

From: Peter Brohier [peterbrohier@maptag.com.au]
Sent: Monday, 21 April 2008 10:17 AM
To: consumer (Ex email)
Subject: Re: Peter Brohier submission to the Consumer framework enquiry
Productivity Commission - further submission

The Bass Strait issue is that a bitumen equivalence highway policy between two states is being turned into what seems to be, a soon to be indexed, just a component of Tasmanian holiday packages.

There is no public mandate or economic or political justification for this move.

Whilst it was expected that Tasmanian tourism would benefit from the BSPVES, the scheme was aimed at bringing down total sea fares. Whilst the scheme was intended to assist Tasmanian tourism, this assistance should in my view largely be through "equalisation". The intention behind the scheme was in writing and clear and the scheme even includes the names " Bass Strait" and "Equalisation".

Only last year the peak tourism body in Tasmania used the "highway equalisation" basis to justify seeking the enhancement and indexation of the BSPVES. Labor agreed to index and increase the BSPVES payments as requested.

The scheme needs now to be brought back to its original purpose to equally drive many industries as does the Hume Highway, and to provide the nation and all consumers with transport equity over this vital route.

Regarding the economic benefits, in 1995 there was an expectation by nearly every major peak business group across Tasmania and a very major one in Victoria, many of whom my committee's largely represented, that Bass Strait equality for people and vehicles would benefit the whole of South Eastern Australia.

The TCCI's economic reports in 1995 and in 2000 reinforced that expectation. That expectation was also reflected in an open letter by TT Line to which you have access.

By the introduction of the BSPVES and ferries under the Bacon Government, that by increased capacity forced total fares to fall, Tasmania enjoyed visitors in one year that they expected in five. The Rundle subsidy for passengers proved that low fares work for broad - based economies even more.

Limiting the impact of the BSPVES cannot be justified.

The scheme needs to offer the business certainty of all year, bitumen equivalent, access to restore it to its former success. The scheme was also expected to create a movement out of the demand curve not just movement along it by changing the parameters of living in South Eastern Australia for both businesses and consumers.

We have suggested that both the Commonwealth and Victoria should now join Tasmania and seek similar involvement in the annual federal BSPVES monitoring process. Also that the monitoring process be directed to examine how successfully the scheme delivers bitumen equivalence, not just how it impacts on Tasmanian tourism.

In addition, we also urge the Federal Minister to act now to direct that the scheme deliver bitumen equalisation instead of being subjected to pressure to "value add" at the expense of "bitumen equivalence".

It should also be pointed out that both the peak employer group in Victoria VECI and ANRA, representing the nation's big retailers, have both in the last few years urged that a highway equivalence policy be implemented for significant commercial advantages.

With some prompt discussions at Federal level there is capacity, funding and a bitumen equivalent policy in place that can deliver the extension of the Hume Highway to Tasmania, starting within weeks, at a cost roughly equivalent to the current cost of the BSPVES together with a federal monitoring process that can be directed to its surveillance.

We have urged Victoria and the Federal Government to commence this process as soon as practicable.

If Tasmania requires a few extra dollars to implement this process then they should be given some.

We know of no federal investment of such insignificance that can deliver to the nation a full inter-capital, interstate highway at such low cost.

In the end Bass Strait is a national responsibility, not a Victorian or Tasmanian one.

It cost the Rundle Government \$350,000 to deliver an example of equivalence and the cost of a largely federally funded Bass Strait "definitive" access study was \$400,000.

Whilst the study concluded that it was price and capacity that were the major determinants of crossing Bass Strait by sea, given these comparative costs, it would seem that the cost of any further study would be close to or may even outweigh the cost of implementation of the travel option of the more economical, highway equivalence.

The Productivity Commission, in my view, should not ignore this issue as it is possibly more important as a consumer issue for at least a whole state than many other issues the Commission will now deal with. It has a direct impact on competition, consumer prices and the spread of overheads over a potentially larger population base and equity.

The Commission should not let an administrative process and ministerial directions continue where an administrative processes can override fundamental consumer protection and a democratic mandate without such matters being reported by a minister to the Parliament of Australia.