

**Tasmanian Freight
Equalisation Scheme**

The Tasmanian Freight Equalisation Scheme or TFES was established in 1976 with its last full review in 1998. It was established to provide assistance to shippers sending goods to mainland Australia to reduce the freight cost disadvantage suffered by Tasmanian industry. The scheme operates under a set of directions issued by the Minister for Transport and Regional Services and the Australian Government has set aside \$120 million for the scheme in the 2010-11 Budget.

Why the Scheme is Needed

Tasmania is an island state, so it depends on sea and air freight to transport goods to and from mainland Australia. The cost of transporting goods via sea or air is far greater than by road or rail, putting Tasmanian industry at a disadvantage when it comes to freight costs. In fact, the cost of shipping a container across Bass Strait can be more than double the cost of road transport for a similar distance on the mainland. The TFES helps to reduce some of this disadvantage.

How the Scheme Works

The scheme provides assistance to shippers of eligible non-bulk goods, carried between Tasmania and the mainland.

Different goods are eligible depending on whether they are travelling north (from Tasmania) or south (to Tasmania). There are also special provisions for other categories, such as sportspeople, entertainers and brood mares.

Further information on these categories can be found at:

<http://www.centrelink.gov.au/internet/internet.nsf/businesses/tfes.htm>

The amount of assistance is based on the 'sea freight cost disadvantage', which is a measure of the extra cost of sea transport over the road transport cost for an equivalent distance. Further details and a rates calculation worksheet are available at:

http://www.centrelink.gov.au/internet/internet.nsf/businesses/tfes_pay_how.htm.

Recent Changes

Recent significant changes to the TFES include:

- An extension of the scheme to include eligible non-bulk goods carried between both King and Flinders Islands and the main island of Tasmania.
- An extension of the 'intrastate component' of the scheme to include all islands of the Furneaux Group. The 'intrastate component' has been subsequently renamed the 'TFES King Island and Furneaux Group intrastate component' (KIFG).¹
- Changes to the Commodity Codes that describe goods for claims of TFES assistance. This change was made to improve TFES administration.²

Further Information

Visit these links for more detailed information about the TFES:

- Tasmanian Freight Equalisation Scheme Brochure
[http://www.centrelink.gov.au/internet/internet.nsf/filestores/co127_0910/\\$file/co127_0910en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/filestores/co127_0910/$file/co127_0910en.pdf)
- Centrelink, Tasmanian Freight Equalisation Scheme
<http://www.centrelink.gov.au/internet/internet.nsf/businesses/tfes.htm#overview>
- Department of Infrastructure and Transport, Tasmanian Freight Equalisation Scheme Information
<http://www.infrastructure.gov.au/transport/programs/maritime/tasmanian/index.aspx>

¹ http://www.infrastructure.gov.au/transport/programs/maritime/pdf/KIFGoverviewCO574_0905_01066_D2.pdf

² http://www.centrelink.gov.au/internet/internet.nsf/businesses/tfes_commodity.htm