



Australian Government

Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts

Tasmanian Transport Schemes Review—Terms of Reference

Review of the Tasmanian Freight Equalisation
Scheme and Bass Strait Passenger Vehicle
Equalisation Scheme

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Terms of Reference

1.1 Purpose

The Australian Government is committed to ensuring Tasmanian businesses have access to other markets at reasonable freight rates across the Bass Strait. Maintaining and growing the Australian shipping industry is critical to supporting this commitment, with a strong shipping industry also providing benefits, such as the creation of jobs, supply chain security and economic diversity.

As announced on 2 April 2025, the government will appoint an independent reviewer(s) to undertake a comprehensive review of the Tasmanian Freight Equalisation Scheme (TFES) (the Review). The Review also addresses recommendations 1 and 5 of the report of the Senate Select Committee on the TFES, tabled on 19 December 2024.

The Review will consider if the scheme could better support Tasmanian businesses to compete in other markets, recognising that, unlike their mainland counterparts, Tasmanian businesses do not have the option of transporting goods interstate by road or rail.

The Review will also consider the role of the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) in reducing the cost of passenger vehicles being moved across Bass Strait.

1.3 Scope

The Review of the two schemes will investigate:

- the original policy objectives of the TFES and BSPVES and whether these objectives remain fit-for-purpose; and
- whether changes to the design or administration of the schemes are needed to better serve those objectives.

TFES specific Terms of Reference

- the extent to which the fixed intermodal cost component of assistance reflects the actual intermodal costs paid by TFES claimants.
- whether the TFES assistance rates, including variable and fixed components, address the freight cost disadvantage and the suitability of the sliding class scale of assistance for domestic shipments compared to a fixed rate, as well as options to alleviate the cost disadvantage for goods shipped between Tasmanian ports and the mainland including:
 - non-financial options
 - alternative freight options
- options to simplify the TFES to make it easier for Tasmanian businesses to understand and access, including improving and modernising the administration of the scheme (including ICT options). This will include investigating the differential impacts of the scheme on smaller businesses compared for larger businesses.
- the competitiveness of trade, and the impact of TFES on competitiveness, on the Bass Strait and to the Bass Strait islands, considering both sea and air freight.

BSPVES specific Terms of Reference

- the extent to which the BSPVES achieves its stated objectives of reducing the cost of sending eligible passenger vehicles across the Bass Strait. This includes whether the BSPVES benefits the public and/or Service Operators, and the impact, and any unintended consequences or distortionary effects, of the current arrangements.

- the Consumer Price Index increase to the BSPVES rates that is applied annually to establish if this is the optimal method of addressing the cost disadvantage for people travelling by sea across the Bass Strait.
- any alternative mechanisms that could more effectively address the costs of shipping passenger vehicles across Bass Strait, including assessing the economic costs and benefits of any alternative mechanism.

1.4 Governance

1.4.1 Role of the Reviewer

The Review will be conducted by two Co-Chairs (the Reviewers) with appropriate expertise in Tasmanian business, logistics, transport, tourism and/or economics. The Reviewers will be appointed by The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government (the Minister).

The Reviewers will consider the recommendations arising from the December 2024 report of the Senate Select Committee Inquiry into the TFES as well as the Bureau of Infrastructure and Transport Research Economics monitoring reports for both schemes.

Secretariat support for the Review will be provided by the Australian Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts (the department).

1.4.2 Responsibilities of the Reviewers

The Reviewers will be responsible for delivering a final report to government, including recommendations addressing the scope outlined above.

The Reviewers will be expected to regularly meet to discuss progress of the Review and provide regular updates to the department on the Review progress, emerging issues and consultation.

The Reviewers must undertake stakeholder consultation processes supported by the department.

1.5 Timeframes

A final review report and recommendations to the government are expected in the first half of 2026.

Document Control

Refer to the following table for the approver and latest version of this document.

Version	Release date	Approver	Reason for update
1.0	Oct 2025		Initial release of document.