

26<sup>th</sup> June 2006

Scanned copy of submission

Tasmanian Freight Subsidy Inquiry  
Productivity Commission PO Box 80  
Belconnen ACT 2616

Dear Sir/Madam

**Re: Tasmanian Freight Subsidy Arrangements - Submission to Inquiry**

Thank you for the opportunity to make a submission to this inquiry.

Mader International Pty Ltd (Mader) is a Tasmanian company that manufacturer's ambulances and special vehicles. Our biggest market (90% of sales) is to mainland clients - mainly Government ambulance services. We are thus a heavy user of shipping services between Tasmania and Melbourne.

Mader fully supports the continuation of the existing arrangements regarding the subsidy for the following reasons:

1. Ambulance manufacturers operate in an oligopolistic environment (a few large players in a highly competitive market environment). As with all automotive manufacturers, the margins are small, and contracts tend to be long-term. As a result we have developed up pricing (that is reflected in contracts) for the forthcoming 3-5 years. A significant portion of this is freight of materials (including base vehicles) to our factory in North West Tasmania, and then the freighting of complete ambulance to the mainland. This is currently undertaken from the Port of Burnie, with a typical freight movement of 10 shipments per week.

Obviously any negative changes to the FES will have a significant impact on the profitability of our business

2. It should be noted that a key factor in the establishment and development of our premises in North West Tasmania was the ready availability of stable and affordable labour. This is now supported by a network of related and supporting industries, all of which make a significant contribution to employment and development in this regional area.

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3. Mader is also an exporter of ambulances and special vehicles to international markets. Approximately 3 years ago the international shipping from the Port of Burnie was suspended. We are now required to either ship from the Port of Bell Bay (Tasmania), or ship to Melbourne and then transship to an international carrier.

In summary, the principles behind the establishment of the subsidy are still very relevant and appropriate, and support the continued development of business in regional Australia. My company is reliant on this subsidy, and it forms an integral component of our business strategy.

Yours sincerely

**Michael O'Brien**  
**General Manager**