



Australian Government

Australian Government response to the Senate
Select Committee report on the:

Tasmanian Freight Equalisation Scheme

March 2026

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Overview

The Australian Government welcomes the report by the Senate Select Committee (the committee) on the Tasmanian Freight Equalisation Scheme (TFES).

The Government recognises the importance of the efficient movement of goods and passengers across Bass Strait to Tasmania's broader economy and remains strongly committed to retaining the TFES and the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) to help offset shipping costs faced by shippers and passengers across Bass Strait.

For many years successive Governments have provided significant support to Tasmania through the TFES and the BSPVES. The schemes are designed to reduce the shipping disadvantage faced by Tasmania and assist its producers to compete in other markets as well as alleviate the cost of sea travel across Bass Strait. Collectively, the TFES and BSPVES have delivered more than \$6 billion to Tasmanian businesses since their introduction in 1976 and 1996 respectively.

For TFES shipments from 1 July 2025 to 30 June 2027, the rate of assistance has been increased by 25 per cent. This increase applies to all components of the scheme and delivers a real boost for thousands of Tasmanian businesses. As the scheme nears the end of its fifth decade in operation, the Government has also commissioned a comprehensive review of TFES to ensure it continues to support Tasmanian businesses into the future.

As part of its inquiry into the TFES, the committee examined the merits and weaknesses of the scheme and whether it is fit for purpose; if the scheme has kept up with increasing costs over the past decade; shipping costs, competition and shipping industry competitive structures across Bass Strait, including alternative freight options; eligibility criteria under the scheme; the operation and administration of the scheme; and how the scheme impacts businesses on King Island and Flinders Island. The committee has put forward five recommendations to improve the operation of TFES, with additional comments made by the Chair, the Coalition Senators and the Australian Greens.

The Government's response to the Senate Select Committee report on the Tasmanian Freight Equalisation Scheme is set out in detail below.

The Government has made a commitment to work with the Tasmanian Government to boost Tasmania's competitiveness to provide more jobs and opportunities for Tasmanians.

Australian Government response

Recommendation 1:

- 4.17 The committee recommends that the Australian Government undertake a review of the Tasmanian Freight Equalisation Scheme with consideration given to:
- the original policy intent of the Scheme and whether it remains fit for purpose;
 - options to alleviate the freight cost disadvantage incurred by shippers of eligible non-bulk goods between Tasmania, inclusive of the Bass Strait islands and the mainland; and
 - the rates of assistance available and the class scale system.

The Government **agrees** with this recommendation.

The Government has commissioned a review of the TFES to examine options to improve, modernise and enhance the Scheme, including the original policy intent of the scheme and whether it remains fit-for-purpose.

The independent co-chairs for the review are Mr David Parmeter and Dr Jenny Gordon. Mr Parmeter has a long history in the maritime industry, having previously served as President of one of the world's leading international shipping bodies – the Asian Shipowners Association – and as former Chair of Maritime Industry Australia Limited. Dr Gordon has deep experience in economic and social policy, previously serving as Chief Economist at Nous Group and the Department of Foreign Affairs and Trade.

The review will consider the economic impact of the scheme, including the rates of assistance, options for simplifying the scheme, and the competitiveness of sea and air freight trade on Bass Strait and to the Bass Strait islands (incorporating Recommendation 5 within this broader review). The terms of reference for the review are available at www.infrastructure.gov.au/infrastructure-transport-vehicles/maritime/tasmanian-transport-schemes.

The review will also consider how the BSPVES is reducing the cost of moving passenger vehicles across Bass Strait, and explore other issues raised in last year's Senate Select Committee inquiry on the TFES. A final review report and recommendations are due to the Government by mid 2026.

Since July 2025, Tasmanian businesses have been benefitting from a 25 per cent increase in TFES assistance rates – putting more money in their back pockets at a time it's needed most. The estimated cost of this increased assistance is \$93 million over two years.

Recommendation 2:

- 4.18 The committee recommends that, in the review of Government Business Enterprises currently being conducted by the Tasmanian Government, the following factors be considered in consultation with key port stakeholders:
- The primary role of TasPorts be; to provide the most efficient and cost effective facilitation of trade; and
 - The role of TasPorts as a shipping operator given the National Competition Policy complications and additional costs generated.

The Government **notes** this recommendation.

TasPorts is a Tasmanian Government Business Enterprise and responsibility for this recommendation resides with the Tasmanian Government.

Recommendation 3:

- 4.19 The committee recommends that Services Australia develop clear and succinct guidance material and support services, including audiovisual user guides and instructions, and a dedicated phone line, to support claimants to better understand their likely eligibility under the Tasmanian Freight Equalisations Scheme to lodge accurate and timely claims.

The Government **agrees in part** with this recommendation.

The Government appreciates the feedback provided through the Senate Select Committee, and is committed to the continuous improvement of customer experience.

A range of guidance material and support services to assist TFES claimants and staff is currently available on the Services Australia Website at www.servicesaustralia.gov.au.

The Government will work to further refine website content, including the development of video material where appropriate, to support claimants to better understand their eligibility, and lodge accurate and timely claims.

A dedicated phone service for TFES is currently available to callers via the Services Australia National Business Gateway line (131 158). Calls to this number are swiftly routed to the most appropriate services officer skilled to manage their enquiry.

Recommendation 4:

- 4.20 The committee recommends that Services Australia develop an online claims calculator tool with the functionality to estimate the approximate value of prospective claims to assist prospective claimants to better understand their likely eligibility under the Tasmanian Freight Equalisation Scheme.

The Government **agrees in principle** with this recommendation.

An online TFES calculator is readily accessible for approved users within the Centrelink Business Online Services (CBOS) at www.servicesaustralia.gov.au/centrelink-business-online-services authenticated environment. Functioning as a rate estimator, the online calculator accommodates various claim types, including Domestic claims (pertaining to the TFES as well as King Island and the Furneaux Group), Other Markets (for export claims), and Imported Goods (for imports).

The development of an online claims' calculation tool accessible to all TFES claimants would be contingent upon the outcomes of Recommendations 1 and 5 of this report.

Considering the age and lifecycle of the existing system, system modification should be considered following a thorough review of TFES being undertaken, ensuring that any enhancements are effectively aligned with the scheme's future requirements.

Recommendation 5:

- 4.21 The committee recommends that the Australian Government commission the Australian Competition and Consumer Commission to review the competitiveness of trade on Bass Strait and Bass Strait islands considering both sea and air freight, including the rationale behind pricing for the fresh produce sector.

The Government **notes** this recommendation.

The Government considers that it would be more efficient and effective for the competitiveness of the Bass Strait trade to be considered as part of the broader review agreed to in recommendation 1 rather than undertaking two concurrent reviews.

Additional comments from the Chair, Coalition Senators, and the Australian Greens

The Government **notes** the additional comments and recommendations provided by the Chair, Coalition Senators, and the Australian Greens.

The Government considers that it would be more efficient and effective for these additional comments and recommendations to be considered as part of the broader review agreed to in recommendation 1.