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23<sup>rd</sup> September 2024

Committee Secretary  
Select Committee on the Tasmanian Freight Equalisation Scheme  
Department of the Senate  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary,

As a fresh produce business specialising in fresh berries, Driscoll's Australia Pty Ltd ("Driscoll's") appreciates the opportunity to submit feedback to the Senate Select Committee regarding the Tasmanian Freight Equalisation Scheme (TFES). Driscoll's core operations include the marketing and distribution of Tasmanian grown fresh berries nationally as agent for our Tasmanian licenced producers from Driscoll's produced berry plant genetics, again, primarily in Tasmania .

Driscoll's represents a network of growers who cultivate berries using Driscoll's proprietary plant genetics. We have made significant investments in Tasmania, in our nursery network, with plans for another site already underway.

In the last growing season, our Tasmanian fresh berry growers contributed [redacted] in berry sales nationally. Our Tasmanian nurseries also support our growers in other regions of Australia. The licensed plant value from our Tasmanian nurseries is currently estimated at [redacted] and continues to grow.

While the TFES does not fully equalise freight costs compared to mainland producers, it does help alleviate some of the disparities faced by Tasmanian berry growers. However, shipping costs over the Bass Strait have risen significantly. Over the past four to five years, the gap in cost per kilometre over the Bass Strait has increased by 10% to mainland equivalent freight costs per kilometre, resulting in freight costs being 92% higher than the mainland equivalent.

An increase in the TFES would help close this gap, allowing Tasmanian berry producers to invest more in their operations, which could lead to greater innovation, increased employment, and enhanced economic output.

Below, we have addressed the committee's points of review that we believe are relevant to the perspectives of Driscoll's and our growers.

Kind Regards

Danny Haigh  
National Supply Chain Manager  
Driscoll's Australia



**(a) The merits and weaknesses of the scheme and if it is currently fit for purpose.**

The Tasmanian Freight Equalisation Scheme (TFES) plays a crucial role in enhancing the competitiveness of Tasmanian berry production. Although freight rates across the Bass Strait remain higher than those between mainland capital cities, the TFES significantly narrows this gap. Currently, the average freight rate per kilometre from Melbourne to Tasmania is 144% higher than that to mainland capital cities. With the TFES in effect, this disparity decreases to 92% more per kilometre.

While the scheme aims to equalise freight costs, it is important to recognise that, without the TFES, the competitive landscape for Tasmanian berry producers would be even more challenging. By maintaining and supporting the TFES, we can ensure that Tasmania remains a viable and competitive player in the national market.

Increasing support through the TFES scheme for berry producers will further level the playing field with mainland producers which can empower producers to invest in modern technologies, increase output, and create new jobs. This strategic investment not only benefits individual farms but also strengthens the overall berry sector, driving economic growth and sustainability within Tasmania. A robust berry industry will stimulate innovation and attract further investment, generating a positive effect throughout the economy.

**(b) If the scheme has kept up with increasing costs over the past decade.**

Over the past decade, the freight industry, especially in refrigerated transport, has faced significant cost increases. While data from 2014 is unavailable, we have observed that since 2019, the disparity between average mainland freight costs and shipping costs from Devonport to Melbourne has widened by 10% on a per-kilometre basis, prior to the impact of the Tasmanian Freight Equalisation Scheme (TFES).

This growing gap highlights the critical need to maintain, support and increase the TFES, ensuring that Tasmanian berry producers can compete effectively in the broader market. By reinforcing this scheme, we can help stabilise costs and promote a more competitive environment for our local producers.

**(c) The cost and budget of the scheme.**

The Tasmanian Freight Equalisation Scheme (TFES) is essential for maintaining Tasmania's competitive landscape in production. Tasmania plays a pivotal role in supplying food products to mainland Australia, with the agri-food industry contributing in net interstate sales to the Tasmanian economy (Department of Natural Resources and Environment Tasmania, 2021-22). Without the TFES, berry producers would struggle to absorb the current 144% disparity in freight costs between Devonport and Melbourne. This gap would result in higher prices and diminished competitiveness compared to mainland producers. By supporting the TFES, we can ensure that Tasmania remains a vital and competitive player in the national market.

**(d) Shipping costs, competition, and shipping industry competitive structures across Bass Strait, including alternative freight options.**

The shipping landscape in Tasmania faces significant challenges, particularly in meeting freight demands during peak growing seasons, which coincide with increased tourist traffic across the Bass Strait. This seasonal surge in tourist traffic often results in tourist traffic being prioritised for higher revenue, limiting overall capacity, and impacting producers.

Currently, the non-bulk freight sector is dominated by just three major players, with TT Lines being government owned. This lack of competition constrains efficiency and competitiveness in the market. Additionally, Tasmania does not benefit from coastal shipping services provided by major international lines due to cabotage regulations, leading to all freight being cross docked mainly in Melbourne. This process, coupled with the absence of international airlines or wide-body aircraft operating from



Tasmania, significantly inflates costs to both the mainland and export compared to the directly from the mainland.

To enhance efficiencies and competitiveness in Tasmanian shipping, we must consider strategies such as port rationalisation, a review of cabotage laws to facilitate direct international shipping and coastal services, and the introduction of new private competitors into the market. These measures will help reduce costs and improve service delivery for Tasmanian producers.

**(e) Eligibility criteria under the scheme.**

No comments in this section.

**(f) The operation and administration of the scheme.**

The current administration of the Tasmanian Freight Equalisation Scheme (TFES) is notably complex, often resulting in outsourcing of its management. This reliance on third-party companies diminishes some of the scheme's intended benefits, as a portion of the equalisation funds is allocated to administrative costs rather than directly supporting producers. Additionally, the costs associated with employing internal staff to oversee the scheme further detract from its overall impact.

There are substantial opportunities to streamline the administration of the TFES, which could significantly reduce overhead costs and enhance the benefits received by producers. By implementing more efficient administration practices within the scheme, we can ensure that a greater portion of the scheme's resources directly supports Tasmania's agricultural sector and strengthens our competitive position in the market.

**(g) How the scheme impacts businesses on King Island and Flinders Island; and**

No comments in this section.

**(h) Any other related matters.**

No comments in this section.