

11 February 2022

Australia's Maritime Logistics System Inquiry
Productivity Commission
Collins St East
Melbourne VIC 8003

TFPA Submission: Productivity Review – Australia's Maritime Logistics System

The Tasmanian Forest Products Association (TFPA) welcomes the opportunity to make comment to the Productivity Commission's inquiry into the long-term productivity of Australia's maritime logistics system.

The TFPA is the peak body for forestry that undertakes policy development, lobbying and advocacy for members interests. TFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp, paper and bioproducts.

Tasmania is the only island state in Australia and is therefore heavily reliant on a cost-effective shipping service to support its economy. It cannot be overstated that any impediment or disruption to these services has flow on detrimental "ripple" effects within Tasmanian business.

The TFPA believe that competitive and cost-effective freight connectivity is an essential enabler for the Tasmanian economy.

Government has a role to play in providing a secure and stable regulatory environment for Australian shipping that provides the opportunities for fair and equitable trade and competition.

An important component for the State is the Tasmanian Freight Equilisation Scheme (TFES) that provides industries with equal opportunities to compete in mainland and international markets, recognising that unlike their mainland counterparts, Tasmanian shippers do not have the option of transporting goods interstate by road or rail.

The TFPA sees real opportunity for enhancements to the existing equalisation scheme to improve its efficiency, equity and transparency, and any such improvements will place the scheme on a sustainable footing and provide enhanced certainty for Tasmanian industry.

Two areas for improvement under the TFES that need further consideration are:

- i. Indexation – the TFPA believe the Productivity Commission should review what, if any, indexation measures are applied to the scheme rates of assistance. As part of this review,

we would be willing to work with the PC to build an appropriate indexation method.

- ii. Regulate – currently the TFES operates under Ministerial Directions, meaning variations to the scheme can be applied by the relevant Minister. By regulating the scheme this provides industry with assurance that there will be ongoing financial assistance for freight across Bass Strait, and importantly the certainty to invest to improve productivity to drive Tasmania’s future growth.

We highlight the strong bipartisan support the scheme has had in recognition of its importance.

With over 99 per cent of goods leaving and arriving Tasmania being transported by sea, the State has a dependence on domestic and international shipping connections. We welcome any improvements that ensures a safe, secure, reliable, cost efficient and sustainable shipping service for Tasmania.

TFPA members would appreciate the opportunity to discuss further freight and shipping issues with the Productivity Commission that are relevant to this inquiry.

Yours sincerely,

Nick Steel

Chief Executive Officer