



Tasmanian Freight Equalisation Scheme – resourcing	
Party:	The Coalition
<p>Summary of proposal:</p> <p>This proposal would provide \$65 million in 2025-26 to support Tasmanian industry and address increased costs of travelling to and from Tasmania to the mainland.</p> <p>The funding would cover:</p> <ul style="list-style-type: none">• \$3 million for a review of the Tasmanian Freight Equalisation Scheme (TFES), as recommended by the recent Senate Select Committee, and expand the terms of references to include the Bass Straight Passenger Vehicle Equalisation Scheme (BSPVES)• \$62 million for interim assistance to enhance the TFES while the review is conducted. <p>The proposal would start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <p>The proposal would be offset through not proceeding with the <i>Tasmanian Freight Equalisation Scheme</i> in the 2025-26 Pre-election Economic and Fiscal Outlook (PEFO).¹</p>	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$34 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in administered and departmental expenses.

The proposal would not be expected to have an impact beyond the 2025-26 Budget forward estimates period, other than for public debt interest (PDI) impacts. A breakdown of the financial implications (including PDI tables) over the period to 2035-36 is provided at Attachment A.

The Parliamentary Budget Office (PBO) has not made any assessment as to whether the specified funding would be sufficient to meet the objectives of the proposal.

¹ *Tasmanian Freight Equalisation Scheme*: \$99 million over 2 years to increase the rate of assistance for the TFES by 25 per cent from 1 July 2025 and conduct a review of TFES and the *Bass Straight Passenger Vehicle Equalisation Scheme* (page 25 [Pre-election Economic and Fiscal Outlook 2025](#)).

Table 1: Tasmanian Freight Equalisation Scheme – resourcing – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-13.0	47.0	-	-	34.0
Underlying cash balance	-13.0	47.0	-	-	34.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The PBO has made the following assumptions in costing this proposal:

- Any legislation required to enact changes to the TFES and BSPVES would be passed prior to the proposal start date.
- Departmental funding for the \$62 million would be met from within the \$3 million set out for the independent review.
- The entire funding allocation would be spent in 2025-26 as specified.
- All funding associated with the TFES (\$99 million from 2025-26 and 2026-27) would be reversed.
 - No additional costs would be associated with reversing staffing or contractors as all funding is uncommitted and no contractual obligations are in place.
 - Assumed reversal on the basis of the PEFO baseline over the Mid-Year End of Financial Year (MYEFO) baseline, resulting in a net save, rather than a net spend.

Methodology

The funding is capped at a fixed amount in 2025-26 as specified in the proposal. The financial profile of the *Tasmanian Freight Equalisation Scheme* measure over the forward estimates period was informed by the 2025 PEFO.

Financial implications were rounded consistent with the PBO's rounding rules.²

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Tasmanian Freight Equalisation Scheme – Financial implications

Table A1: Tasmanian Freight Equalisation Scheme – resourcing – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
<i>TFES and BSPVES additional assistance</i>	-62.0	-	-	-	-	-	-	-	-	-	-	-62.0	-62.0
<i>TFES Reversal</i>	48.5	46.5	-	-	-	-	-	-	-	-	-	95.0	95.0
Total – administered	-13.5	46.5	-	-	-	-	-	-	-	-	-	33.0	33.0
Departmental													
<i>Independent review & Departmental costs</i>	-3.0	-	-	-	-	-	-	-	-	-	-	-3.0	-3.0
<i>TFES Reversal</i>	3.5	0.5										4.0	4.0
Total – departmental	0.5	0.5	-	-	-	-	-	-	-	-	-	1.0	1.0
Total – expenses	-13.0	47.0	-	-	-	-	-	-	-	-	-	34.0	34.0
Total (excluding PDI)	-13.0	47.0	-	-	-	-	-	-	-	-	-	34.0	34.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Tasmanian Freight Equalisation Scheme – resourcing – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<i>Fiscal balance</i>	-0.3	0.5	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.1	3.3	16.6
<i>Underlying cash balance</i>	-0.2	0.3	1.2	1.6	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.9	15.9

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary.³
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)