

PC's Retail Costs Inquiry  
Submission

The cost of doing business in Tasmania is increased as goods from the mainland destined for retail consumption are excluded from the Tasmanian Freight Equalisation Scheme. They have a higher landed cost in Tasmania because of this omission and or have some mainland suppliers meet the Commonwealth's responsibility for delivery of equal links between states.

TFES is discriminatory and anti-competitive.

Also, the ongoing Bass Strait Passenger Vehicle Equalisation Scheme is not meeting community and business expectations at the time of its introduction

The BSPVES is also discriminatory, befitting some industries and not others.

There can be no reasonable justification for its current use.

It is anti-competitive against air travel and fails to return consistent priced, all year, comprehensive highway-based equalisation as would road.

Its also encourages flights over Victoria and not surface travel to and from Tasmania. This reduces on the ground expenditure both ways in South Eastern Australia.

The omission results in isolation of a state and limits population growth and therefore requires retail overheads to be spread over a lesser number of consumers.

The PC's attention is drawn to the following recent comments.

Mr Whitely, a current Federal MP, who possibly worked on the original 1996 NSH policy with the Hon. Senator Newman, said in a media release in May 2014 that;

"The recent announcement by the new Minister for Infrastructure, the Hon. Rene Hiding MP, demonstrates the willingness of the government to make the necessary decisions required to refocus the TT Line on its core business."

"I welcome the commitment by the State Liberals to force prices down on passenger fares but there is a lot more that could be done to meet community and business expectations that formed the basis of the original decision by the Howard Government to deliver on the 'Bass Strait Passenger Vehicle Equalisation Scheme.'

Mr Whitely has written to the Minister encouraging him to undertake a root and branch review of TT Line."

As chairman of the two committees that negotiated with Government in 1996, and expressed some of these key and widespread "community and business expectations", I believe that there is sufficient reason to widen the scope of the review as suggested, to also include federal involvement.

The movement of people, through highway surface links, set and kept at the price of road travel and air and surface links competing across Bass Strait, as they do over all other interstate links, and the need for equal surface and air links between all states, are critical to whole of state economies and proper national economic management.

The implications for business activity and freight volumes of the opening up the passenger sea route can be substantial, as would the opening of a new land-based highway to a similar destination so close to a population centre of between 5 and 10 million people.

Improvement of Bass Strait sea access is a proven key driver of substantial change in the Tasmanian economy.

Given existing shipping and port capacity, NSH - BSPVES improvements could be commenced in weeks, if the Commonwealth reconfirmed that it would meet the Coalition's 1996 national sea highway policy undertakings - also if it were to accept its responsibility to guarantee equity through all year, consistently priced highway equivalent access.

Adjustments to TFES to deliver full transport equity need to be made in the context of a greater investment, visitor numbers and population flowing into Tasmania and the need for fair trade between states.

It would seem unwise to consider many of the PC's Tasmanian Shipping findings without first establishing and implementing already promised parameters governing Bass Strait access.

The PC report did not deal with the interrelationship between freight and much greater flows of National Highway passengers that a comprehensive highway policy would bring, in lieu of a focus on an application of the BSPVES to fund just the shell of cars.

Any government response to the PC's findings could therefore be restricted relatively minor matters when compared with the big picture that Prime Minister Howard addressed in both 1996 and in 2001, or the substantial full terms of reference to the recent PC Shipping Inquiry set for it by the Abbott Government that were not substantially dealt with.

This submission should be read with submissions made to the PC Tasmanian Shipping and Freight Inquiry by the writer and to the first Austrade submission.

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Convener

National Sea Highway