Tasmanian Forest Products Association

Monday, 25 November 2024

Senator Tammy Tyrrell
Chair Select Committee on the Tasmanian Freight Equalisation Scheme
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Senator,

Thank you for the opportunity to provide the Tasmanian Forest Product Association's (TFPA) submission into the Senate Select Committee on the Tasmanian Freight Equalisation Scheme (TFES) in Hobart on Wednesday, 13 November 2024.

As requested, please see below the TFPA's responses to the questions taken on notice.

Do a lot of your businesses use an agent when applying through TFES?

Our members tell us they manage their TFES applications themselves. They are generally happy with the way system works, if they have all the information on hand when making the application.

They indicated that the application process is not easy to navigate if further information is required.

Do you find that your line products change much when it comes to the claims that you're doing?

Our members tell us that, because of the nature of their forestry businesses, they are limited to using only one- or two-line products per application. For example, a business will exclusively produce one type of product (such as only plywood) or two similar products (such as plantation timber and sawn timber).

Do you have any data about which elements of the scheme are providing pressure points?

All members who use the system told us the sea freight and associated costs are the pressure point in the logistic chain.

They indicated that increases in sea freight have far outweighed the increases in road and rail freight, leaving Tasmanian businesses at a distinct disadvantage over the mainland counterparts, who are not burdened by the cost rises in sea freight.

In addition, the cost when shipping to overseas markets via the Bass Strait and then through Melbourne adds considerable cost disadvantages over other comparable products coming from mainland forest products businesses.

They also indicated that fuel surcharges have increase exponentially in recent years.

What is the dollar value that businesses are paying out of their own pockets because of the lack of indexation?

Whilst some members were unable (or unwilling) to share their actual financial costs from the lack of indexation, there was agreement that the cost burden on Tasmanian forestry businesses has been significant.

One member told us: "In the last four years land transport has increased an average of 2.9% per annum. At the same time sea freight is up 4.1% per annum – noting the 'fuel surcharge' on the sea freight can be quick to increase and does not seem to come down."

Another member said their wharf-to-wharf cost, compared to their door-to-door costs, had increased by 30 per cent over the last decade - indicating the exponential rise in intermodal and shipping costs caused by the lack of indexation.

Once again, thank you for the opportunity to make a submission into the Senate Select Committee on the TFES. The TFPA and its member companies look forward to reading the final report.

Yours sincerely,

Nick Steel
Chief Executive Officer