



23 October 2006

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

To Whom It May Concern

This submission relates to TFES eligibility for empty refillable / recyclable containers and is lodged independently of our first two submissions. We strongly recommend that these items in future fall within the scope of the TFES.

This issue of extending TFES to empty refillable / recyclable containers has surfaced over the course of the Commission's inquiry. While not within the scope of our initial submission, we feel that the case is a strong and compelling one and we wish to join others in urging the Commission to consider this in its final report.

The argument made by Peter Brohier and others that the TFES is equivalent to an Auslink arrangement which applies with respect to the link between Tasmania and mainland Australia is well made. The intent of Auslink is to promote equity among the states rather than regional development or industry assistance per se, and the scheme directs funding towards transport infrastructure accordingly. With Tasmania being isolated by sea, the TFES is directed towards the additional cost of seafreight and the unavoidable costs incurred as a result of the change of modes (land to sea and sea to land) that does not exist for other states which benefit from Auslink funded road corridors.

Under Auslink there is no discrimination among types of freight carried on road corridors funded by that scheme. Under TFES however freight must meet eligibility criteria. Eligibility of commodities not cited in the original scheme guidelines has been clarified over time through departmental rulings, but ambiguity and gaps remain. While this submission confines itself to the aspect of the scheme that address freight costs of inputs used by Tasmanian manufacturers, Auslink provides a strong precedent for extending TFES assistance to all freight.

We urge specifically that items that are re-usable/refillable, and used as manufacturing inputs, should be declared eligible under the scheme. These items include beer kegs, vessels and tankers as well as crates and bins used by suppliers to major retailers. None of these items are currently eligible for assistance under TFES, but all are subsidised indirectly by Auslink when transported on major mainland highways. Non-reusable bottles, cartons and cans do receive assistance due to their deemed eligibility under the southbound component of the TFES. Aside from the desire to ensure consistency, there is also an overarching public policy issue involved, namely the desirability of encouraging (or at least not discriminating against) responsible packaging practices and increasing the use of recycled materials by industry.

In summary, it is our recommendation that the TFES eligibility criteria be expanded to include the transport of recyclable and refillable materials including but not limited to:

- empty beer kegs being returned to Tasmania for refilling;

- returned crates and trays used by agricultural & primary industries within Tasmania; and
- the return costs of road tankers, pallets and other specialised shipping containers that are used to deliver Tasmanian produce to the mainland, or to bring manufacturing inputs to Tasmania.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'M. J. Burslem', is displayed on a light blue rectangular background.

Max Burslem
General Manager Operations