone to the Tasmanian Freight Equalisation Scheme Section, Department of Transport, PO Box 1269N, Hobart, Tasmania, 7001, Telephone No. 34 6688[1].

Personal enquiries may be made at the Office of the Freight Equalisation Section, 1st Floor, Old Police Building, Franklin Wharf, Hobart[1].

SCHEDULE 2

Levels of assistance to equalise charges for moving producer materials and equipment of mainland origin by surface transport from the mainland to Tasmania with the charges for moving the same goods over comparable distances by land transport on the mainland.

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(1) Now at 11 Elizabeth St, Hobart, Telephone No 20 5307.

Item		Unit	Route					
			To Sth Tas. From			To Nth Tas. From		
			Vic	SA/ WA	Rest of Main-land	Vic	SA/ WA	Rest of Main-land
	Code		M	N	O	P	Q	R
			$	$	$	$	$	$
Refrigerated Cargo	210	tonne	30	40	50	30	40	50
Refrigerated Cargo	211	m^3	20	25	28	20	25	28
General Cargo	221	tonne	12	14	16	11	14	16
General Cargo	222	m^3	14	15	18	12	15	18

TABLE A - DEFINITIONS

Factory Door Price (or equivalent)

The price at which the goods would be sold to a customer at the factory door, farm gate or equivalent. This price is exclusive of all distribution and marketing costs, excise and sales tax duties, but inclusive of Government bounty and subsidy payments.

Goods imported from overseas

All goods originating from overseas and not subjected to a manufacturing process on the mainland before being shipped to Tasmania.

Bulk Cargoes

Cargoes carried loose in ships holds or tanks without any form of unitising or packaging

- cargoes carried in bulk in containers are not classed as bulk cargoes.

ITEM 3: GEORGETOWN MEETING[1]

Foremost in importance has been the introduction of freight equalisation. For too long, Tasmania has been disadvantaged by the high cost of shipments of Tasmanian products to the mainland.

The Liberal Party undertook to establish a scheme on the basis of the Nimmo Report which would ensure that the cost of transporting goods between Tasmania and the mainland is approximately the same as moving similar goods by land over the same distance.

We have now introduced freight equalisation on northbound freight. This will be worth over $16 million to Tasmania this year. This scheme came into operation on 1 July. At the time we announced that we were also examining the problem of southbound freight. Many industries in Tasmania are held back by the cost of bringing materials and equipment interstate.

We have now completed our examination of the southbound freight problem.

There is a very extensive range of goods that could be defined as producers material and equipment.

Because of this the most equitable way to implement a scheme is to ask firms in the manufacturing and mining industries to provide the Department of Transport with a list of the commodities imported from the mainland for use in production.

Producers' materials and equipment that represent greater than 5 per cent of the factory door cost of the finished product - a limit set for practical reasons - will be eligible for subsidy.

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(1) This is an extract from a speech by the Prime Minister, Mr Fraser, at Georgetown on 26 November 1976.

The scheme, in common with that operating northbound, of course excludes bulk cargoes.

Registration of eligible imports from the mainland will be open from 1 December to 1 February 1977[1] after which eligible firms will be notified of subsidy entitlement and will be able to claim subsidy from the Department of Transport.

The scheme will apply retrospectively to shipments of cargo on or after 1 July 1976.

Registration forms will be mailed automatically to those firms that have already benefited from the Government's northbound scheme.

Other firms who are users of imported producers' materials and equipment from the mainland will be able to obtain forms from the Department of Transport offices in Hobart or Customs offices in Launceston, Devonport and Burnie.

As the requirements of agricultural, forestry and fishery producers are more easily identified they will not be asked to register individually with the Department but will be eligible to participate in the Southbound Scheme from its commencement.

Further details enabling claims to be lodged will be announced shortly.

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(1) This date was later extended to 31 March 1977.

ITEM 4: NEWS RELEASE (77/956), 28-7-77
TASMANIAN FREIGHT EQUALISATION SCHEME

(Statement by the Minister for Environment, Housing and Community Development, the Honourable K. Newman, M.P., on behalf of the Minister for Transport, the Honourable P.J. Nixon, M.P.)

The Minister for Environment, Housing and Community Development, Mr K. Newman, today announced details of new administrative arrangements and assistance to be provided under the Tasmanian Freight Equalisation Scheme.

The new arrangements relate to certain Tasmanian imports of non-consumer materials and equipment from the mainland where the Tasmanian producer suffers a transport disability. The Scheme is expected to cost an estimated $3m a year.

Mr Newman said the Nimmo Report - published in March 1976 - found that Tasmanian shippers suffered a cost disability in moving non-bulk cargoes from Tasmania to the mainland.

The Report also highlighted the fact that Tasmanian-based industries which used certain raw materials and equipment imported from the mainland suffered a transport cost disadvantage because charges were wholly or partly passed on to producers.

"To enable the administrative arrangements for southbound cargoes to be finalised, Tasmanian firms engaged in the manufacturing and mining industries were invited to register with the Department of Transport and give details of goods imported from the mainland", Mr Newman said.

"The Prime Minister said on 26 November 1976, that payments of southbound assistance to primary producers, as well as manufacturers or miners who registered with the Department of Transport on or before 31 March 1977, would be made for shipments from 1 July 1976."

"In the case of manufacturers or miners registering from 1 April 1977, assistance will be paid from the date of registration".

Mr Newman said companies would be informed in writing whether their application for registration had been approved. Registered firms could now claim assistance for eligible cargoes.

Detailed guidelines for the Scheme have been prepared and have been sent to registered mining and manufacturing companies. Copies of the guidelines are available on application to the Commonwealth Department of Transport.

Mr Newman said that the Government has decided not to implement proposals for the introduction of subsidies for consignors of air freight and for the provision of assistance for passenger air fares between the mainland and King and Flinders Islands. To do so, he said, would create significant inequities for manufacturers and for air travellers in comparable circumstances elsewhere in Australia.

"The guidelines for the Southbound Scheme indicate which raw materials, machinery and equipment are eligible for subsidy and explain the procedures to be followed when making claims", he said.

"As far as firms in the manufacturing and mining industries are concerned, a change has been made in the conditions for eligibility of raw materials."

"Where a company imports eligible raw materials from the mainland, the value of which exceeds 5 per cent of the factory door price of the goods, assistance will be paid on all such eligible raw materials, not just those which individually exceed the 5 per cent limit".

Mr Newman said the Government had provided for the possibility

that manufacturers might eventually change their raw material inputs or sources of supply.

Where they became eligible as a result of such changes an application should be made to the Department of Transport for registration.

"Assistance will not be payable to manufacturers and miners unless the total freight assistance due on all eligible goods purchased or received in a three calendar month period exceeds $250," the Minister said. "The minimum claim requirement for manufacturers and miners was set to keep the administrative costs involved in submitting and processing claims at a reasonable level".

Mr Newman said the Scheme was designed to remove the transport disadvantage suffered by Tasmanian producers experiencing a cost disadvantage compared with mainland producers because of Tasmania's separation from the mainland by sea.

Mr Newman said: "primary producers, who have not been required to register, should obtain a copy of the guidelines which contain a list of items on which assistance may be claimed."

"These include livestock, packaging materials, such as egg and apple cartons, together with major items of agricultural machinery."

"Claims may only be made if the goods meet all the criteria laid down in the guidelines for eligibility."

"The minimum claim does not apply to primary producers as they are able to claim assistance only on items specifically listed."

"The rates of assistance payable under the Scheme provide for full freight equalisation, but, because of the very wide range of commodities eligible for assistance, general rates have been set, rather than specific rates for individual items", Mr Newman said.

"General and refrigerated cargo will be paid assistance on the same weight or measurement basis as freight is charged and the only items with special rates are livestock and mobile agricultural machinery."

"The introduction of the southbound component will complement the assistance provided for Tasmania by the Northbound Scheme and is designed to remove the freight disadvantage suffered by important sections of Tasmanian industry," the Minister said.

"The Southbound Scheme is necessarily more complex than the existing Northbound Section of the Tasmanian Freight Equalisation Scheme and officers of the Department of Transport are available to answer any queries".

Personal enquiries should be made at the office of the Freight Equalisation Section, Old Police Building, Franklin Wharf, Hobart, or by Telephoning Hobart, 34 6688[1].

Editor's Note: Copies of the documents and claims forms are available in Tasmania from the Commonwealth Department of Transport, Regional Office, Hobart, and the Customs offices in Launceston, Devonport and Burnie. In Melbourne the documents are available from the Commonwealth Department of Transport, Regional Office, 108 Lonsdale Street, Melbourne, Vic. 3000.

Canberra/Launceston
28 July 1977

(1) Now at 11 Elizabeth St, Hobart, Telephone No. 20 5307.

ANNEX B

SOUTHBOUND FREIGHT RATES

A.N.L. SEAROAD SERVICE
SYDNEY/NTH TASMANIA NTH TASMANIA/SYDNEY AND
MELBOURNE/NTH TASMANIA NTH TASMANIA/MELBOURNE
Operative from December 9, 1978

General Conditions

(i) A weighbridge docket is required for each shipment.

(ii) Cargo units must be so loaded that 50% of the top tier of cargo is below gate height.

(iii) Cargo units must be presented for shipment properly secured in accordance with ANL standards.

(iv) Introduction of New Equipment

(a) A plan of the proposed Unit must be submitted to the Equipment Manager.

(b) On completion of building and testing the prototype Unit must be inspected and approved by Equipment Manager.

(c) Copies of relevant certificates must be given to Equipment Manager.

(v) A 25 per cent surcharge is applicable to all categories of shipment where any one dimension is in excess of:

(a) Overall length Articulated unit 16M Rigid Unit 12.5M

(b) Overall width 2.6M

(c) Overall height 4.27M

or if gross weight exceeds prescribed regulations notwithstanding special permits.

(vi) Measurement of general cargo will be taken on overall height of load after allowances less 5 per cent.

Allowances:

The height of pallets in a total palletised load when declared and disclosed by Shipper to be excluded in assessing height of load. Such loads subject to physical check at Terminal. No dispensation except on floor of units for part pallets, dunnage, glutting. No dispensation for the bottom unit in a staked pair.

Operative 9/12/78

Section	Cargo	Melbourne/ Nth Tasmania	Nth Tasmania/ Melbourne	Sydney/ Nth Tasmania	Nth Tasmania/ Sydney
1	Trade Cars				
	Small Cars, Small Vans, Utilities and camping units up to 1.83M in height.	$ 30.27 M^2		$ 33.83	$ 33.83
2	a(i) Buses (Syd-Tas/Tas-Syd only)			$ 33.83	$ 33.83
	a(ii) Passenger Coaches (Unaccompanied) (Melb-Tas/Tas-Melb only) Over 1.83M height. Surcharge 25% if in excess following dimensions: Length 12.5M Width 2.5M	$ 30.27 M^2	$ 30.05 M^2		
	b. Caravans (excluding Tow Bars) Over 1.83M height. Surcharge 25% if in excess following dimensions: Length 12.5M Width 2.5M	$ 30.27 M^2	$ 30.05 M^2	$ 33.83	$ 33.83
	c. Boats, yachts, Racing Shells or Motor Vehicles on Trailers or Cradles	$ 30.27 M^2	$ 30.05 M^2	$ 33.83	$ 33.83
3	Motor Cycles etc				
	(a) Motor Cycles or Motor Scooters	$ 28.12 each	$ 27.92 each	$ 46.49	$ 46.49
	(b) Motor Cycles with side car	$ 96.99 "	$ 96.27 "	$100.24	$100.24
	(c) Bicycles	$ 12.45 "	$ 12.36 "	$ 18.29	$ 18.29
4	a. General Cargo (not elsewhere enumerated) Wheeled Transports, Large Cargo Carrying Units, Lifting Platforms, Trays, Bases, Flats, Single Unit Lifts. Rate per square metre of deck space occupied:				
	Full Load Height less than 1.5M	$ 33.41 M^2	$ 28.17 M^2	$ 48.49 M^2	$ 45.75 M^2
	2.0M	$ 39.64 M^2	$ 34.50 M^2	$ 55.30 M^2	$ 52.44 M^2
	2.5M	$ 45.75 M^2	$ 40.70 M^2	$ 62.18 M^2	$ 59.06 M^2
	3.0M	$ 51.82 M^2	$ 46.89 M^2	$ 70.80 M^2	$ 67.04 M^2
	3.5M	$ 58.08 M^2	$ 53.19 M^2	$ 80.38 M^2	$ 75.71 M^2
	4.0M	$ 64.13 M^2	$ 59.39 M^2	$ 89.66 M^2	$ 84.15 M^2
	Full Load Height over 4.0M	$ -	$ -	$102.04 M^2	$ 95.35 M^2
	Minimum Charge:	$424.31	$357.76	$615.82	$581.03
	Single Units (over 2.5M load height) and wheeled units will not be carried to the exclusion of staked pairs.				

Section	Cargo	Melbourne/ Nth Tasmania	Nth Tasmania/ Melbourne	Sydney/ Nth Tasmania	Nth Tasmania/ Sydney
b.	(i) Pantechnicons etc., Reefer or Dry not exceeding 2.75M height Units in excess of 2.75M height to be freighted in accordance with section 4(a).	$ 44.63 M^2	$ 38.33 M^2	$ 62.39 M^2	$ 57.08 M^2
	Minimum Charge:	$680.61	$584.53	$951.45	$870.47
	(ii) Enclosed containers, Reefer or Dry not exceeding 2.65M height	$ 42.53 M^2	$ 38.33 M^2	$ 61.20 M^2	$ 57.08 M^2
	Minimum Charge:	$540.13	$486.79	$777.24	$724.92
c.	Staked Pairs				
	Approved 5.08M units, presented in pairs and accepted for safe carriage double staked rated on overall height. When a shipper presents a low unit only, up to 1.37M cargo height (no allowances), which is capable of being used as a bottom unit in a stake pair configuration.	$ 32.73	$ 27.70	-	-
	Full load height less than				
	3.0M	$ 51.82 M^2	$ 46.89 M^2	$ 70.80 M^2	$ 67.04 M^2
	3.5M	$ 58.08 M^2	$ 53.19 M^2	$ 80.38 M^2	$ 75.71 M^2
	4.0M	$ 64.13 M^2	$ 59.39 M^2	$ 89.66 M^2	$ 84.15 M^2
	4.5M	$ 70.19 M^2		$102.04 M^2	$ 95.35 M^2
	5.0M	$ 76.25 M^2		$102.04 M^2	$ 95.35 M^2
	(i) The bottom Unit of a stake pair must not exceed gate height otherwise paired rate is disallowed.				
	(ii) Minimum height for a base Unit is 1.37M cargo height.				
	(iii) A pair of Units shipped at 3M height rate must not exceed 28 tonnes cargo weight.				
	(iv) Measurement of a staked pair is overall height less 5 per cent after allowance for pallets. Pallet allowance is not applicable on bottom Units where 1.37M minimum applies.				
	(v) A staked pair must not exceed 37 tonne gross.				
	(vi) A nest of 4 M/T units will be classified as a bottom unit in a stake pair at a set height of 1.37M.				

Operative 9/12/78

Section	Cargo	Melbourne/ Nth Tasmania	Nth Tasmania/ Melbourne	Sydney/ Nth Tasmania	Nth Tasmania/ Sydney
5	Dense Cargo (1 tonne or more per cubic metre) Provided that the overall gross measurement of the unit and cargo conform to a stowage factor of 1 tonne or more per square metre, is pre-slung or on an approved lifting container. Minimum charge:	$ 25.98 per tonne $415.68	$ 21.99 per tonne $351.84	$ 38.21 per tonne $611.36	$ 34.74 per tonne $555.84
6	Mobile Industrial and Agricultural Units eg, trucks, chassis, prime movers, road graders, tractors, harvesters, mobile cranes. Less than 1.83M from ground Over 1.83M but less than 2.8M from ground 2.8M and over from ground	$ 30.27 M^2 $ 37.75 M^2 $ 52.75 M^2	$ 30.05 M^2 $ 37.46 M^2 $ 52.35 M^2	$ 43.11 M^2 $ 59.44 M^2 $ 78.35 M^2	$ 43.11 M^2 $ 59.44 M^2 $ 78.35 M^2
7	Empty Return Units (a) Single units entirely devoid of cargo.	$ 12.71 M^2	$ 12.71 M^2	$ 18.65 M^2	$ 18.65 M^2
	(b) Multiple units returning empty, piggy-backed or nested, entirely devoid of cargo or units returning empty laden only with approved empties. Maximum number 4 units per nest. Minimum charge:	$ 18.37 M^2 $161.42	$ 18.37 M^2 $161.42	$ 26.54 M^2 $236.86	$ 26.54 M^2 $236.86

SECTION 8 Operative 9/12/78

TIMBER

Cubic Measurement: Overall height excluding bottom bolster gluts less 5% x Width x Length

Freight Rate

Melbourne (a) If stowing at less than 1.27 M^3 per tonne
$18.92 per M^3

(b) If stowing at or above 1.27 M^3 per tonne
$16.70 per M^3

Sydney $23.42 per M^3

MINIMUM CHARGE per bolstered pack or Cargo Flat
Melbourne = $248.55 Sydney = $348.66

Conditions

(i) Bolstered Packs
Level top, flush one end, weight to ship's capacity and overall dimensions not to exceed 1.9M in height, 2.5M in width and 7.8M in length.

(ii) Cargo Flats
Overall dimensions not to exceed 1.9M in height, 2.5M in width and 6.1M in length. Minimum length to be the length of the flat.

(iii) Trailers
Overall dimensions not to exceed 1.9M in height and 2.5M in width. Minimum height after allowance to be 1.14M. Minimum length to be the length of the Trailer.

(iv) Weighbridging

A weighbridge certificate must accompany each shipment.

Non-compliance

Timber not complying with above conditions to be freighted at general cargo rates (see Section 4 (a))

Return of Bolsters

Bolsters suitably unitised will be returned free of charge.

SECTION 9

STORAGE CHARGES Operative 9/12/78

The following storage charges per unit load are applicable at A.N.L. Terminals after the expiration of free time.

Free Time

Two clear working days (Saturdays, Sundays, Public Holidays exempt) after notification that goods are available for delivery. Thereafter storage charges applicable as follows:

N.B. Because of local conditions free time allowed Sydney Terminal only three clear working days.

First 3 days after free time

Dry/General Cargo.	$9.77	per day or part thereof

Additional time thereafter

Dry/General Cargo	$19.53	per day or part thereof

Power Charges

Reefer or Cooler cargo units placed on power after discharge will incur a power charge of $21.00 per unit per day or part thereof.

SECTION 10

CASUAL HIRE RATES A.N.L. EQUIPMENT Operative 9/12/78

Subject to availability of A.N.L. equipment for hire, the following rates are applicable:

CARGO FLATS

Melbourne to North Tasmanian Ports & v/v

$23.25 per movement plus demurrage at $12.40 per calendar day or part thereof if the equipment is not returned to the ANL Terminal within one working day (Monday - Friday) of arrival at North Tasmanian Ports.

Sydney/Brisbane to Tasmanian Ports & v/v

$32.55 per movement plus demurrage at $12.40 per calendar day or part thereof if equipment is not returned to the ANL Terminal within two working days (Monday - Friday) of arrival at North Tasmanian Ports.

After free time in either of the above trading areas demurrage will be charged at the appropriate rate per day or part thereof irrespective of strikes, weekends, breakdowns and other instances over which the Line has no control and will accrue until the equipment is dehired in accordance with the Line's procedures.

6.1M REFRIGERATED CONTAINERS

Melbourne or Sydney to Tasmanian Ports

Casual Hire rate $20.46 per calendar day or part thereof.

Long term lease, i.e., six months or more, is available, rates subject to direct negotiation with the Line.

NOTE: Refrigerated units must be taken on hire at Melbourne or Sydney and be returned to the originating port for dehire.

EXTRACT FROM A.N.L. SEAROAD SERVICE

BRISBANE/NTH TASMANIA NTH TASMANIA/BRISBANE

Operative from December 9, 1978

General Conditions - same as for Sydney and Melbourne routes.

Section	Cargo	Brisbane to North Tasmania	North Tasmania to Brisbane
4	General Cargo -		
	Rates for Shippers who present cargo in ANL equipment packed to standards required by ANL to obtain maximum utilisation of cargo spaces (no allowances for height)		
	5.08M Cargo Flats packed to 1.37M Cargo Height	$793.00 per unit	$782.00 per unit
	5.08M " " " " 2.21M " "	$877.00 per unit	$866.00 per unit
	6.1M Containers or Cargo Flats (Cargo Height Flats 2.21M)	$1029.00 per unit	$998.00 per unit
	6.1M Reefer Containers	$1208.00 per unit	$1176.00 per unit
5	General Cargo (not elsewhere enumerated) Wheeled Transports, Large Cargo Carrying Units, Lifting Platforms, Trays, Basis, Flats, Single Unit Lifts, Mobile Industrial and Agricultural Units.		
	Rate per square metre of deck space occupied:		
	Full Load Height less than 1.5M	$ 70.18 M^2	$ 60.21 M^2
	2.0M	$ 78.91 M^2	$ 68.11 M^2
	2.5M	$ 87.66 M^2	$ 75.95 M^2
	3.0M	$ 96.36 M^2	$ 83.79 M^2
	3.5M	$107.54 M^2	$ 93.38 M^2
	4.0M	$116.20 M^2	$101.27 M^2
	Over 4.0M	$126.81 M^2	$110.74 M^2
	Minimum Charge	$891.29	$764.67
6	Empty Return Units		
	(a) Single units entirely devoid of cargo	$ 18.65 M^2	$ 18.65 M^2
	(b) Multiple units returning empty, piggy-backed or nested, entirely devoid of cargo or units returning empty laden only with approved empties.	$ 26.54 M^2	$ 26.54 M^2
	Maximum number 4 units per nest		
	Minimum Charge	$236.86	$236.86

SECTION 8

TIMBER

Cubic Measurement: Overall height excluding bottom bolster gluts less 5% x width x length.

Freight Rate: $30.82 per M^3

MINIMUM CHARGE per bolstered pack or Cargo Flat $458.83

EXTRACT FROM HOLYMAN'S RATES
AS AT 31 JANUARY 1979
SOUTH AUSTRALIA TO TASMANIA
FREIGHT RATES - DOOR TO DOOR

Metric	Northern Ports	Hobart		Northern Ports	Hobart
.03 m^3	7.65	9.26	$1m^3$ - $5m^3$	64.27	69.68
.25	20.06	21.55	$5m^3$ - $14m^3$	62.71	67.50
.51	34.77	37.37	Over $14m^3$	58.09	64.27
.76	50.95	54.67			
.99	65.46	70.38	Per Tonne Deadweight		
			Under 1 Tonne		
			Convert to measurement as per minimums		
			50 kgs = .06m^3		
			1 - 2 tonnes	77.12	83.61
			2 - 4 tonnes	66.70	71.53
			4 - 8 tonnes	63.66	68.27
			8 -12 tonnes	58.19	62.35
			Freight Measuring Over 4 metres in Length		
			By special quotation		

HOLYMAN'S RATES AS AT 31 JANUARY, 1979 (CONT'D)

ADELAIDE TO NORTHERN TASMANIAN PORTS AND HOBART. TERMINAL TO TERMINAL - INCLUSIVE OF PORT CHARGES

Section		Northern Ports	Hobart
4	General Cargo - Rated per square metre		
	Full Load height less than 1.5 metres	46.70	53.67
	1.65	48.59	55.99
	1.80	50.42	58.07
	1.95	52.28	60.14
	2.10	54.15	62.22
	2.25	55.99	64.30
	2.40	58.30	67.10
	2.55	60.60	69.62
	2.70	62.94	76.31
	3.00	68.50	78.65
	3.30	74.06	85.13
	3.60	79.57	91.60
	3.75	82.36	94.60
	Minimum charge	483.39	556.17
	Enclosed containers & pantechnicons	58.30	67.09
	Staked pairs - Minimum charge	68.50	78.65
	Bottom Half Unit	43.95	50.67
	Native Unit	43.95	50.67
	Surcharge 25% if outsize - See Section 9		
5	Dense Cargo - Rated per 900 kilograms		
	Stowing less than 1 cubic metre per 900 kg	31.60	36.42
	Minimum Charge	316.01	363.52
6	Refrigerated Units - Rated per sq metre	49.53	58.53
	Livestock units - Rated per square metre	49.53	58.53
	Surcharge 25% if outsize - See Section 9		
7	Mobile Industrial - Rated per sq metre		
	Up to 1.8 metres	45.13	51.83
	Over 1.8 metres	55.99	64.30

HOLYMAN'S RATES AS AT 31 JANUARY, 1979 (CONT'D)

ADELAIDE TO NORTHERN TASMANIAN PORTS AND HOBART. TERMINAL TO TERMINAL - INCLUSIVE OF PORT CHARGES

Section		Northern Ports	Hobart
	Mobile Agricultural - Rated per sq metre		
	Up to 1.8 metres	39.56	45.59
	Over 1.8 metres	55.31	63.64
8	Empty Return Units - Rated per sq metre		
	Single Units	20.82	24.06
	Multiple Units	30.07	34.71
9	Heavy Lifts/Low Loaders/Outsize Shipments		
	Rated per square metre		
	A. On unloaded portion	43.95	50.67
	B. On loaded portion	Section 4	Section 4
	Plus surcharge 25%		
10	Timber - Bolstered Packs[(a)]		
	Maximum height 1.8 metres - width 2.4 metres		
	Up to 3.6 metres long (Flush one end)	353.93	405.99
	3.9	383.06	441.37
	4.2	412.22	474.67
	4.5	441.37	507.98
	4.8	470.53	541.29
	5.1	499.66	574.61
	5.4	528.80	607.91
	5.7	557.94	641.21
	6.0	587.09	674.54
	6.3	739.49	849.42
	Dry & Green W/W per cubic metre	46.31	53.29

(a) For consignments of timber from Tasmania, it is understood that a rate of $50.43 per cubic metre of timber was charged rather than the published rates given here.

Source: Printed Freight Rate Schedule of Holyman Transport Pty Ltd. October 1978.

UNION STEAM SHIP CO. OF N.Z.

SEAWAY CARGO EXPRESS SERVICE CONDITIONS

EFFECTIVE 11.12.78

GENERAL

1. Cargo units must be properly secured when presented for shipment.

2. Weigh-bridge dockets are required for all units/cargo submitted for shipment.

3. 50% of the top tier of cargo must be below the unit gate or gate extension height.

4. U.S.S. Co. reserve the right to request production of and view current test certificates for any cargo carrying units presented for shipment.

5. If any one of the following dimensions is exceeded a 25% surcharge will be applied.

Over-all length articulated unit	16.00 m
Over-all length rigid unit	12.50 m
Over-all width	2.60 m
Over-all height	4.27 m

Or if the gross weight exceeds those road limits applicable in the originating state, for transport without special permit or escort.

6. Allowances

   (a) The over-all height of a unit will be assessed after allowances mentioned in (b) less 5%.

   (b) When shipper declares on the contract note that a load is 'fully palletised' an allowance of 0.31m will be deducted from the height. (Does not apply to bottom units of a staked pair). This allowance is not available for partially palletised loads.

STAKED PAIRS

In order for shippers to qualify for the staked pair concession the following special conditions must be adhered to in addition to those outlined in the general section.

1. A staked pair must not exceed a gross weight of 37 tonnes.

2. A 3 m staked pair must not exceed 31.00 tonnes gross weight.

3. The minimum height for a base unit is 1.37 m cargo height.

4. Cargo loaded into the bottom unit must not exceed gate height.

5. 4 MT 5.08 m units nested may be presented in place of a bottom unit.

6. Staked paired rates only apply to 4.4 m U.S.S. Co. Sea Freighters or 5.08 m containers.

7. Enclosed 5.08 m container designed and approved for use as staked pairs will qualify for full staked pair allowances with the exception of the pallet allowance.

CASUAL HIRE OF U.S.S. CO. EQUIPMENT (WHEN AVAILABLE)

Melbourne - Hobart or vice versa

Sea Freighter/News Print Flats/ Animal Boxes:	$21.60 per trip +$10.80 per day demurrage*
6.1 m ISO Containers:	$25.00 per trip +$12.50 per day demurrage*

Sydney - Hobart or vice versa

Sea Freighter/News Print Flats/ Animal Boxes:	$28.00 per trip +$14.00 per day demurrage*
6.1 m ISO Containers:	$33.00 per trip +$18.00 per day demurrage*

* Demurrage will be charged if the unit is not returned to the U.S.S. Co. Terminal two working days after the arrival of the vessel. No exception will be made for circumstances over which U.S.S. Co. has no control.

Item	Description of Unit/Cargo	Load Height	Melbourne - Hobart	Rate	Hobart - Melbourne	Rate	Sydney - Hobart	Rate	Hobart - Sydney	Rate
				$		$		$		$
1	GENERAL CARGO									
	Approved containers, wheeled units, cargo carrying units, lifting platforms, single lifts, and all units not elsewhere mentioned. Rated upon deck space per m^2 Full load height up to:	1.5m	40.58m^2		35.09m^2		53.39m^2		50.23m^2	
		2.0m	46.01m^2		41.25m^2		60.44m^2		56.26m^2	
		2.5m	52.96m^2		47.97m^2		66.20m^2		64.58m^2	
		3.0m	59.03m^2		53.89m^2		74.91m^2		70.51m^2	
		3.5m	65.33m^2		61.53m^2		85.05m^2		78.80m^2	
		4.0m	71.53m^2		66.57m^2		94.68m^2		87.38m^2	
	Special Note: Staked pairs will be given priority over single or wheeled units.									
	MINIMUM CHARGE:			416.44		375.46		571.27		537.46
2a	ENCLOSED CONTAINERS up to 2.75 m High Reefer or Dry		48.05m^2		44.11m^2		56.99m^2		62.93m^2	
	MINIMUM CHARGE:			610.24		560.20		723.77		799.21
2b	PANTECHNICONS, FURNITURE, VANS etc., reefer or dry up to 2.75 m. Units above 2.75 m will be charged per item 1		48.05m^2		44.11m^2		56.99m^2		62.93m^2	
	MINIMUM CHARGE:			732.76		672.68		869.16		959.63
3	STAKED PAIRS - Approved Units Full Load Height up to 5.08 m or U.S.S. Co. Sea Freighters presented in pairs and accepted for safe carriage double stacked for conditions see page 4.	3.0m	65.62m^2		60.35m^2		77.45m^2		73.21m^2	
		3.6m	70.40m^2		67.25m^2		84.08m^2		82.44m^2	
		4.0m	76.42m^2		73.97m^2		93.35m^2		91.56m^2	
		4.5m	82.65m^2		78.41m^2		98.95m^2		97.05m^2	
		5.0m	88.88m^2							
	4.4 m or 5.08 m single unit with cargo not exceeding gate height of 1.37 m and capable of being used as a base unit for a staked pair	1.37m	40.50m^2		34.08m^2		52.56m^2		46.65m^2	
	MINIMUM CHARGE:			433.35		364.66		562.39		499.16

Item	Description of Unit/Cargo	Load Height	Melbourne - Hobart		Hobart - Melbourne		Sydney - Hobart		Hobart - Sydney	
				Rate		Rate		Rate		Rate
				$		$		$		$
4	DENSE CARGO									
	Applicable where the unit plus cargo conform to a stowage factor of less than 1 m^3/tonne, and is presented either pre-slung or an approved lifting platform, including pre-slung and clamped bundles of steel.		32.12p/t		27.05p/t		41.72p/t		37.03p/t	
	MINIMUM CHARGE:			417.95		351.65		542.36		481.39
	Note: Lengths in excess of 12.19m or 2.60 m wide will incur a 25% surcharge.									
5	MOBILE INDUSTRIAL & AGRICULTURAL EQUIPMENT									
	Road rollers, tractors, harvestors, portable drilling rigs, chassis, trucks, prime movers etc, rated from the ground to highest point.									
	Up to:	2.0m	33.00m^2		33.00m^2		46.78m^2		46.78m^2	
		2.01-2.8m	40.74m^2		40.74m^2		62.94m^2		62.94m^2	
		2.81+	48.05m^2		48.05m^2		81.15m^2		81.95m^2	
6	EMPTY RETURNS									
	(a) Single units entirely devoid of cargo		15.32m^2		15.32m^2		21.07m^2		21.07m^2	
	(b) Units "piggy-backed", nested or laden with bona fida empty returns - provided over-all height does not exceed 4.1 m high.		20.42m^2		20.42m^2		28.59m^2		28.59m^2	
	MINIMUM CHARGE			164.08		164.08		225.66		225.66
13	TIMBER									
13C	Bolstered Packs - level top, flush one end and weight to ships' capacity.									
	1. Dimensions not to exceed - height (excl. bolsters & gluts) 1.83 m: height 2.50 m: width									
	2. Bases (platforms) owned by shipper or those hired from the Company may be used - timber to be adequately secured to platform to conform with stevedoring needs.									
	Where area of base is greater in width or length than load									
	- freight charged on greater area.									

Item	Description of Unit/Cargo	Load Height	Melbourne - Hobart	Hobart - Melbourne	Sydney - Hobart	Hobart - Sydney
			Rate	Rate	Rate	Rate
			$	$	$	$
				Per Pack		Per Pack
3.	Overall length to 3.6m			$ 320.43		$ 397.23
	3.9m			339.53		425.45
	4.2m			358.65		453.67
	4.5m			377.75		481.91
	4.8m			398.13		511.27
	5.1m			417.24		539.48
	5.4m			436.34		567.71
	5.7m			461.79		595.95
	6.0m			480.88		624.17
	6.3m			500.00		652.40
	Over 6.3m by arrangement					
4.	Bolsters will be returned free with no responsibility.					
	Timber on Semi-Trailer - Under 1.5m per lineal metre of - Under 2.0m trailer.			73.62 90.31		

STORAGE CHARGES

Due to some shippers not complying with current practice of removing ALL units from the wharfs within three working days after being notified that the unit is available for collection, U.S.S. Co. reserve the right to charge storage to those shippers at the following rates. *Sydney separate.

GENERAL CARGO

(a) Melbourne to Hobart

Fourth or fifth days or part thereof	$8.00 per unit/day
Sixth day and thereafter	$20.00 per unit/day

(b) Sydney

Charges per Maritime Services Board Regulations after three working days.

REEFER UNITS

That require power upon discharge will be charged $20.00 per day or part thereof, three working days after notification that the unit is available for collection.

AIR CARGO RATES

TABLE B.1 - AIR FREIGHT RATES TO TASMANIA

(¢ per kg)

Origin	Destination	
	Launceston	Hobart
Adelaide	88	91
Brisbane	115	124
Melbourne	38	40
Sydney	88	91

Note: See Table B.2 for information on discounts available. Pick up and delivery charge is 2¢/kg up to a maximum of $25.

Source: TAA Fares and Rates Schedule 30 September 1978.

TABLE B.2 - AIR FREIGHT RATE DISCOUNTS

(per cent)

Quantity	Terminal to Terminal	Airport to Airport only
Over 100kg	5	10
Over 250kg	10	15
Over 500kg	15	20

Source: TAA Fares and Rates Schedule, 30 September 1978

FREIGHT FORWARDERS PUBLISHED RATES AS AT 31 JANUARY, 1979

TABLE B.3 - TNT GENERAL FREIGHT SERVICE RATES TO TASMANIA

($)

From	To	.5m^3	1m^3	6m^3	15m^3	15m^3 and over Flat Rate per m^3
Brisbane	Hobart	66	120	620	1322	88
	Northern Tasmania	64	117	607	1282	85
Sydney	Hobart	60	109	559	1180	79
	Northern Tasmania	59	107	552	1164	78
Melbourne	Hobart	45	78	408	858	57
	Launceston	45	79	414	864	58
	Burnie & Devonport	43	75	395	827	55
Adelaide	Hobart	61	106	551	1154	77
	Launceston	60	105	545	1139	76
	Burnie & Devonport	57	100	520	1087	72
Perth	Hobart	69	123	658	1432	95
	Northern Tasmania	70	122	647	1412	94

Note: Where necessary the above figures have been rounded to the the nearest dollar. These figures are published rates only. Regular consignors should be able to negotiate cheaper rates.

Source: TNT Transport System 'Sea Fast' National Rate Schedule Effective 1/2/79.

ANNEX C

TIMBER SURVEY

This annex outlines the results of a survey carried out by the BTE to collect data on the transport characteristics of timber shipped from Tasmania to the mainland.

THE METHOD

Persons submitting claims for TFES assistance must provide documentary evidence that the cargo has been carried across Bass Strait by sea transport. For timber, the appropriate document is the shipping company's consignment note which usually shows the dimensions and weight of the cargo. To gather information for this survey the BTE recorded data from the consignment notes attached to all claims for TFES assistance on timber paid during August and September 1978.

The information recorded included the physical dimensions of each consignment, its weight, the type of cargo unit used and the route of consignment.

Records which were missing one or more of the above fields were rejected from the sample. These comprised 23 per cent of the original sample. Rejection of a record was due to one of two causes:

- Nearly all consignments of timber through the Holymans line were rejected because the shipping documents only gave information on the actual volume of timber in the load but did not give its weight or shipping dimensions. Since Holymans carries most timber consignments from Tasmania to Adelaide, the majority of consignments on routes B and D were excluded from the sample. It was assumed that any differences between the timber consigned to Adelaide and to other destinations would be random and would therefore have no bearing on

TABLE C.1 - SAMPLE OF TIMBER CONSIGNMENTS BY TYPE OF CARGO UNIT: AUGUST AND SEPTEMBER, 1978

Type	Number	Total Volume (m^3)	Total Weight (t)
Bolster	1 218	26 639.56	15 245.21
Trailer	139	4 653.05	2 382.79
5.08 m Container	65	1 645.97	768.60
6.10 m Container	7	221.46	71.89
TOTAL	1 429	33 160.04	18 468.49

Source: BTE Survey.

TABLE C.2 - SAMPLE OF TIMBER CONSIGNMENTS BY ROUTE, AUGUST AND SEPTEMBER 1978

Route	Number	Total Volume (m^3)	Total Weight (t)
A	171	4 584.35	2 259.67
B[(a)]	-	-	-
C	22	466.74	292.00
D	1 131	25 691.04	14 857.48
E[(a)]	2	47.87	20.65
F	103	2 370.04	1 038.69
TOTAL	1 429	33 160.04	18 468.49

(a) Most consignments carried by Holymans were excluded from the sample.

Source: BTE Survey.

the validity of the remaining sample. Consignments on the Holymans line comprised 11 per cent of the original sample.

- The balance of the rejected records were unsuitable because they were illegible or because some of the information required was missing; the majority did not have the weight recorded.

After rejecting unsuitable documents, the final sample comprised 1429 records of timber consignments. 'One consignment' being defined as one bolster, one container load, or one trailer load.

Table C.1 gives an analysis of the type of cargo units used for moving timber and Table C.2 shows the routes over which the timber was consigned.

RESULTS

The stowage factor of each consignment was calculated as its total shipping volume divided by its weight; the result being expressed in terms of cubic metres per tonne. Individual records were grouped according to stowage factor and the volume and weight fields were aggregated to give the number of units, total volume, and total weight of all units within each stowage factor range. The results of this analysis are given in Table C.3. Figure C.1 presents the same data as simple frequency distributions showing the variation in the number of consignments, total volume, and total weight by stowage factor.

All three plots have basically similar forms with a distinct mode at stowage factor 1.3 and a complex mode around 2.1. This suggests two distinct types of timber cargoes are going out of Tasmania; the first being a fairly dense cargo stowing 1.2 to 1.4 cubic metres per tonne and typified by green hardwood and the second being a lighter cargo stowing in the range 2.1 to 2.4 cubic metres per tonne comprising seasoned kiln dried timber and perhaps softwood. Part of the difference between the stowage

TABLE C.3 - TIMBER CONSIGNMENTS BY STOWAGE FACTOR, AUGUST AND SEPTEMBER, 1978

Stowage Factor (m^3/t)	Total Volume (m^3)	Total Weight (t)	Count
1.0	523.88	518.75	30
1.1	1 053.24	948.13	61
1.2	2 049.32	1 708.00	110
1.3	2 358.06	1 815.56	119
1.4	2 304.44	1 650.44	111
1.5	1 547.28	1 031.15	72
1.6	1 420.03	890.65	62
1.7	1 803.69	1 063.19	78
1.8	1 343.89	744.54	57
1.9	1 796.01	945.49	74
2.0	1 794.34	899.07	74
2.1	2 363.39	1 125.25	93
2.2	2 055.24	934.13	79
2.3	2 316.40	1 005.79	90
2.4	1 733.01	721.98	71
2.5	2 208.56	879.70	73
2.6	1 283.78	494.02	53
2.7	893.31	332.25	31
2.8	687.41	245.62	27
2.9	416.05	143.20	18
3.0	419.56	140.41	16
3.1	101.78	33.00	4
3.2	135.29	42.41	6
3.3	101.47	30.99	4
3.4	155.91	45.80	6
3.5	123.62	35.47	4
3.6	29.21	8.15	1
3.7	28.07	7.60	1
3.8	54.36	14.30	2
3.9	35.72	9.15	1
4.0	23.72	4.30	1
TOTAL	33 160.04	18 468.49	1 429.0

Source: BTE Survey.

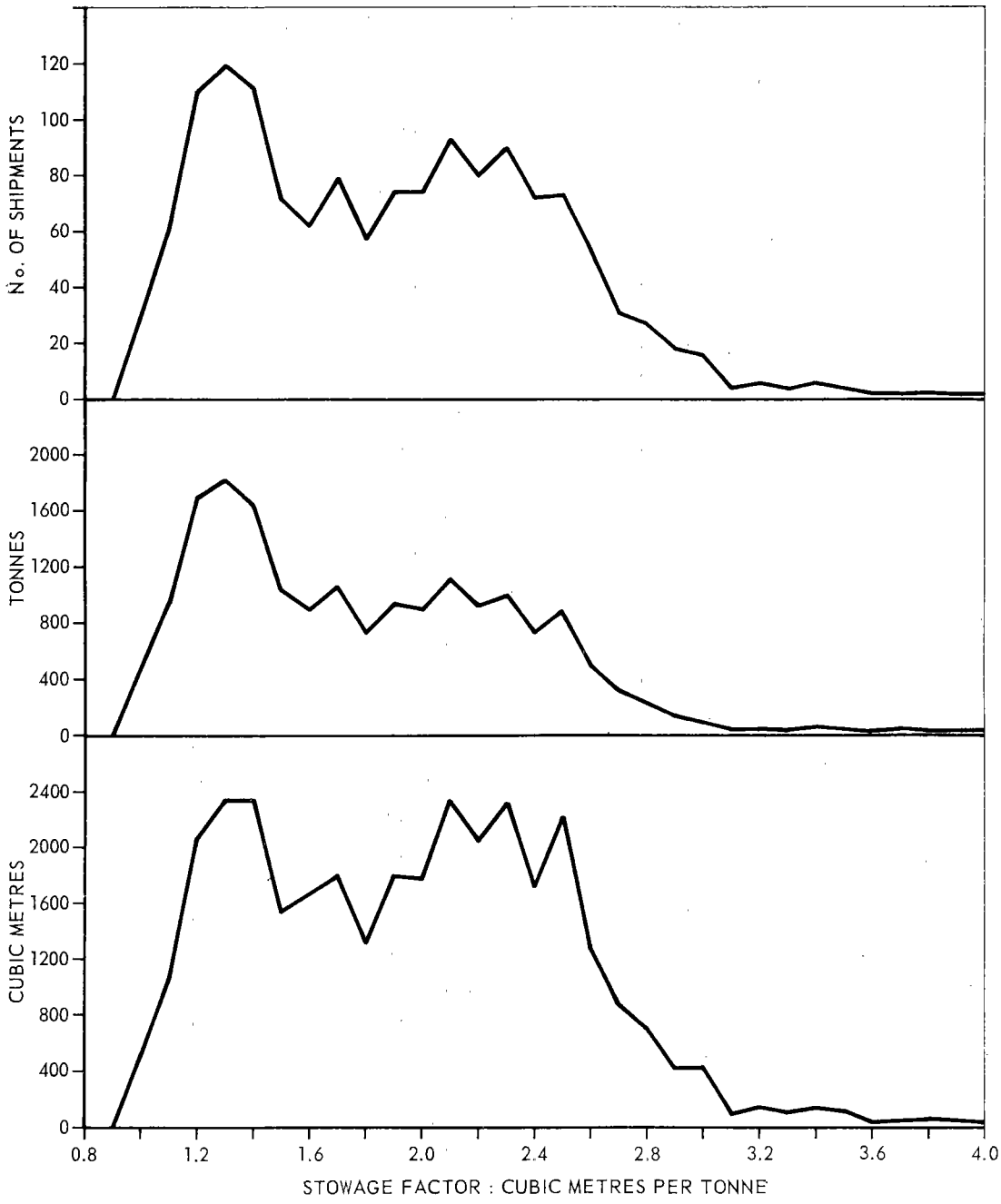

FIGURE C.1 – FREQUENCY DISTRIBUTION OF TIMBER CONSIGNMENTS FOR AUGUST AND SEPTEMBER, 1978: STOWAGE FACTOR BY COUNT, WEIGHT AND SHIPPING VOLUME

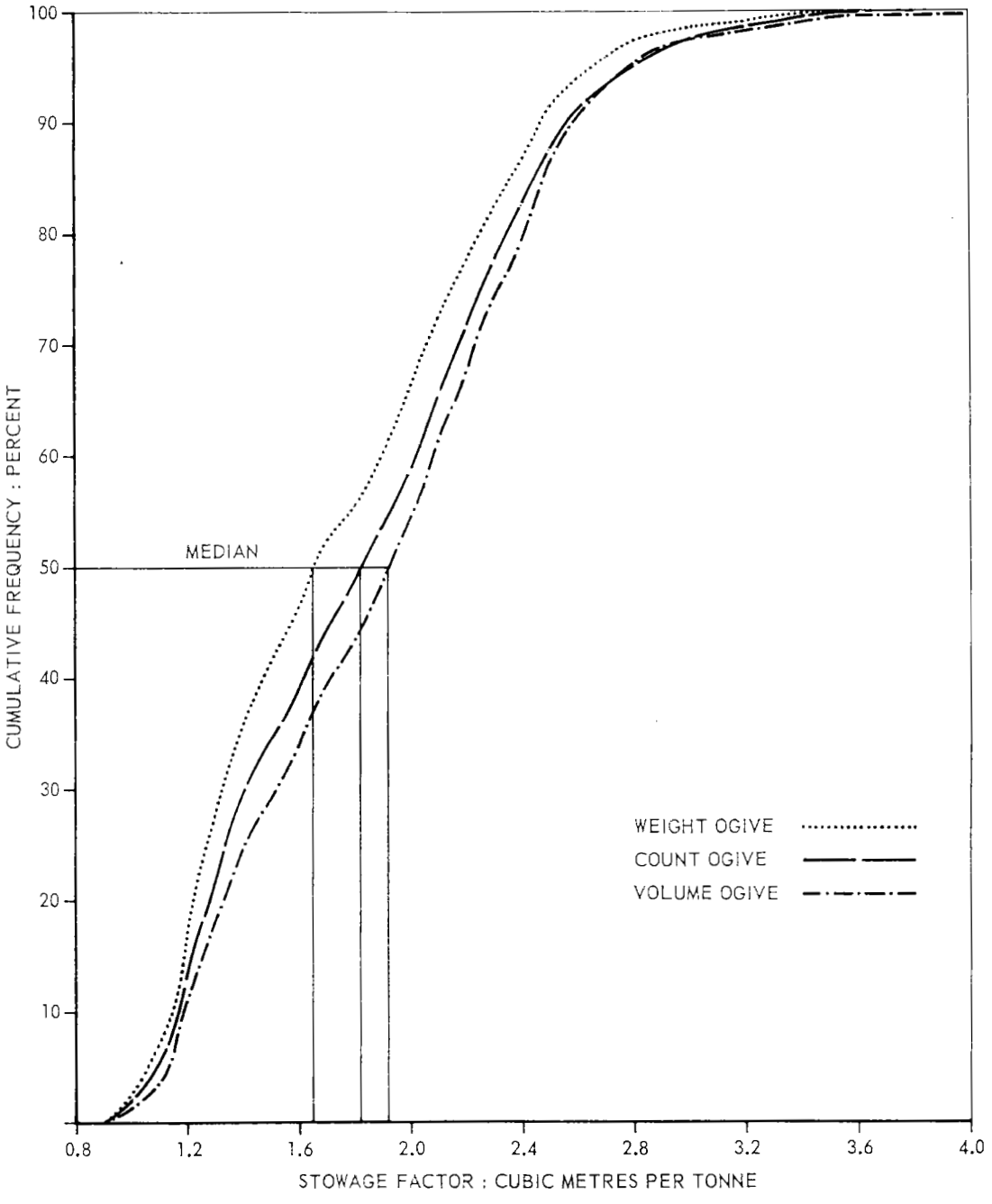

FIGURE C.2 – RELATIVE CUMULATIVE FREQUENCY DISTRIBUTION OF TIMBER CONSIGNMENTS FOR AUGUST AND SEPTEMBER, 1978: STOWAGE FACTOR BY COUNT, WEIGHT AND SHIPPING VOLUME.

factors of these two classes may relate to packing characteristics rather than the intrinsic density of the timber itself but this could not be determined.

Figure C.2 presents the same data as a series of cumulative frequency graphs with the total number, weight and volume of consignments shown as percentages. The three medians derived from this graph fall in the range 1.66 to 1.92 cubic metres per tonne. On the basis of the weight consigned, the median is 1.7 cubic metres per tonne, on a volume basis 1.9 cubic metres per tonne, and for the number of consignments 1.8 cubic metres per tonne.

ANNEX D

CARGO UNITS

TABLE D.1 - SPECIFICATIONS OF TASMANIAN CARGO UNITS

Type	External Dimensions			Internal Dimensions			Volume	Tare	Max Payload	Max Gross
	length	width	height	length	width	height				
	(mm)						m^3	(tonnes)		
6.1m ISO	6 070	2 440	2 440	5 890	2 333	2 210	30.4	2.5	17.8	20.3
Sea Pak	6 102	2 500	2 654	5 939	2 435	2 400	34.7	2.5	20.3 (a)	22.8
5.08m Highgate	5 080	2 500	2 440	4 927	2 425	2 232 (b)	26.8	2.2	16.2	18.4
5.08m Lowgate	5 080	2 500	1 670	4 927	2 425	1 371 (b)	16.4	1.9	16.6	18.4
6.1m Reefer	6 058	2 438	2 438	5 423	2 222	2 038	24.6	3.7	16.6	20.3
11.3m trailer (37') (c)	1 128	2 440	2 440	-	-	-	67.2	-	21.0	-
12.2m trailer (40') (c)	1 220	2 440	2 440	-	-	-	72.6	-	21.0	-

(a) The full weight capacity of Sea Pak units cannot be used until ships decks are strengthened and handling facilities upgraded.

(b) 5.08 metre cargo trays have an open top and for some cargoes it is possible to load above this height.

(c) Specifications for trailers vary widely depending on several factors and these figures should only be regarded as approximations.

Source: ANL and Sea Pak, January, 1979.

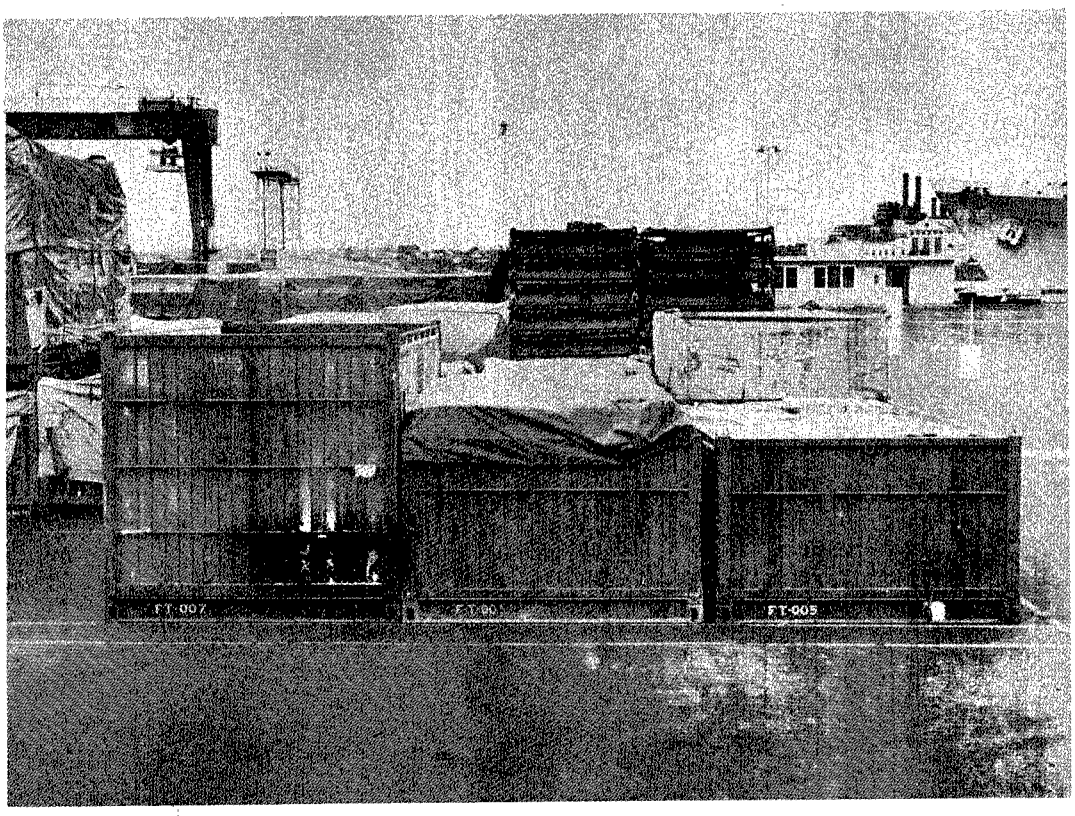

Plate 1 An end-on view of a high gate 5.08 metre container and two low gate units. The external height of these units is 2.44 metres and 1.67 metres respectively. A high gate unit can be loaded on top of a low gate unit in the ship's hold to form a staked pair.

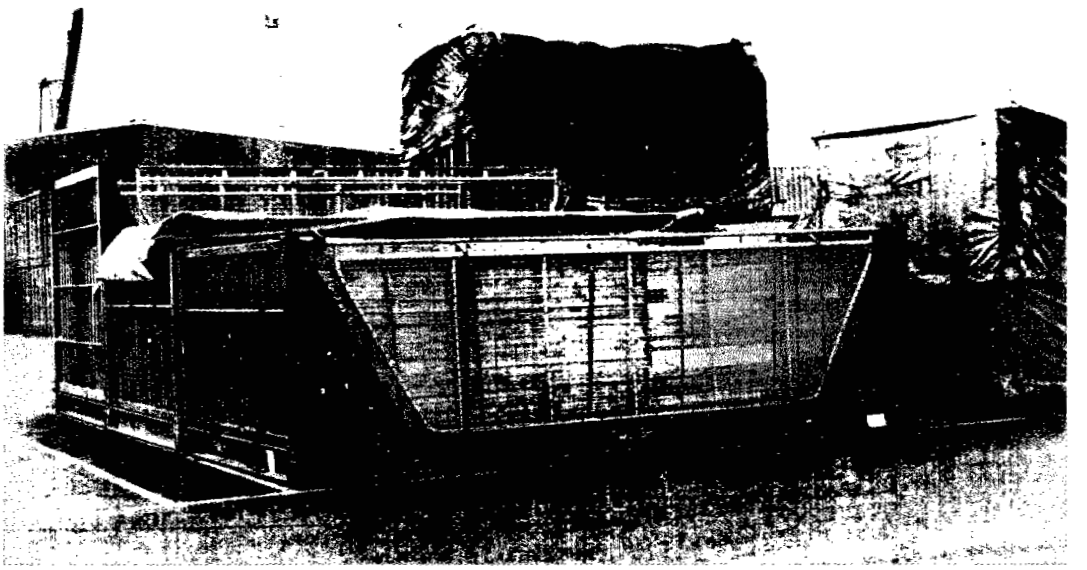

Plate 2 The side 'gate' of a 5.08 metre container. This can be removed to facilitate cargo handling and the unit's ends can be swung down, enabling containers to be collapsed for empty return.

Plate 3 A new generation container of the type currently being introduced in the Tasmanian trade. These units have standard ISO lifting fittings but slightly larger dimensions, giving an extra 4.3 cubic metres internal volume and an extra 2.5 tonnes weight capacity. They can be fitted with an internal roller system to facilitate handling of pallets.

Plate 4 Timber bolsters are put together in such a way as to facilitate handling by fork lift trucks. ANL and USS's timber rates are based on a bolster's shipping volume while Holyman's rates are calculated on the timber volume in each bolster.

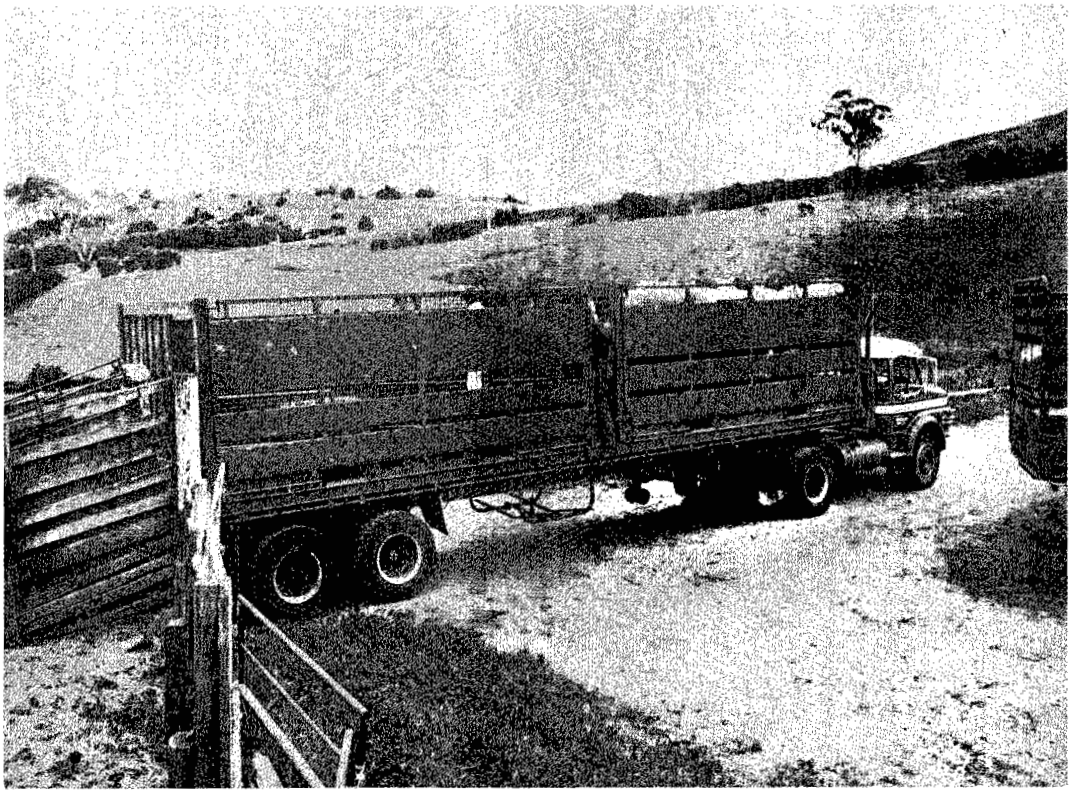

Plate 5 Special livestock 5.08 metre containers. These units can be loaded two high in the ship's hold to form staked pairs but for better ventilation are often loaded on the crane deck.

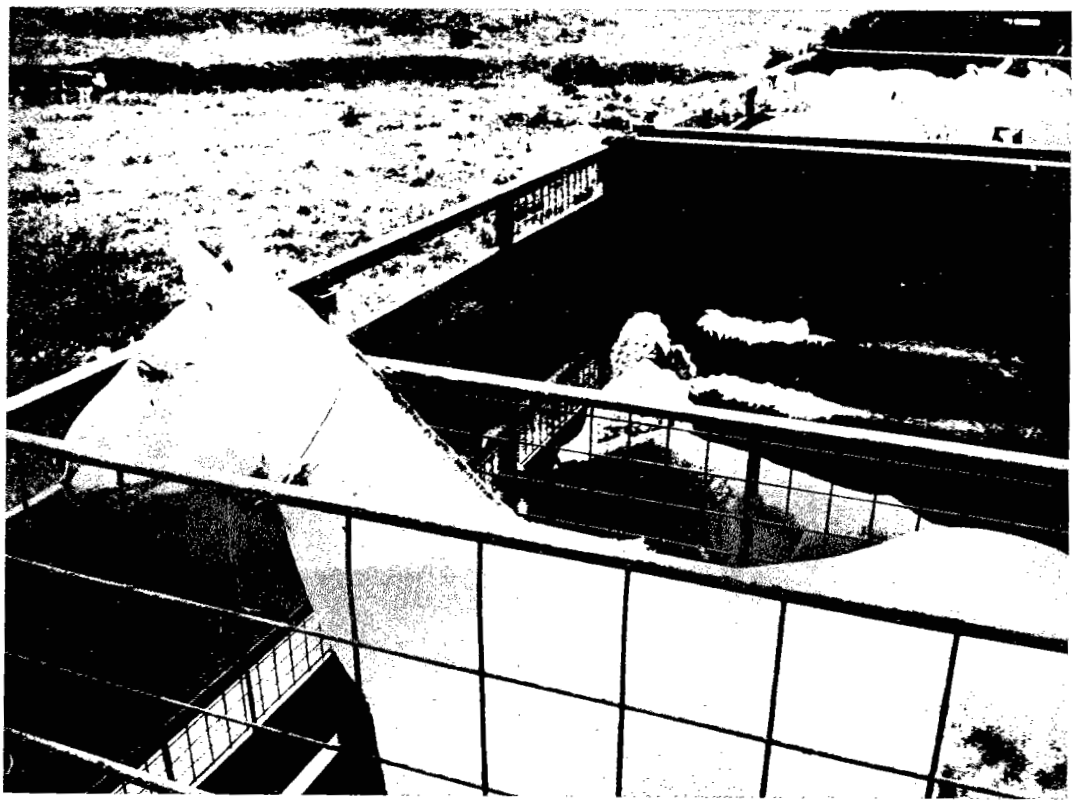

Plate 6 Interior view of 5.08 metre livestock containers. The carrying capacity of these units is one deck of cattle or horses, or two decks of sheep. Specially modified units are normally used for carrying horses instead of the general purpose unit shown in this plate.

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