

Australian Government response to the Bureau of Infrastructure, Transport and Regional Economics 2017 monitoring review of the expanded component of the Tasmanian Freight Equalisation Scheme

The Australian Government has decided to retain the freight scheme parameters for the expanded component of the Tasmanian Freight Equalisation Scheme (TFES) in its current form. The parameters of TFES and rates of assistance will remain unchanged, providing certainty for all current TFES funding recipients and recognising the economic circumstances facing businesses operating in Tasmania.

The decision is based on careful consideration of the Bureau of Infrastructure, Transport and Regional Economics (BITRE) 2017 monitoring review of the expanded component of TFES. The Australian Government considers that there is no basis for changes to the flat rate of \$700 per twenty-foot equivalent unit (TEU) for goods transhipped through an Australian mainland port. The BITRE monitoring review found that the appropriate benchmark for the expanded component freight costs is the shipping cost across the Bass Strait as, to be eligible, freight must be transhipped via an Australian mainland port.

The Australian Government will maintain existing levels of assistance by continuing to use the flat rate of \$700 per TEU for goods transhipped through an Australian mainland port, in accordance with the current Ministerial Directions for the TFES. The commitment of the Australian Government to maintain the current freight rate parameters for the expanded component of the TFES recognises the critical role that the TFES plays in reducing the impact of the transport cost disadvantage faced by many Tasmanian businesses. The Australian Government recognises that Tasmanian shippers, unlike their mainland counterparts, do not have the option of transporting goods across the Bass Strait by road or rail.

The Australian Government notes that the Tasmanian Government has re-affirmed its strong support for the expanded component of the TFES.