



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

24th September 2024

Greenham Tasmania - Submission to Select Committee on the Tasmanian Freight Equalisation Scheme

We are a 6th generation Australian family-owned business that owns and operates the Smithton beef abattoir. This abattoir processes over 100,000 head of cattle per year. Approximately 15% of cattle processed are sourced from farmers on King and Flinders Islands.

Over 95% of the product we produce is transported to mainland Australia and then exported to over 25 countries around the globe under our world renowned "Cape Grim" beef brand. We employ over 200 people in Smithton and surrounding communities.

Having cost competitive freight services between the mainland, King and Flinders Island is critical to our business survival.

In response to the terms of reference of this select committee we respond as follows

Point B. *"if the scheme has kept up with increasing costs over the past decade"*.

We attest that the scheme has not kept up with increasing costs and provide the following evidence:

- In the last 15 years (from 2009 to 2024) the cost of transporting cattle to Tasmania for our business has increased by 60%. During this period the TFES rebate as a percentage of total cost has decreased 38% to 24%
- In the last 8 years (from 2018 to 2024) the cost of transporting chilled and frozen meat from Smithton to the Port of Melbourne for our business has increased by 140%. During this period the TFES rebate as a percentage of total cost has decreased 83% to 34%
- In the last 8 years (from 2018 to 2024) the cost of transporting cattle hides from Smithton to the Port of Melbourne for our business has increased by 131%. During this period the TFES rebate as a percentage of total cost has decreased 78% to 34%
- In the last 8 years (from 2018 to 2024) the cost of transporting Meat Meal (a beef by-product) from Smithton to the Port of Melbourne for our business has increased by 145%. During this period the TFES rebate as a percentage of total cost has decreased 70% to 29%

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Point D. “shipping costs, competition and shipping industry competitive structures across Bass Strait, including alternative freight options”.

In response to this point we believe that there has been a lack of reliable and cost-effective shipping solutions across the Bass Strait and to service King Island and Flinders Island. To support the movement of freight we have made a substantial investment in a joint venture arrangement with a local firm Eastern Line Shipping to provide shipping services between King Island, Flinders Island, Tasmania and mainland Australia. Prior to making this investment our business was unable to access a reliable freight service between Tasmania, King Island and Flinders Island.

Point F. “the operation and administration of the scheme”

As the evidence presented in Point B highlights; the scheme has not kept up with increasing costs over the past decade. We believe the scheme needs to incorporate an annual review process whereby the rebate is indexed to ensure it keeps up with cost increases as they occur.

We welcome this long overdue enquiry into the Tasmanian Freight Equalisation Scheme and are available to provide any further information to ensure the effectiveness of this Senate review process.

Yours Sincerely

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