

Submission to the  
Tasmanian Freight Subsidy Arrangements  
Productivity Commission Draft Report

The report reveals many of the present difficulties in administering the subsidy at present, however

It is my opinion that the Bass Strait freight subsidy should not be removed, as it offsets some of the freight disadvantage encountered by production businesses in Tasmania, and the Bass Strait Islands. This in itself is not enough to increase industry in Tasmania, however it is a strong point in encouraging businesses to continue to operate sustainably in Tasmania.

Regarding Air Transport, (page 77 of the report), it needs to be understood that fresh seafood must be airfreighted to Victoria from Flinders Island due to the irregularity of any direct shipping service and there only being a once weekly regular shipping service to Bridport in Tasmania to connect via road freight to transport to Victoria. The shelf life of the product, particularly wild fish stock which must be caught when the weather is right, does not allow for the amount of time required to wait for the boat and then two days more to move it to market in Victoria. Thus there could be a justification for applying the subsidy to the airfreighting of fresh fish out of Flinders Island to Victoria. It is the unsuitability of the shipping service to Flinders Island to move fresh fish to Victoria in a regular and timely fashion that makes it a special case for consideration.

I must also point out that the information given in Box 6.2 on page 94, is misleading in that it infers that the entire \$220 million of the *Securing our Fishing Future* package is provided to the Tasmanian fishing industry. The *Securing our Fishing Future* actually applies to all Commonwealth fisheries, to which Tasmania fishers with Commonwealth entitlements may tender. I would suggest the Tasmanian industry will receive only a small portion of this package.

As a primary producer of both fish and agricultural stock, I believe the subsidy benefits both these industries.

The selling of fish into Victoria from mainland Tasmania puts pressure on the Tasmanian market keeping prices higher than they would otherwise be on the local Tasmanian market and thus increasing the value of the industry to the country.

In general high value fish, such as crayfish and abalone are more likely to use airfreight, whereas the lower valued scale fish species are moved by sea. The loss of the subsidy would test the viability of transporting the lower valued species to Victorian markets, placing the fishers in a position where they would have to sell into the lower valued Tasmanian market without any bargaining power, which I believe would reduce the economic contribution of the scale fish industry to both the Tasmania and the Commonwealth economies.

As a producer of livestock on Flinders Island, the subsidy is essential in keeping the prices reasonable, with competition from both Tasmanian and Victorian stock buyers. The island's main industry is grazing for both beef and lamb production. The islands population is about 800. Removal of the subsidy would increase pressure on the farming community on the island. Any issue, which is detrimental to maintaining or growing the population on the island, will only increase the community service obligation required by governments to support the population in the Furneaux Group.

I would also like point out that the subsidy to Southern Shipping by the Tasmanian Government is applied to the intrastate service, to subsidise the cost of the weekly general cargo run and not the transport of stock to Victoria.

Thus I argue that the subsidy should be maintained at, at least it's present rate for primary producers and should also be increased by the CPI on a regular basis.

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