

Mr.Chairman, Members of the Committee,

I was chairman of two former committees that acted as the visionaries, lobbyists and catalysts for the Coalition's Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) and the Keating proposal for a "low cost" fast ferry. The Howard Government's BSPVES has been described as the greatest regional development scheme ever. When applied by the introduction of the twin Bass Strait ferries by Paul Lennon, the scheme effectively changed the economic face of Tasmania. With this background I turn to Auslink: Auslink is to offer major interstate corridors.

The only Auslink interstate surface corridor missing is that between the states of Victoria and Tasmania. Auslink corridors are on both sides of the Strait. Without this connection it would be like spreading a hose to water the garden and not connecting it to the tap. All main corridors connecting states are of the highest national importance. The Auslink bills should not pass until proper interstate access is offered to all states and, in particular, over this corridor.

I ask that the Auslink bill include, as an interstate corridor, the Bass Strait sea corridor.

In 1996, John Howard offered a core promise of a Tasmanian Sea Highway which was said by the Coalition be part of the National Highway. In 2001, he enhanced this promise and backed it with further uncapped funding. An unintended consequence of this enhancement was that every part of the ministerial directives governing an equalisation scheme was removed and a passenger vehicle equalisation scheme was turned into a scheme capable of filling ferries and targeting the rich.

The submission I make is not for free travel to and from Tasmania. It is for Auslink to incorporate the Tasmanian Freight Equalisation Scheme (TFES) and the BSPVES. Then to extend them to all that would travel or send goods on an Auslink national corridor on the basis of existing or past equalisation scheme formula.

Auslink's \$11 billion scheme is intended to facilitate trade, commerce and travel connectivity across Australia. The right of interstate corridor travel is critical for the economic, social development and connectivity of all Australia, not just part of it.

Tasmanians should have a right to access Auslink's integrated system without families paying a toll of \$600 or more.(see the Nixon report). Australia belongs to all Australians and they must be guaranteed affordable and consistently priced interstate access to all states, not just some.

The Commonwealth funded equalisation schemes do not provide anywhere near the equivalent of Auslink's interstate connections.

This proposal will require ferry services crossing Bass Strait and/or the Commonwealth funded equalisation schemes to be specifically included in Auslink legislation in the same way as it has incorporated rail. While the Auslink bill includes the definition of a "road" forming a part of a corridor as including "vehicular ferries", this definition is unlikely to be enough to include the Victorian - Tasmanian corridor without being specified in the bill. A similar definition appears under the Australian Land Transport Development Act and is held by Canberra not to apply to interstate ferries, but solely to ferries over inland waters. If Auslink can apply to some ferries why not also to the only interstate ferries on such a critical route.

I ask that you recommend full delivery of what two Australian Prime Ministers have effectively promised and the Coalition has funded with substantial uncapped funding.

Auslink guarantees access between other states why not on this route? If Auslink is good for the nation, why isn't it good for a Victorian / Tasmanian connection?

Under Auslink, the schemes can be administered as a national linkage for all Australians, equally, as with any other interstate route. This South-Eastern strategic corridor should be national responsibility with national objectives.

The Auslink bills, if not adjusted, will not deliver Victoria the geographical advantage it has every right to - three primary interstate corridors.

Auslink will apply to some of the corridor from the Hume Highway from Sydney to the West Gate Bridge but may not cover Webb Dock, the congested Station Pier and the ferries crossing Bass Strait, both freight and passenger. This will leave the funding of a substantial part of this national route to Victorian and Tasmanian taxpayers and customers of the Bass Strait services. The Commonwealth's equalisation scheme payments will fill in some of the gap. The Commonwealth should meet the component representing the equivalent of "bitumen" for all freight and travel to achieve full equivalence.

The Commonwealth intends to fill the whole gap on non-urban interstate routes. Why not here?

Auslink is about facilitation of interstate travel. The BSPVES was not intended to, but seems to encourage and facilitate interstate targeted tourism, not interstate travel. There is a substantial difference. Tasmanian Tourism Minister Ken Bacon is reported as saying, in rejecting claims that Spirit 3 was overpriced, "I don't think it is as we're targeting a niche market here". "If you take the up-market hotel motel chains, that's the type of people they need to get in". This approach, whilst entirely appropriate for tourist targeting, skews surface access in a manner not available on National Highways. It cannot effectively service the needs of the wider community.

What impact would this approach have if implemented on the Hume Highway? As with New South Wales, Tasmania has a broad-based economy, just a smaller one.

Victorians, and in fact, all Australians, are denied low cost access both in price and through limited capacity to Tasmania, but offered low cost access to New South Wales by the Hume. They are effectively discouraged, on an arbitrary basis, from enjoying the attractions of Tasmania at their doorstep because there is a water crossing. They are not offered a "sea change" life style option in Tasmania and, all year, affordable access to family and friends. This access would be available to many at a fraction of the price they currently pay to travel by sea, if part of Auslink. They are told by advertisements that cheap airfares are too "plane" expensive. They have to choose between two costly options.

Fares, higher than highway equivalence, reduce the volume of "through" traffic through Victoria to Tasmania. The BSPVES is also applied on a ferry that bypasses Victoria and the Auslink network. This bypass does not benefit traders in Victoria. In the absence of sea-based competition, the BSPVES discourages much lower sea passenger costs, because the Commonwealth payment may offer enough incentive to fill expected sea capacity. Sea based passenger competition has not entered the market in almost 10 years.

The lack of highway equivalence keeps Tasmania isolated and its population low. This limits the ability to spread overheads over a larger population base keeping the cost of living in Tasmania high, including petrol costs. This also discourages the effectiveness or establishment of critical service industries in Tasmania. Many Victorian businesses have branches in Tasmania. They need access to the now, growing Tasmania.

TFES, when compared to Auslink, also maintains higher consumer prices in Tasmania by limiting fair competition between mainland and Tasmanian suppliers of consumables, including food and building materials. The irony of advocating fair trade internationally, but not delivering it in our own back yard, should not continue.

TFES allows products from Tasmania to be equalised to the cost of road travel but mainland

manufacturers pay a higher non-equalised price to send goods to Tasmania. One may speculate if this runs contrary to Section 92 of the Constitution. A smaller population constrained by Bass Strait also hurts industries that benefit by TFES protection as lower production volumes are needed to service an unnecessarily small population base.

TFES also, when compared with Auslink, does not cover northbound goods sent to Melbourne destined for international markets. This limits the manufacturing of international exports within Tasmania, reduces the freight movement across through the Port of Melbourne in an inequitable way. An Auslink connection cannot be deemed an unacceptable export subsidy and will assist these exporters.

Tasmania is a state, not just another part of regional Australia. It is an interstate connection, not a regional Australia argument. The concept of a "sea highway" or a National Highway connection to Tasmania is supported by Liberal, National and Local Government national resolutions, promises by the Coalition, recommendation by a Senate committee and vote of the people in 1996, followed by uncapped funding. VECCI has also recently supported the Auslink connection. What more is needed?

For those of you who ask what will it cost, do you ask that about other single links between capital cities? Under Auslink you provide for travel over mountains, deserts, rivers and some ferries. In any event, the cheapest way is to move people by water. There is adequate ferry capacity to start changing South-eastern Australia overnight.

It is time to return Australia to a time when full equality connected capital cities through the use of sea-lanes. When the roads took the place of sea access the need for Bass Strait highway equivalence was largely forgotten. The Coalition, to its credit, introduced TFES about 30 years ago and the BSPVES about 10 years ago. Now it introduces Auslink. It has a track record of introducing successful and important schemes.

Regardless of what I have said about TFES and the BSPVES not being comparable with Auslink, these schemes have already served Tasmania and the nation well. But the world has changed. Auslink has been introduced, competition policy, even between states, is the order of the day. Subjective compensation for Tasmania's separation by water should not be the basis of open-ended subsidies called "equalisation". Transport equalisation is about fair objective interstate surface connectivity regardless of the terrain.

I ask that sound policy be applied and the whole nation be connected by Auslink.

Peter Brohier 18th March 2005

Peter Brohier can be contacted on Mob 0415 941 314

peterbrohier@maptag.com.au

or visit:

maptag.com.au

The Tasmania Package

Tasmania has a unique place in the Commonwealth. The Federal Government has a special responsibility to achieve equality for Tasmanians in developing opportunities for their State. The Coalition accepts this responsibility and in Government will implement the initiatives detailed in the Tasmania Package.

The Tasmania Package financial commitments, which amount to \$67.15 million over 3 years, will be funded over and above the financial assistance grants made by the Commonwealth to the States.

The Tasmanian 'Sea Highway'

The transport disadvantage posed by Bass Strait is the single most serious impediment to growth in jobs, investment and population for Tasmania.

The Coalition first addressed the Bass Strait transport disadvantage in 1976 with the introduction of the Tasmanian Freight Equalisation Scheme by the Fraser Government.

A similar scheme for vehicle movements between the mainland and Tasmania is long overdue. The Coalition in Government will develop the following initiatives for Bass Strait to be treated as Tasmania's 'sea highway'.

- A Coalition Government will introduce a passenger vehicle equalisation scheme for the movement of vehicles across Bass Strait, commencing 1996/97. The value of the rebate will be assessed on a formula determined by the Bureau of Transport Communication Economics (BTCE) on the cost of driving a vehicle over an equivalent distance on a national highway.
- Our belief is that competition for vehicle and passenger traffic across Bass Strait is the most effective means of achieving affordable movement of vehicles and passengers, and therefore the Coalition will work with the Tasmanian Government to promote competitive and efficient daily vehicle and passenger services across Bass Strait.
- The Coalition will maintain a commitment to the Freight Equalisation Scheme on a rolling five-year basis.

Funding \$49.5 million over the next three years for passenger vehicle equalisation - maintain freight equalisation on forward estimates in 1995-96 budget.

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Bass Strait Passenger Vehicle Equalisation Scheme

7 February 1996

* This scheme at last recognises that Bass Strait is part of the national highway.

how it works

The rebate is linked to passenger vehicles. A rebate of up to \$150 one way is payable for fares paid for the driver and vehicle where the fare exceeds \$150*. The first \$150 is paid by the driver.

* This is the figure derived from Bureau of Transport and Communications Economics on the equivalent cost of using a road highway, assessed at 35 cents per kilometre. The distance between Melbourne and Devonport is 429 kilometres, therefore the equivalent road highway cost would be \$150.

Cost

\$12m 1996/97; \$15m 1997/98; \$22.5m 1998/99

Spent \$15 million

(Based on 80,000 vehicles in 1996/97, increasing to 150,000 vehicles by 1998/99).

Why

- is a measure of long-term benefit for Tasmania, and indeed Australians - it's not a short-term unproven expedient.
- is an extension of the fair and equitable, and proven, freight equalisation scheme which has had bipartisan support since it was introduced by the Coalition 20 years ago.
- it will encourage greater passenger numbers through lower fares.
- will encourage competition by enabling other operators to provide viable services in an expanded market.
- directly benefits the driver of the vehicle, not the transport operator.
- applies to all passenger vehicles and drivers (including motorcycles).
- is directly tied to the comparative cost of driving a vehicle over the equivalent distance on national highway.
- will be reviewed annually by the Bureau of Transport and Communications Economics (BTCE) to maintain equity.
- it will increase tourism numbers as well as increasing the attractiveness of Tasmania as a place to live as a result of the reduction of the costs which stem from isolation.

(3)

Q: What happens if a new ferry service is introduced, perhaps a fast ferry crossing in daylight with no accommodation required?

A: The Coalition is keen to encourage competitive daily passenger services for vehicles across Bass Strait. The BSPES is designed to cater for a growth in vehicle movements over the existing capacity of the 'Spirit of Tasmania'.

Assuming a new service operated between different ports, the rebate would still be calculated using the BTCE formula. But, it will only apply to services which carry passenger vehicles.

Q: What's to stop the rebate amount being absorbed into increased fares?

One of the Coalition's main objectives with the Bass Strait Passenger Equalisation Scheme is to promote competitive and efficient daily vehicle and passenger services across Bass Strait.

The BSPES scheme is designed to achieve this, by being linked to vehicle movements. The TT line estimates it carries 3.3 passengers for every vehicle - therefore attempts to raise fares to absorb the rebate, which is only applied to the fares paid by a driver and vehicle would be counter-productive and would flow on to fares paid by other passengers.

Furthermore, the rebate is capped at a maximum of \$150. It will not be adjusted in line with changes in fares.

Q: Labor has promised \$44 million for a new high-speed passenger ferry service. What's wrong with that?

The offer of funding for a new ferry is of course an attractive one at first glance. However, it does nothing to address the main cause of the Bass Strait transport disadvantage.

Labor has failed to recognise that Tasmanians are disadvantaged by the lack of a national highway link to the mainland. Simply putting up money for a new ferry won't tackle the longer term problem of the extra cost involved in crossing Bass Strait.

In contrast, the Bass Strait Passenger Equalisation Scheme is an economically justifiable solution which will make Bass Strait travel more affordable.

The Tasmania Package

Tasmania has a unique place in the Commonwealth. The Federal Government has a special responsibility to achieve equality for Tasmanians in developing opportunities for their State. The Coalition accepts this responsibility and in Government will implement the initiatives detailed in the Tasmania Package.

The Tasmania Package financial commitments, which amount to \$67.15 million over 3 years, will be funded over and above the financial assistance grants made by the Commonwealth to the States.

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- A Coalition Government will introduce a passenger vehicle equalisation scheme for the movement of vehicles across Bass Strait, commencing 1996/97. The value of the rebate will be assessed on a formula determined by the Bureau of Transport Communication Economics (BTCE) on the cost of driving a vehicle over an equivalent distance on a national highway.
- Our belief is that competition for vehicle and passenger traffic across Bass Strait is the most effective means of achieving affordable movement of vehicles and passengers, and therefore the Coalition will work with the Tasmanian Government to promote competitive and efficient daily vehicle and passenger services across Bass Strait.
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Funding: \$49.5 million over the next three years for passenger vehicle equalisation - maintain freight equalisation on forward estimates in 1995-96 budget.

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Compared with Labor's \$44 million ferry offer

- the Bass Strait Passenger Vehicle Equalisation Scheme will deliver a real cut in the cost of travelling across Bass Strait whatever type of ferry is used - there is no guarantee from Labor.
- ✓ Bass Strait needs viable and competitive services to deliver lower fares - a new ferry will simply add capacity without any new demand.
- the cost of moving passenger vehicles across Bass Strait is the biggest barrier to growth in passenger numbers.
- Labor's claim of unmet demand on the 'Spirit of Tasmania' is wrong - only five or six sailings each year are full for vehicles.
- Labor's ferry offer is a one-off - it doesn't cover operating costs into the future. Without increased demand, there can be no guarantee of cheaper fares

Committee for Bass Strait Transport Equality (CBSTE)

- the Committee has played a vital role in stimulating awareness of the Bass Strait transport disadvantage and in lobbying government for action.
- its reports have advocated a different methodology in developing a rebate for Bass Strait passengers - however, the Coalition plan takes into account the importance of proper accountability, transparency and simplicity in applying the rebate, the need to accommodate growth in Bass Strait passenger vehicle movements, and fiscal responsibility.

Questions and Answers about Bass Strait Passenger Equalisation

Q: Why do Tasmanians deserve special treatment for the cost getting across Bass Strait?

A: For a start, the Bass Strait passenger equalisation scheme will apply to all Australians, not just people who live in Tasmania. Anyone who travels to or from Tasmania with a car is eligible for the sea highway rebate.

Tasmania is the only state in the Commonwealth which is not accessible by road. There is an extra cost burden for people who need to take their cars to Tasmania, compared with driving between South Australia and Victoria, or New South Wales and Queensland, on highways which are funded by the federal government.

The Bass Strait Passenger Equalisation Scheme (BSPES) isn't a special hand-out for Tasmania; rather, as the name implies, it seeks to equalise the cost of travelling by 'sea highway' between Tasmania and the mainland, compared with using national highway links between other states.

Q: How does it work?

A: The biggest transport disadvantage is faced by people who travel with their vehicle. People without cars can fly, or walk on-walk off the existing passenger ferry service.

The Bureau of Transport and Communication Economics (BTCE) has estimated the equivalent cost of travelling on road highway between Melbourne and Adelaide at 35 cents per kilometre. This includes depreciation, and an allowance for the accommodation required on overnight ferry crossings.

The distance between Melbourne and Devonport is approximately 430 kilometres - therefore, using the BTCE calculation, the cost of crossing Bass Strait expressed in equivalent road highway terms should be \$150 one-way.

BSPES will provide a maximum rebate of \$150 on the one-way fare paid by the driver of a vehicle to cross Bass Strait where the fare exceeds \$150.

The BSPES rebate will apply to all passenger and vehicle ferry services across Bass Strait, irrespective of their point of origin and termination. Currently, the only service is provided by the 'Spirit of Tasmania'.

FEB 06 '96 21:48 JOHN SHARP MP

P.2

JOHN SHARP**MEDIA RELEASE****FEDERAL MEMBER FOR HUME
SHADOW MINISTER FOR TRANSPORT****PARLIAMENT HOUSE, CANBERRA: Tel 06 277 4213, Fax 06 277 2124****COALITION'S BASS STRAIT PASSENGER VEHICLE EQUALISATION IS A REAL
SOLUTION - NOT A QUICKIE FIX**

The Coalition's Bass Strait Passenger Vehicle Equalisation Scheme announced today is an on-going solution to the very real disadvantages suffered by Tasmania as a result of its physical separation.

The scheme recognises that the Bass Strait is part of the national highway.

The transport disadvantage posed by the Bass Strait is Tasmania's greatest impediment to growth in jobs, investment and population. It is a disadvantage that was first addressed by the Coalition in 1976 when it introduced the Bass Strait Freight Equalisation Scheme - and which it will again address in government with the introduction of a similar scheme for passenger vehicle movements between the mainland and Tasmania.

This is a recognition that is long overdue, and one for which organisations such as the Committee for Bass Strait Transport Equality and the Tasmanian Chamber of Commerce and Industry have lobbied hard.

The Coalition will introduce a rebate for passenger vehicles based on a highway equivalent figure derived from calculations by the Bureau of Transport and Communications Economics on the cost of using a road highway, assessed at 35 cents per kilometre. By those calculations, the distance between Melbourne and Devonport, 429 kilometres, represents an equivalent highway cost of \$150.

Based on current standard accommodations and estimated increases in passengers carried by TT-Line in 1994/95, the Coalition's commitment to a passenger vehicle rebate would mean that for the estimated 80,000 vehicles in 1976/77, the cost would be \$12 million; for the estimated 100,000 vehicles in 1997/98 it would be \$15 million; and for the estimated 150,000 vehicles in 1998/99 it would be \$22.5 million.

The measure brings a long-term benefit to Tasmania, rather than a short term quickie fix. It is directly tied to the comparative cost of driving a vehicle over an equivalent distance on a national highway and the formula will be reviewed annually by the Bureau of Transport and Communications Economics to ensure that equity is maintained.

This important initiative will encourage greater passenger numbers through lower fares and encourage competition by enabling other operators to provide viable services in an expanded market.

POLICY RESOLUTIONS

44th Federal Council

LIBERAL

PARTY

ECONOMIC ISSUES

40. BASS STRAIT

TASMANIA

Groom / Gatenby

That this Federal Council believes that Federal Coalition policy should:

- (a) recognise that shipping across Bass Strait is Tasmania's link to the National Highway system;
- (b) have, in the context of national economic and community access objectives, an obligation to provide a more equitable transport situation for Tasmania by increasing financial assistance for sea passenger travel across Bass Strait;
- (c) provide such assistance to Tasmania as an addition to its existing National Highway funding arrangements as it is consistent with the economic and community benefits that this program aims to deliver;
- (d) ensure that the quantum of funding be the equivalent amortised capital cost (over 20 years) and maintenance cost spent per kilometre on present national highways by the Commonwealth for the total distance of Bass Strait (measured) Devonport to Melbourne; and
- (e) ensure that the principal beneficiaries of such funding should be travellers across Bass Strait, and that there should be flexibility in how the funds are deployed to benefit this target group;

CARRIED WITHOUT AMENDMENT

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THE NATIONAL PARTY OF AUSTRALIA FEDERAL CONFERENCE 1994

Lakeside International Hotel
Friday 9 September, 1994 to Sunday 11 September 1994

RECORD OF DECISIONS

BASS STRAIT TRANSPORT SUBSIDY

118. That a travel subsidy be introduced by the Federal Government to enable persons crossing Bass Strait with vehicles to do so at a cost which reflects a comparison with vehicular traffic across mainland State borders.

(National Party - Tasmania)

Motion deferred for redrafting.

Redrafted motion:

That the Federal Government include the Bass Strait as part of the National Highway system, and direct the funds that would normally be allocated to maintain a road to partially allay the cost of travel between the mainland and Tasmania.

Amendment requested by Ralph Schulze: add the words "additional" funds.

Amendment agreed to.

Amended motion carried

20-FEB-95 MON 13:45

FEDERAL HOTELS

FAX NO. 6102211755

P. 02

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Wrest Point Hotel Casino
Hobart, Tasmania
THE FEDERAL GROUP

410 Sandy Bay Road, Sandy Bay, TAS 7005.
Telephone: (002) 25 0112. Freecall: (008) 030 611.
Telex: AA 58115. Facsimile: (002) 25 3909.

TO WHOM IT MAY CONCERN

RE: BASS STRAIT TRANSPORT EQUALITY COMMITTEE

Mr Brohier has chaired the Bass Strait Transport Equality Committee for several years. This Committee has become increasingly active over the last two years, gaining the support of Tasmanian Tourism Industry representatives, State and Federal parliamentarians and private business sector bodies to have Tasmania linked with the mainland by making Bass Strait part of the National Highway grid.

The vision of this Committee is a Federally-funded subsidy for sea passengers crossing Bass Strait which could provide the biggest single boost to the economy in Tasmania's history. This project has extremely high potential not only for Tasmania but for the whole Southern Region of Australia.

As one of Tasmania's leading tourism operators Wrest Point Hotel Casino supports the work of the Bass Strait Transport Equality Committee. Any assistance that the reader may be able to render Mr Brohier and his committee would be greatly appreciated.

Please do not hesitate to call me if you wish to discuss this matter further.

Yours sincerely,

Dennis J. Rudge
GENERAL MANAGER

—
**SPiRiT of
TASMANIA**

Head Office / Administration

The Esplanade

PO Box 168E

East Devonport 7310

Telephone 004 217 311

Facsimile 004 270 588

Reservations

Telephone 13 20 10

Facsimile 1 800 636 110

TO WHOM IT MAY CONCERN

As operators of the only passenger and passenger vehicle transport across Bass Strait, TT-Line Company Pty Ltd effectively provides the national highway linkage between Tasmania and Victoria.

The Committee for Bass Strait Transport Equality chaired by Mr Peter Brohier has been actively seeking federal government support for the concept of a subsidised Bass Strait crossing.

The Committee seeks to bring the cost of surface transport across Bass Strait to a level which equates to that of a similar distance over land. It is believed that the achievement of this aim would result in a dramatic increase in tourist numbers across Bass Strait benefiting the economies of many regions in South East Australia.

TT-Line Company Pty Ltd is fully supportive of the aims and objectives of the Committee for Bass Strait Transport Equality.

Any support or assistance that the reader may be able to provide to Mr Brohier and his Committee would be greatly appreciated.

Yours sincerely



for
CHIEF EXECUTIVE

21 February 1995

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LABOR OFFICES

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AUSTRALIAN
LABOR
PARTY

Labor Media Statement

4 August, 1998

BRENTON BEST
Shadow Minister for Transport

PASSENGER EQUALISATION

The State Labor Party has already demonstrated its commitment to cutting passenger fares across Bass Strait by negotiating with the Federal Opposition to cut the diesel fuel excise for fast ferries.

The Shadow Minister for Transport Brenton Best said the cut would turn the Devil Cat service into a profit maker.

"The reduction has the effect of lifting Tasmania up and putting it down 60 to 80 kilometres closer to the Victorian coast line.

If Labor wins the election on August 29, we will negotiate with the Federal Government to implement the principle of passenger equalisation as suggested by Peter Brohier.

"The way of bringing passenger fares down is to make the fast ferries competitive."

Brenton is available on 0418 323 831

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SEA HIGHWAY COMMITTEE PROPOSAL

The submission presented by the SHC has a stated purpose of ensuring that all Australians have equal rights and access to travel the 'National Highway' for the purposes of interstate transport at an equal cost on a cents per kilometre basis regardless of destination. The SHC proposal is primarily targeted at reducing the cost of travel across Bass Strait. It recognises that a reduction in cost should also increase the number of passengers travelling across Bass Strait. The proposal can be divided into two related approaches:

- Changes to the BSPVES in order to achieve full cost equalisation for all passengers, or at the very least, the achievement of fares which equate to the cost of driving an equivalent highway distance for all vehicle passengers;
- Changes to the TT Line's fare structure in order to reduce the fare charged per passenger and to increase the number of passengers carried.

The three-page submission of the SHC is at Attachment A.

AUSTRALIAN LAND TRANSPORT DEVELOPMENT ACT

The SHC has also suggested that the Bass Strait should be recognised as part of the National Highway under the *Australian Land Transport Development Act 1988*. The Act establishes a financial reserve for the purposes of the development and maintenance of land transport systems, and for related purposes. The Act specifically confines the provision of capital grants to the States and Territories for the purpose of constructing or maintaining road and rail infrastructure. The Act, *inter alia*, states that the Minister may only declare either an existing or proposed "road" to be part of the National Highway.

While the Act's definition of "road" includes a vehicular ferry associated with a road, it appears clear from the context of the legislation that this is intended to apply to vehicular ferries which cross rivers and bays etc. It is therefore considered that large ocean going ferries were not intended to fall within the definition of a "road". Accordingly, funding could not be provided in respect of ferries operating across Bass Strait, and therefore, that stretch of water could not be declared to be part of the National Highway.

It is also noted that section 2 defines the National Highway as "a road or proposed road in respect of which a declaration under subsection 4(1) or (2) is in force." Subsection 4(1) states that the "Minister may declare a road in a State...that...is or will be the principal road linking 2 or more State capital cities...to be a national highway for the purposes of this Act."

It is considered that the crucial words are "a road in a State". Rivers, bays, inland lakes etc are all obviously within the territorial jurisdiction of a State. State coastal territories, however, extend only to 3 nautical miles (approx 5.5km) from the low water mark: s.4 *Coastal Waters (State Powers) Act 1980*. Accordingly, it is untenable to argue that Bass Strait falls within a State. It is therefore not within the Minister's statutory power to declare Bass Strait as part of the National Highway. On the basis of legal advice, it is

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further considered that if the Minister purported to declare Bass Strait as part of the National Highway, such a decision would be unable to withstand legal challenge.

ASSESSMENT OF SEA HIGHWAY COMMITTEE PROPOSAL

The central feature of the SHC submission is the achievement of highway based fares for all vehicle passengers, and bus equivalent fares for foot passengers. The submission focuses upon the operations and fare structure of TT Line and the impact of the rebate upon TT Line passengers. It is apparent that the SHC considers that highway based fares are achievable by:

- The establishment of highway based fares (including foot passenger fares) by TT Line as part of its fare structure – for the year round service provided by the *Spirit of Tasmania*, and during the summer months on the *Devil Cat*, and/or
- The amendment of the BSPVES rebate structure, such that all passengers will incur a net fare equivalent to a highway based fare (for vehicle passengers) or a bus equivalent fare (for foot passengers).

Both of these proposals are considered in turn.

AMENDMENT OF TT LINE OPERATIONS TO FACILITATE HIGHWAY BASED FARES

Fare Structure

The SHC considers that TT Line should offer highway based fares on a year round basis. The SHC appears to consider that this is achievable by means of:

- TT Line amending its fare structure to offer highway based fares;
- The Commonwealth directing that TT Line amend its fare structure to offer highway based fares;
- The Commonwealth imposing a precondition to TT Line's participation in the BSPVES, that is, that it offer highway based fares; or
- A Tasmanian State Government Charter for TT Line imposing a requirement that it offer highway based fares.

The Commonwealth position is that the fare structure of any operator of a commercial ferry service is a matter for the individual operator's consideration. Furthermore, the Commonwealth has no jurisdiction to direct that a private company offer certain fares. The Commonwealth is therefore unable to direct that TT Line, or any other commercial service provider, offer a certain range of fares. TT Line is a registered company that provides a commercial service for people wishing to travel across Bass Strait, and for shippers wishing to transport freight across Bass Strait. The company has a board of directors which is responsible for directing the operations of TT Line and which owes a legal duty to act in good faith for the benefit of the company as a whole. Accordingly, the Commonwealth is unable to direct that the company or its board agree to a certain

THIS IS NOT A
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TO
OPERATION

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"Our contention is that if you lower the passenger fares, there'll be a vast influx of people who will travel to Tasmania. The whole key to Tasmania's future is affordable passenger fares across Bass Strait."

No response has yet been received from the Tasmanian Government to the proposal. When this report was prepared, Tourism Minister Ray Groom was absent in Melbourne and neither the Chairman of TT Line, Mr Nick Evers or the Chief Executive Mr Peter Simmons could be contacted. It is understood that Mr Brohier's Committee's submission is being analysed by the TT-Line and their report has yet to reach the minister.

What about
commonwealth
passenger
86/87
Ray??

Officers of ~~the TT-Line~~ take a different view to lowering fares. Whether the fast turn-round of ferries across the Irish Seas or the English Channel lessons for Tasmania, the response is that there is no comparison. The UK has a population of 55 million people and Europe has a population of about twice that. Australia has about 18 million people with 400,000 in Tasmania. The markets cannot be equated and any shipping line which tried to run a volume service would lose money.

"Bring more people here for a holiday," says Steve Voss, "and their spending will boost the state's economy."

"Get more people to Tasmania," says Peter Brohier, "and if the cross-Strait service is good enough they'll open businesses and buy houses and boost the population of the state."

On the other hand, not everyone agrees. ~~the state~~ says the answer lies in better promotion of the state rather than cheap fares.

state
this is a state
border!
not
Hayman
Island

"Cheap fares attract people without funds so what's needed is better promotion so people who can afford to travel will come to the state."

Peter Brohier says that isn't a valid argument. "Marketing alone will bring people to Tasmania. The fares must come down. The highway system, or visitors to Melbourne - why aren't they coming to Tasmania? It's too expensive."

Opposition member John White recently travelled on the Devil Cat and met backpackers, students and cyclists. "It's my personal view that they would be happy to travel for about \$60 to \$70 one way if they could just walk or cycle looking for work. The last time I crossed the English Channel, an unaccompanied child could travel for a pound sterling."

"We really must cater for these people, for the impulse travellers, on Friday at lunch-time, at they'd like to go to Tasmania for the weekend. The Cup is the end of a four day weekend. That would be a great time to go to discover Tasmania. I'd like to see it at the moment."

"The state has been critical of the ferry service, so the their appeal to Tasmania and at other times."

(16)

EXECUTIVE SUMMARY

Background

Access to Tasmania underpins the tourism industry and is a vital foundation for the Tasmanian economy. Ease of access acts as a catalyst that supports ongoing growth; while difficulty of access acts as a constraint.

The Bass Strait Visitor Access Study (BSVAS) was commissioned by the Tourism Council of Tasmania to address concerns that transport arrangements across Bass Strait are constraining the development of tourism in Tasmania. This Study provides an independent and comprehensive analysis of passenger access to Tasmania by air and sea. It examined trends in passenger movements across Bass Strait; assessed the strengths and weaknesses of the current situation; and examined links between access factors and the demand for travel. Based on this background analysis, the Study formulated and evaluated a range of access improvement options; and developed an access improvement strategy.

Major Findings

- Travel to and from Tasmania is different to all other States and Territories as access is only available by air or sea. Road and rail options are not available. However over 80% of Australian travellers want to travel with their car when on holiday.
- Tasmania is very vulnerable to disruptions in access, as demonstrated by the 1989 airline pilot's dispute; cancelled catamaran sailings due to poor weather over the past three summers; mechanical failures of ferries; scheduled dry dock maintenance of the *Spirit of Tasmania*; and the suspension of Ansett air services in 2001.
- There is unsatisfied demand for visitor travel across Bass Strait.
- Access factors with the greatest potential to influence demand for travel to Tasmania are price and capacity.
- Other factors such as schedule, route, departure point, comfort and the need for transfers have an affect on the choice of carrier and particular service but in most cases are not decisive factors when it comes to the decision of whether to travel or not.
- Sea and air transport cater for different travel markets, and are not substitutes for each other. When air or sea demand increases, some of those passengers will have transferred from the other mode but the effect is small. Mostly it is new travel generated by improvements in access arrangements.
- Air and sea port infrastructure supporting access to Tasmania is adequate for current needs and is not a major impediment to growth.

Sea Transport Findings

- There has been insufficient capacity for travel with a car by ferry across Bass Strait at virtually all times in the last 10 years; and passenger and car capacity has been a problem for much of the last 50 years.
- The demand for travel across Bass Strait is very seasonal and many travellers want to travel with their car. These are the major factors influencing sea transport demand and capacity issues.

As need travel agents? open

15 September 1993

The Hon Bob Collins MP
Minister for Transport and Communications
Parliament House
CANBERRA ACT 2600

City of Melbourne
GPO Box 1603M
Melbourne 3001
Telephone 03) 658 9800
Facsimile 03) 654 4854
DX 36-MELBOURNE

Dear Minister

BASS STRAIT TRAVEL

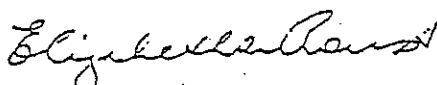
It has been brought to my attention that the Committee for Transport Equality for Tasmanians are presenting a case to the Commonwealth Government in regard to the inadequate level of funding directed to Tasmania to assist with reducing the cost of cross Bass Strait Travel.

The argument that the Bass Strait should be seen as part of the National Highway system which is funded by the Federal Government is a persuasive one. Links between all other state capitals receive substantial funding from the Government. It would appear unreasonable that Tasmania should not receive such assistance simply because the opportunity does not exist for a road link.

The Council's Transport Strategy 1992 supports national approaches to major issues and the development of a national transport strategy based on the appropriate role for different modes of transport. The Bass Strait ferry connection provides another link in the national infrastructure and should be assisted as part of a co-ordinated national infrastructure funding strategy:

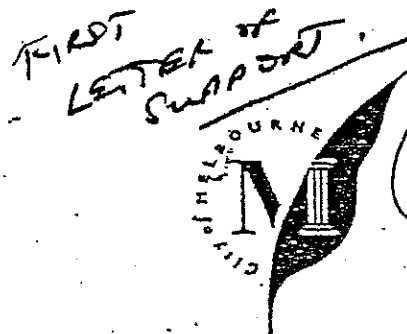
The existence of cheap travel to Tasmania would increase the flow of visitors and would be likely to increase the number of international tourists to the southern parts of Australia. Melbourne would clearly benefit from an increase of international and interstate visitors through the city and additional movements through the Port are welcome. I would therefore like to extend my support for increased Federal funding to support the ferry link.

Yours sincerely



Elizabeth Proust
Chief Executive Officer

Telephone 658 8418
Facsimile 650 3572



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- although August had a large relative increase in traffic (before the Scheme came into effect), it was from the smallest base of all months.

Effect on Passenger Movements

During the 1996/97 financial year, 259169 passengers were carried on the *Spirit of Tasmania*. This was a 20 per cent increase on the previous year. Table 5, provides a break down of passenger numbers based on TT Line's yield management database.

Of all passengers carried by TT Line in 1996/97, 35 per cent were berth only passengers, while 63 per cent were drivers or passengers of a motor car being carried by TT Line. The remaining passengers were those drivers or passengers of vehicles other than motor cars. This compares to a 39:58 split in the previous year.

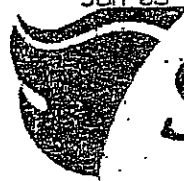
TABLE 5 PASSENGERS CARRIED BY TT LINE, 1995/96 - 1996/97

Month	Total passengers			Berth only passengers			Motor car passengers		
	1995/96	1996/97	Change (%)	1995/96	1996/97	Change (%)	1995/96	1996/97	Change (%)
July	13544	15766	16.4	6252	8239	31.8	7199	7440	3.3
August	8260	16150	95.5	2943	9135	210.4	5245	6864	30.9
September	18288	19239	5.2	7713	7109	-7.8	10411	12012	15.4
October	20969	20299	-3.2	9544	6978	-26.9	11038	12901	16.9
November	19748	21530	9.0	9608	7991	-16.8	9739	13166	35.2
December	21214	24262	14.4	8039	7100	-11.7	12833	16835	31.2
January	26235	28504	8.6	7296	7341	0.6	18392	20688	12.5
February	20702	21876	5.7	8222	7279	-11.5	11498	13912	21.0
March	22553	25575	13.4	8580	9065	5.7	11419	15333	34.3
April	20000	24591	23.0	6732	7866	16.8	12997	15833	21.8
May	12235	21478	75.5	4377	7626	74.2	7670	13663	78.1
June	11970	20253	69.2	4957	6006	21.2	6889	14143	105.3
Total	215718	259523	20.3	84263	91735	8.9	125330	162790	29.9
per voyage	731	829	13.4	286	293	2.6	425	520	22.4

Source TT Line yield management database

On a per voyage basis, TT Line carried 13.4 per cent more passengers in 1996/97. However, there was only a 2.6 per cent increase in berth only passengers compared with an increase of 22.4 per cent in motor car passengers. Indeed, much of the growth in berth only passenger traffic was due to an extraordinary increase in traffic during August. Figure 3 indicates that much of the increase in motor car passenger traffic from September (when the Scheme was introduced) to February may represent a transfer of demand from berth only passengers.

It should be noted that, during 1996/97, the Tasmanian Government provided \$350,000 for a \$30 discount in the off-peak APEX fare for both Tasmanian and mainland passengers. All 11,666 tickets were sold, which may help explain some of the growth in passenger numbers in the May to June 1997 period.



SPIRIT of TASMANIA

GO

OVERSEAS

FOR

ONLY \$145

RETURN.

Sail Away Special Fares.

lost
Tony Rundle
\$200,000
to implement.

Rarely before has a Tasmanian adventure been within such easy reach. The fare is per person twin share based on inside cabin accommodation and includes free buffet dinners and continental breakfasts for the two nights you're on the ship.

The price for a 3rd or 4th person occupying the same inside cabin is only \$125 per person return. And for an additional \$50, you can also take your car if you're after a touring holiday. (Which, by the way, we can organise as well.)

This offer is valid for travel between May 1 and September 27, 1997. Bookings must be made at least 14 days prior to departure.

But be quick, at this price it would be a pity if you missed the boat.

TERMS AND CONDITIONS. Prices are subject to availability and change without notice and payment must be made within three days of booking. Return sailing must be at least 4 days after date of arrival and travel insurance is recommended. Fares can be upgraded (refer to table below) but not refunded.

Cabin Type	1st & 2nd passenger (per person)	3rd & 4th passenger (per person)
Suite	\$220	\$190
Double	\$185	
Porthole 2 bunk	\$158	
Porthole 4 bunk	\$138	\$136



Tasmania
Discover your natural side

Your Travel Agent

Spirit of Tasmania: 13 20 10. Facsimile: 1800 636 110
<http://www.tt-line.com.au> Email: reservations@tt-line.com.au
 Devonport The Esplanade (PO Box 1638), East Devonport, Tas. 7310
 Melbourne: Station Pier (PO Box 523), Port Melbourne, Vic. 3207

Fax from : 61362311278
UG. 97(NON) 14:46

TCCI-HOBART-TAS

15/08/97 15:22
TEL:61362311278

Pg: 7
P. 007

AT NIXON REPORT
PETER NIXON

Background Report - Chapter 10 269

Passenger costs, although comparable with discount airfares, create a financial barrier to tourists and Tasmanians seeking to travel on the mainland. Even with the recently introduced vehicle subsidy, the cost to a family of four for return travel across Bass Strait is in excess of \$1 000, if using cabin accommodation.

Limited vehicle accommodation is available on some freight services. The cost of these services is generally higher and the drop-off and collection arrangements are inconvenient to most travellers.

A fast catamaran service operated between Georgetown and Port Welshpool for two years from 1991. This service took four and a half hours and provided travel in each direction daily. This venture provided greater flexibility and choice for travellers, but it experienced operational difficulties and proved financially unviable.

There have been subsequent calls for the re-introduction of a no frills fast ferry service. During July 1997 the TT Line is to trial a fast catamaran during the scheduled dry docking of the *Spirit of Tasmania* to test the suitability of the latest generation of these vessels on the Bass Strait run. Following this trial, the financial viability of resuming such a service across Bass Strait will be better understood.

10.6 Bass Strait Equalisation Schemes

The transport disadvantage faced by Tasmania in moving goods and people across Bass Strait has long been recognised. The establishment of the Tasmanian Freight Equalisation Scheme (TFES) in the 1970s has assisted industry to survive and in many cases develop. In 1994-95 the cost of TFES to the Commonwealth budget was around \$43 million on a total freight bill of nearly \$117 million. In 1995-96 the scheme cost \$42.6 million and the budget for 1996-97 is \$41.7 million.

More recently, a passenger equalisation scheme has been introduced which aims to bring the cost of bringing a car across Bass Strait into line with the cost of driving a car a similar distance on the mainland.

10.6.1 Tasmanian Freight Equalisation Scheme

The higher transport cost faced by Tasmanian firms is a result of two factors. The first is the high cost of coastal shipping in Australia and the second is the cost associated with goods having to be transferred from one transport mode to another at least twice during their journey. In contrast, goods being transported on the mainland can use a door to door transport with no change in transport mode required.

The TFES provides a payment to Tasmanian companies which goes some way towards equalising the costs incurred on Bass Strait with those associated with road transport of a similar distance. TFES only applies to wharf-to-wharf costs and does not fully equalise the cost disadvantage of shipping across Bass Strait.

The TFES is currently being reviewed by the Commonwealth. The Commonwealth Minister has stated that he is committed to a five year finding plan for TFES. This would remove the current annual uncertainty surrounding the scheme. The Commonwealth Minister also wants to maintain the underlying basis of the scheme which is to equalise shipping costs across Bass Strait with the cost of moving goods a similar distance by road on the mainland, thereby offsetting the cost disadvantage experienced by Tasmania as a result of protection on the Australian coastal trade.

There are, however, currently concerns as to the rates of assistance paid under TFES. The Tasmanian Government has identified that the current rates are

The Tasmanian

SYDNEY AHOY

By CHARLES WATERHOUSE
and MARTINE HALEY
22Jun03

TASMANIA is poised to secure a ferry to travel between Sydney and Devonport.

The State Government plans to have the ship operating by the summer season.

Confirmation came yesterday when Premier Jim Bacon released details of research which indicated the Sydney, wider New South Wales, ACT and Queensland markets would make a TT-Line service from Sydney to Tasmania viable.

Mr Bacon said getting Tasmania into the marketplace and known interstate was also critical.

"Having a ferry sail from Sydney based at a highly visible location in Sydney Harbour would be like having a permanent floating advertising billboard in Australia's largest city," he said.

Later this week Mr Bacon will release a business case for the ship which will be similar to the two Spirit of Tasmania ferries now operating in Bass Strait.

A smaller Superfast monohull is planned which would take 20 to 22 hours to travel between Sydney and Tasmania.

It is not yet known whether the ferry will be leased or bought.

Mr Bacon said the tourist survey conducted for TT-Line revealed an extra 60,000 tourists a year would support such a service -- worth an extra \$100 million to Tasmania's economy each year.

He said that when the State Government bought Spirit of Tasmania I and II last year it was looking to the future - they were ships of greater capacity than were then needed on the Bass Strait run.

But it had taken just one year to reach demand the Government had thought would take five years to achieve.

Passenger demand for the two Spirits had exceeded all expectations, Mr Bacon said.

He said the TT-Line did initial research into the feasibility of a Sydney-Tasmania service in February last year.

The aim then was to determine whether a market existed to use the original Spirit of Tasmania for the route once the ship was replaced by the new ferries.

"The research indicated that whilst a substantial potential market existed, the voyage time of 30 hours between Sydney and Tasmania required by the original Spirit of Tasmania was too long," Mr Bacon said.

"The service, therefore, was not considered feasible without a purchase of a faster, more suitable vessel."

Subsequent research in March this year found a market existed for this type of service for 103,000 passengers a year, representing 51,000 holiday visitors to the state.

Mr Bacon said the research found that once a new Sydney service was running it could trigger further growth to 71,000 holiday visitors from Sydney each year.

This trigger effect had occurred when Spirits I and II were launched.

In the six months to March this year about 116,700 people visited Tasmania by sea, representing a 65 per cent increase on the 70,800 visitors arriving by sea in the six months to March 2002.

The recent research also showed visitors travelling on the Sydney-Devonport service would be higher yielding and longer staying.

Holiday visitors from Queensland spent \$2370 a visit, compared to \$2100 for those from NSW and \$1530 for

24

...woman trudges through the devastation of Sarajevo with her belongings on a wheelbarrow in the exodus to avoid Muslim-Croat rule. — AP

Refugees yesterday... tomorrow...
 "One of our officers saw furniture from the municipal office building and chairs from the cinema being loaded on to army trucks."
 "Serb police were there, but did nothing to stop the theft. We're going to..."

ACTUAL SIZE The Mercury 28/2/96

Labor in Canberra Delivers Tasmania's own Seacat



Make a Strait comparison.

Labor's \$44 million Fast Cat program, of which Howard's limited subsidy...
 ...additional service across Bass Strait. Labor's Fast Cat will also bring the ferry...
 ...down, boosting tourism and creating hundreds of much needed jobs.
 ...Compare the savings for yourself.

	Adult, no car	2 Adults, plus car	2 Adults, 2 children plus car
Spirit of Tasmania TT Line Fare Holiday Season	\$160	\$495	\$655
The price breaks under John Howard's proposed subsidy (Spirit of Tasmania only one choice)	\$160	\$345	\$505
Labor's Fast Cat program offers an alternative choice - at least 27 trips per day	\$52	\$208	\$312
ALP Savings with Labor's Fast Cat	save \$108	save \$287	save \$343

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REPORT OF A STUDY BY THE JOINT WORKING GROUP
ON

**BASS STRAIT SEA PASSENGER
ACCESS AND INFRASTRUCTURE**

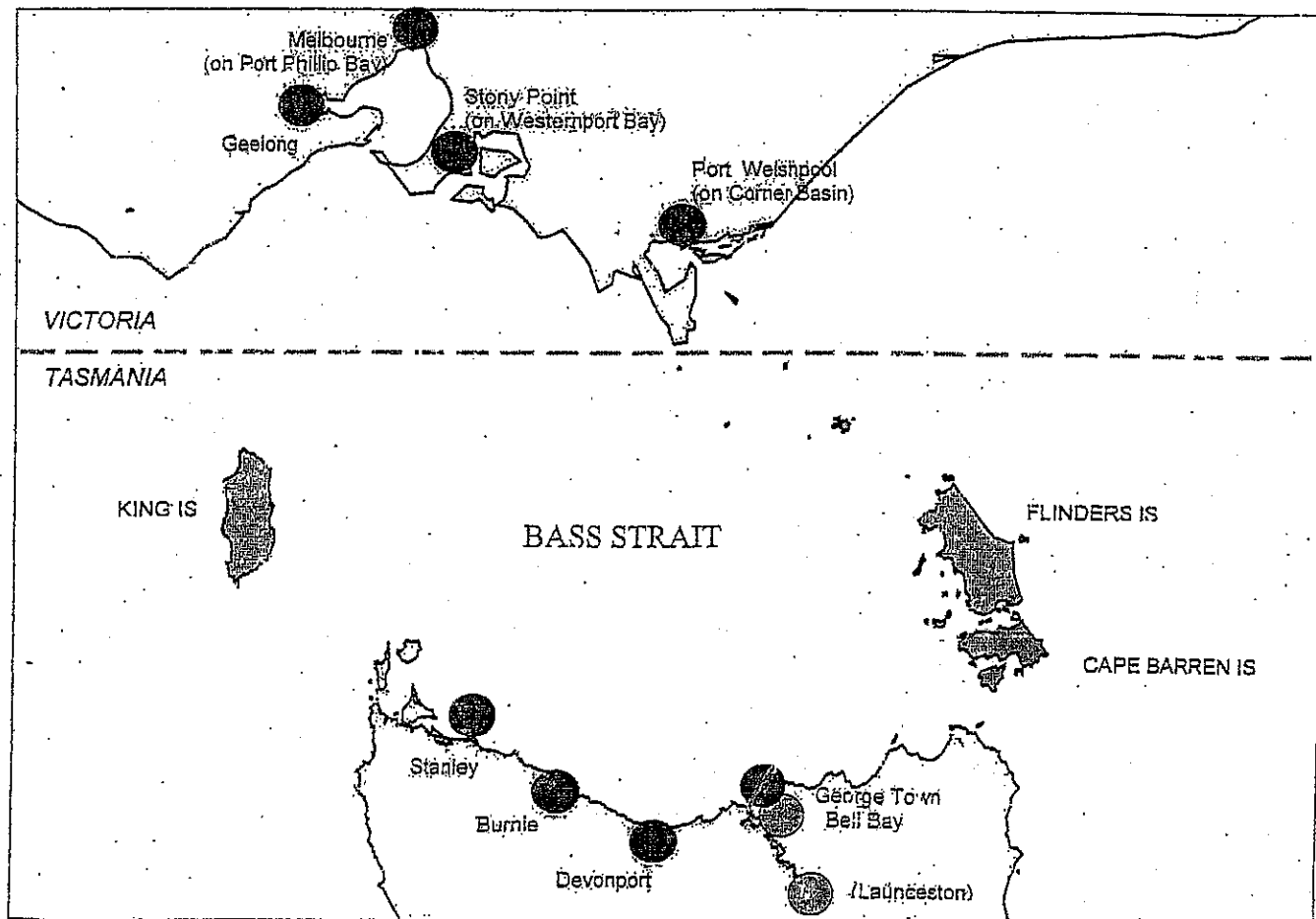
FOR

Minister for Infrastructure, Energy and Resources (Tasmania)

Minister for Ports (Victoria)

Minister for Regional Services, Territories and Local Government (Commonwealth)

REVISED 9 November 2001



LIST OF RECOMMENDATIONS

28

The Joint Working Group recommends that:

1. TT-Line's freight carrying operations should continue. [Section 4.4]
2. The 'slender monohull enlarged ship' concept be seriously considered by any operator of passenger services on Bass Strait. [Section 5.1]
3. Vessels used on the route in future should be more suited to the unique sea conditions. [Section 5.1]
4. The Port operator and the Victorian Government undertake necessary planning and environmental assessments required to facilitate the future development of facilities at Stony Point. [Section 5.3]
5. The Tasmanian Government considers providing a financial incentive to a new private operator to trial the route in high demand times. [Section 6]
6. Fully equalised fares should not be introduced because the fare structure is unviable for the operator without costly annual rebate increases to the Commonwealth Government under the BSPVES. [Section 7 (a)]
7. The Commonwealth Government consider introducing a flat rebate irrespective of season - \$125 would be cost neutral, \$150 would require an additional \$3million pa. [Section 7 (b)]
8. If the current seasonal rebate remains then the Commonwealth Government consider reversing it to provide further incentive for travel in the Low season at an additional cost of \$1million pa. [Section 7 (b)]
9. The Commonwealth consider an appropriate level of rebate for caravans and motorhomes under BSPVES. [Section 7 (b) (i)]
10. Equal access to the rebates should be provided for people with disabilities who are unable to accompany their vehicles by sea. [Section 7 (b) (ii)]
11. TT-Line certify to the Tasmanian Government that its vessels meet the relevant national standards for people with disabilities. [Section 7 (b) (ii)]
12. The Tasmanian and Victorian Governments ensure port facilities under their control meet the relevant national standards for people with disabilities. [Section 7 (b) (ii)]
13. Potential passengers should be informed of their possible access to the rebate when the Bass Strait vessels are out of service, both in foreseen and unforeseen circumstances. [Section 7b (ii)]
14. Bass Strait should not be declared part of the National Highway. [Section 8a]

estimate
\$2.5m
\$2.5m
\$2.5m
Conclusion
now much cheaper than \$3 million
over \$3 million
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million
year

Call to
reference
to
"James part of
road?"

Adjusted Estimates of Own-Price Elasticity of Ferry Demand

Month	Elasticity	Season
June	-3.6	Autumn
May	-3.6	Autumn
April	-1.3	Shoulder
March	-0.7	Shoulder
February	-2.2	Shoulder
January	-1.6	Peak
December	-1.6	Peak
November	-0.6	Spring
October	-0.6	Spring
September	-1.0	Winter
August	-1.6	Winter
July	-1.6	Winter
TOTAL	-1.3	

BSVAS (2001)

Elasticities for Autumn season are very high, indicating possible scope for significant further increases in demand as a result of price reductions, and elasticity levels in Winter and especially Spring are lower than the rest of the year, suggesting less scope for large increases in demand through pricing.

The variability in the elasticity results reflect the true variability of responses to price changes but also reflects limited observations on which the estimates were based. In effect, the results are based primarily on one observation relating to the impact of the BSPVES. The JWG is generally sceptical of whether the estimated price elasticities would hold if (and when) another price shock were to occur.

The JWG note the advice of TT-Line which suggests that size of potential market is only 30 percent greater than number of vehicles and passengers currently using the service. In other words, TT-Line believes that if price equalled \$0, only 30 percent more persons and vehicles would seek to travel across Bass Strait. The JWG believes that the true response of market to changes in own price is somewhere between the two stated extremes.

Cross-Price Factors

The cross-price elasticity of demand is the effect of a price change in one travel mode on the demand for another mode. This has obvious implications for patronage and viability of each mode.

- air travel demand with respect to ferry price : elasticity is less than 0.1
- ferry demand with respect to air travel price : elasticity is less than 0.4

Costs to Commonwealth of Fully Equalised Fares

(a) 1999-2000 Voyage Operations Cost and Utilisation Levels

Spirit of Tasmania

Trips 1999-2000	347
Average passengers per trip	840
Average vehicles per trip	310

<u>Annual Costs</u>	<u>Cost pa \$</u>	<u>Average Cost per Trip \$</u>
Operating Costs (1)	41 789 000	120 429
Hotel (2)	16 326 000	47 049
TOTAL	58 115 000	167 478

Devil Cat

Trips 1999-2000	108
Average passengers per trip	293
Average vehicles per trip	118

<u>Annual Costs</u>	<u>Cost pa \$</u>	<u>Average Cost per Trip \$</u>
Commercial Charter (3)	6 000 000	55 556
Charter Operating Costs (4)	6 402 000	59 277
Hotel (2)	598 000	5 537
TOTAL	13 000 000	120 370

Source: TT-Line Annual Report 1999-2000; advice from TT-Line

Notes

1. Covers loan repayments (existing TT-Line debt is approximately \$60m with assumed monthly repayments of \$702 000); operational costs (eg fuel, labour, sales (systems, labour and overheads) and depreciation (for vessel plus cost of lease improvements eg for navigational devices and other plant and equipment including terminal infrastructure).
2. Includes accommodation, meals and services.
3. Covers cost for short term charter.
4. Covers charter operational costs and sales.

(b) Estimated Demand Impact as a result of Fully Equalised Fares

Explanatory notes

The source of the demand elasticity estimate used in this analysis is the BSVAS report (2001).

The estimate is primarily based on the observed demand changes that occurred in response to the introduction of the BSPVES as there have been no other significant price change / demand responses on which to base an analysis.

The estimate's validity is therefore limited and may not necessarily hold due to changing preferences, or when proposed price changes are significant (ie plus or minus 20% of current fare levels). The estimate however is the only one of its kind so it is necessary to use it for the purpose of this analysis.

25

Catamaran/Additional Vessel

Current fare price (one-way)	\$605 (no hotel package)
Proposed fare	\$190
Price difference	-69%
Estimated elasticity	-1.3
Estimated increase in demand	90%

Predicted demand increase of 90% on catamaran/additional vessel would raise demand to estimated 34 903 vehicles (ie additional 16 533).

Total annual vehicle demand increase under scenario (ii) is: 89 526.

Conclusion 1

Implementation of Fully Equalised Fares and using the estimated demand elasticity determined by the BSVAS study would appear to indicate an expected increase to annual demand by vehicle numbers of between 60 979 and 89 526.

(c) Estimated Cost to Commonwealth of Fully Equalised Fares at Utilisation Levels expected as a result of Lower Fares

(within existing vessel trip schedules, NOT meeting entire increased demand)

Note: Any change to the vessel types being employed would render inappropriate the figures used throughout this Appendix.

(i) Assuming no profit margin for operator

Ferry based on existing costs for Spirit of Tasmania and assumes:

- full utilisation of vessel capacity for vehicles (350)
- average passengers 1145 per trip, including foot passengers (total capacity is 1290) - using 1999-2000 ratio of 2.7 passengers/vehicle
- foot passenger levels remaining static
- one crossing daily (350 pa) - this being restricted by vessel speed
- fares set at \$47.50 for foot passengers and \$190 for a car including passengers
- BSPVES assistance average at \$120 per unit
- Freight TEUs estimated at \$800 per unit (quantity remaining static)

Cost per voyage excluding Hotel services: 120 429

Revenues

Foot Passengers	200	9 500
TEUs	60	48 000
Vehicles	350	66 500
Assistance Scheme	350	42 000
TOTAL		166 000

Profit per trip: 120 429 - 166 000 = 45 571

Profit per year: 45 571 x 350 = 15 949 850

(38)

Catamaran/Additional Vessel based on existing costs for *Devil Cat* assuming:

- full utilisation of vessel capacity for vehicles (240)
- average passenger 660 per trip including foot passengers (total capacity is 740) - using 1999-2000 ratio of 2.5 passengers/vehicle
- 110 voyages per season (includes loss of 10% for rough weather)
- foot passenger levels remaining static
- fare levels as for ferry
- BSPVES assistance average at \$120 per unit

Cost per voyage excluding Hotel services: 114 833

Revenues

Foot Passengers	60	2 850
Vehicles	240	45 600
Assistance Scheme	240	28 800
TOTAL		77 250

Shortfall per trip: $114\,833 - 77\,250 = -37\,583$

Shortfall per year: $-37\,583 \times 110 = -4\,134\,130$

Conclusion 2 With:

- Fully Equalised Fares charged to travellers,
- no Hotel services included in fare (although with additional crew numbers for required passenger safety/management levels in place of that function being lost by the exclusion of the 'Hotel' services staffing),
- foot passenger numbers remaining unchanged from present,
- similar vessels to those now operating the service,
- at much the same number of trips as in 1999-2000, and
- BSPVES paid at current rates (with vehicle capacity fully utilised for all trips ie \$17.9m for 148 900 vehicles - an increase of \$0.5m on 2001-02 funding level)

then TT-Line should collect \$11.8m over and above operational costs less the costs for additional crew numbers (conservatively estimated at 2 crews x 30 @ \$70 000 pa ie \$4.2m)

A profit of \$7.6m less commercial provision for vessel replacement and dividend payments.

(ii) Assuming a profit margin for operator of 10%

[see Section 3.5 of JWG report for use of this percentage noting that TT-Line Charter requires operator to make a (unspecified) profit]

Ferry based on existing costs for *Spirit of Tasmania*; same assumptions as in (c)(i)

Cost per voyage, including profit margin
and excluding Hotel services 132 472

Revenues as in (c)(i) 166 000

(29)

Profit per trip: $132\,472 - 166\,000 = 33\,598$

Profit per year: $33\,598 \times 350 = 11\,734\,800$

Catamaran/Additional Vessel based on existing costs for *Devil Cat*; same assumptions as in (i)

Cost per voyage, including profit margin
and excluding Hotel services 126 316

Revenues as in (c)(i) 77 250

Shortfall per trip: $126\,316 - 77\,250 = -49\,066$

Shortfall per year: $-49\,066 \times 110 = -5\,397\,260$

Conclusion 3 With:

- Fully Equalised Fares charged to travellers,
- no Hotel services included in fare (although with additional crew numbers for required passenger safety/management levels in place of that function being lost by the exclusion of the 'Hotel' services staffing),
- foot passenger numbers remaining unchanged from present,
- similar vessels to those now operating the service,
- at much the same number of trips as in 1999-2000, and
- BSPVES paid at current rates (with vehicle capacity fully utilised for all trips ie \$17.9m for 148 900 vehicles - an increase of \$0.5m on 2001-02 funding level)

then TT-Line should collect \$6.3m over and above operational costs with an in-built 10% 'mark-up' less the costs for additional crew numbers (conservatively estimated at 2 crews x 30 @ \$70 000 pa ie \$4.2m)

A profit of \$2.1m less commercial provision for vessel replacement and dividend payments, ie a total less than its 'mark-up' margin.

(d) Estimated Cost to Commonwealth of Fully Equalised Fares at Utilisation Levels expected as a result of Lower Fares

(with extra vessel trips, and meeting entire increased demand)

Explanatory notes

The only short term variable available that will allow increased capacity, using existing vessels referred to in this discussion, is to increase the number of trips by the catamaran/additional vessel, since the main ferry cannot make a dual crossing within a 24 hour period.

Using the anticipated demand increase figures presented at (b) above, this vessel would need to travel, at full vehicle capacity, either 362 trips (ie 108 + additional 254) or 481 trips (108 + additional 373) in a year - this number depends on whether "couple" or "four person" travelling units are used in the equation.

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The two scenarios presented below assess future demand for services as a result of introducing Fully Equalised Fares and are based on the cost for:

- (i) two passengers and vehicle
- (ii) four passengers and vehicle.

(i) Two adults and vehicle (standard inside cabin) :

Ferry

Current fare price (one-way)	\$475 (includes hotel package)
Proposed fare	\$310 ie \$190+\$120 (hotel package x 2)
Price difference	35%
Estimated elasticity	-1.3
Estimated increase in demand	45%

Predicted demand increase of 45% on ferry would raise demand to estimated 155 647 vehicles (ie additional 48 304).

Catamaran/Additional Vessel

Current fare price (one-way)	\$405 (no hotel package)
Proposed fare	\$190
Price Difference	53%
Estimated elasticity	-1.3
Estimated increase in demand	69%

Predicted demand increase of 69% on catamaran/additional vessel would raise demand to estimated 31 045 vehicles (ie additional 12 675).

Total annual vehicle demand increase under scenario (i): 60 979.

(ii) Four adults and vehicle (standard inside cabin)

Ferry

Current fare price (one-way)	\$895
Proposed fare	\$430 ie \$190+\$240 (hotel package x 4)
Price difference	52%
Estimated elasticity	-1.3
Estimated increase in demand	68%

Predicted demand increase of 68% on ferry would raise demand to estimated 180 336 vehicles (ie additional 72 993).

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Revenues

Foot Passengers	60	2 850
Vehicles	240	45 600
Assistance Scheme	240	28 800
TOTAL		77 250

Shortfall per trip: $90\,919 - 77\,250 = -13\,669$

Shortfall per year: $-13\,669 \times 362 = -4\,948\,178$

Conclusion 4 With:

- Fully Equalised Fares charged to travellers,
- no Hotel services included in fare (although with additional crew numbers for required passenger safety/management levels in place of that function being lost by the exclusion of the 'Hotel' services staffing),
- foot passenger numbers remaining unchanged from present,
- similar vessels to those now operating the service,
- Ferry at much the same number of trips as in 1999-2000,
- Additional vessel running 362 trips, and
- BSPVES paid at current rates (with vehicle capacity fully utilised for all trips ie \$25.1m for 209 380 vehicles - an increase of \$7.7m on 2001-02 funding level)

then TT-Line should collect \$11m over and above operational costs less the costs for additional crew numbers (conservatively estimated at 2 crews x 30 @ \$70 000 pa ie \$4.2m)

A profit of \$6.8m less commercial provision for vessel replacement and dividend payments.

B. Using *Catamaran/Additional Vessel* based on costs for *Devil Cat* assuming:

- 481 voyages per year ("four person" travelling unit)
- full utilisation of vessel capacity for vehicles (240)
- average passenger 660 per trip including foot passengers (total capacity is 740) - using 1999-2000 ratio of 2.5 passengers/vehicle
- foot passenger levels remaining static
- fare levels as for ferry
- BSPVES assistance average at \$120 per unit

Cost per voyage excluding Hotel services: 84 225

Revenues as above 77 250

Shortfall per trip: $84\,225 - 77\,250 = -6\,975$

Shortfall per year: $-6\,975 \times 481 = -3\,354\,975$

32

Conclusion 5 With:

- Fully Equalised Fares charged to travellers,
- no Hotel services included in fare (although with additional crew numbers for required passenger safety/management levels in place of that function being lost by the exclusion of the 'Hotel' services staffing),
- foot passenger numbers remaining unchanged from present,
- similar vessels to those now operating the service,
- Ferry at much the same number of trips as in 1999-2000,
- Additional vessel running 481 trips, and
- BSPVES paid at current rates (with vehicle capacity fully utilised for all trips ie \$28.6m for 237 940 vehicles - an increase of \$11.2m on 2001-02 funding level)

then TT-Line should collect \$12.6m over and above operational costs less the costs for additional crew numbers (conservatively estimated at 2 crews x 30 @ \$70 000 pa ie \$4.2m)

A profit of \$8.68m less commercial provision for vessel replacement and dividend payments.

(ii) Assuming a profit margin for operator of 10%

[see Section 3.5 of JWG report for use of this percentage noting that TT-Line Charter requires operator to make a (unspecified) profit]

Ferry based on existing costs for *Spirit of Tasmania*; same assumptions as in (d)(i)

Cost per voyage, including profit margin
and excluding Hotel services 132 472

Revenues as in (c)(ii) 166 000

Profit per trip: $132\,472 - 166\,000 = 33\,598$

Profit per year: $33\,598 \times 350 = 11\,734\,800$

A. Using *Catamaran/Additional Vessel* based on costs for *Devil Cat*; same assumptions as in (d)(i) A.

Cost per voyage, including profit margin
and excluding Hotel services 100 011

Revenues as in (d)(i) 77 250

Shortfall per trip: $100\,011 - 77\,250 = -22\,761$

Shortfall per year: $-22\,761 \times 362 = -8\,239\,482$

Conclusion 6 With:

- Fully Equalised Fares charged to travellers,
- no Hotel services included in fare (although with additional crew numbers for required passenger safety/management levels in place of that function being lost by the exclusion of the 'Hotel' services staffing),
- foot passenger numbers remaining unchanged from present,
- similar vessels to those now operating the service,
- Ferry at much the same number of trips as in 1999-2000,
- Additional vessel running 362 trips, and
- BSPVES paid at current rates (with vehicle capacity fully utilised for all trips ie \$25.1m for 209 380 vehicles - an increase of \$7.7m on 2001-02 funding level).

then TT-Line should collect \$3.5m over and above operational costs with an in-built 10% 'mark-up' less the costs for additional crew numbers (conservatively estimated at 2 crews x 30 @ \$70 000 pa ie \$4.2m)

A loss of \$0.7m less commercial provision for vessel replacement and dividend payments, ie a total significantly less than its 'mark-up' margin.

B. Using *Catamaran/Additional Vessel* based on costs for *Devil Cat*; same assumptions as in (d)(i) B.

Cost per voyage, including profit margin
and excluding Hotel services 92 648

Revenues as in (d)(i) 77 250

Shortfall per trip: $92\ 648 - 77\ 250 = -15\ 398$

Shortfall per year: $-15\ 398 \times 481 = -7\ 406\ 438$

Conclusion 7 With:

- Fully Equalised Fares charged to travellers,
- no Hotel services included in fare (although with additional crew numbers for required passenger safety/management levels in place of that function being lost by the exclusion of the 'Hotel' services staffing),
- foot passenger numbers remaining unchanged from present,
- similar vessels to those now operating the service,
- Ferry at much the same number of trips as in 1999-2000,
- Additional vessel running 481 trips, and
- BSPVES paid at current rates (with vehicle capacity fully utilised for all trips ie \$28.6m for 237 940 vehicles - an increase of \$11.2m on 2001-02 funding level)

then TT-Line should collect \$4.3m over and above operational costs with an in-built 10% 'mark-up' less the costs for additional crew numbers (conservatively estimated at 2 crews x 30 @ \$70 000 pa ie \$4.2m)

A loss of \$0.1m less commercial provision for vessel replacement and dividend payments, ie a total significantly less than its 'mark-up' margin.

BSPVES at 2000

= \$13.1 million

over
\$30 million
a
year.

on to
\$40
million

(34)

A strong correlation of Operations and Sales costs with the number of crossings for the catamaran/additional vessel is assumed for use in calculations in (d)(i) and (d)(ii) following (ie \$6 402 000 divided by 108 trips giving an amount of \$59 277 per crossing for Operations and Sales costs).

Since 362 or 481 trips would be required then the charter of the catamaran/additional vessel would have to be for the full 12 months of the year, and therefore the actual Charter Cost would be around \$12 000 000 pa fixed irrespective of the number of trips (it may be possible to reduce this amount to reflect the cost of a 12 month, as opposed to a 6 month, charter).

The more trips means the more that fixed Charter cost is spread. Operations and Sales cost is variable.

If 362 trips of the catamaran/additional vessel, cost per crossing would be:
\$12 000 000 charter plus \$21 458 274 Operations and Sales (ie 59 277 x 362) then divided by 362 crossings, ie \$90 919 per voyage.

If 481 trips of the catamaran/additional vessel, cost per crossing would be:
\$12 000 000 charter plus \$28 512 237 Operations and Sales (ie 59 277 x 481) then divided by 481 crossings, ie \$84 225 per voyage.

(i) Assuming no profit margin for operator

Ferry based on existing costs for *Spirit of Tasmania* and assumes:

- full utilisation of vessel capacity for vehicles (350)
- average passengers 1145 per trip including foot passengers (total capacity is 1290) - using 1999-2000 ratio of 2.7 passengers/vehicle
- foot passenger levels remaining static
- one crossing daily (350 pa) - this being restricted by vessel speed
- fares set at \$47.50 for foot passengers and \$190 for a car including passengers
- BSPVES assistance average at \$120 per unit
- Freight TEUs estimated at \$800 per unit (quantity remaining static)

Cost per voyage excluding Hotel services: 120 429

Revenues as in (c)(i) 166 000

Profit per trip: 120 429 - 166 000 = 45 571

Profit per year: 45 571 x 350	=	15 949 850
-------------------------------	---	------------

A. Using Catamaran/Additional Vessel based on costs for Devil Cat assuming:

- 362 voyages per year ("couple" travelling unit)
- full utilisation of vessel capacity for vehicles (240)
- average passenger 660 per trip including foot passengers (total capacity is 740) - using 1999-2000 ratio of 2.5 passengers/vehicle
- foot passenger levels remaining static
- fare levels as for ferry
- BSPVES assistance average at \$120 per unit

Cost per voyage excluding Hotel services: 90 919

Footnotes on assumptions in (c) and (d) above

The intention of the calculations is to equalise the cost to passengers of the "transport" component of the service with equivalent highway travel costs, ie excluding accommodation, meals and entertainment.

Foot passenger numbers are assumed to remain constant, although may actually be in decline (see further analysis in the separate BSVAS study).

Pricing of transport of TEUs and capacity made available for TEUs on the ferry are assumed to remain constant; no freight assumptions are made in anticipated revenue for an additional vessel; catamarans on Bass Strait to date have not carried freight.

Vehicle capacity has been considered to be fully utilised on both the ferry and the catamaran/additional vessel in future years. Despite this there would still continue to be a significant level of unmet demand, especially in Peak season.

The cost of the Hotel services package is estimated at \$60 per person to break even and generate a satisfactory return.

Estimated demand based on number of vehicles to be carried if fully equalised fares are introduced; calculated on vehicle numbers carried on *Spirit of Tasmania* for 1999-2000 ie 107 343 and 18 370 averaged over three years for the *Devil Cat* (see Section 4.2).

The ferry is assumed to carry a maximum passenger vehicle load of 350, while the catamaran/additional vessel is assumed to carry 240 vehicles.

It should be noted that four passengers in each vehicle as shown, ie 350 and 240 vehicles respectively per voyage, would exceed the passenger capacity of the current vessels on the route.

The JWG considers the assumptions made above to be reasonable.

Commentary

This analysis indicates that the BSPVES assistance payment level needs to increase between \$7.7m and \$11.2m for Fully Equalised Fares to be implemented in scenarios involving additional trips to cater for increased demand.

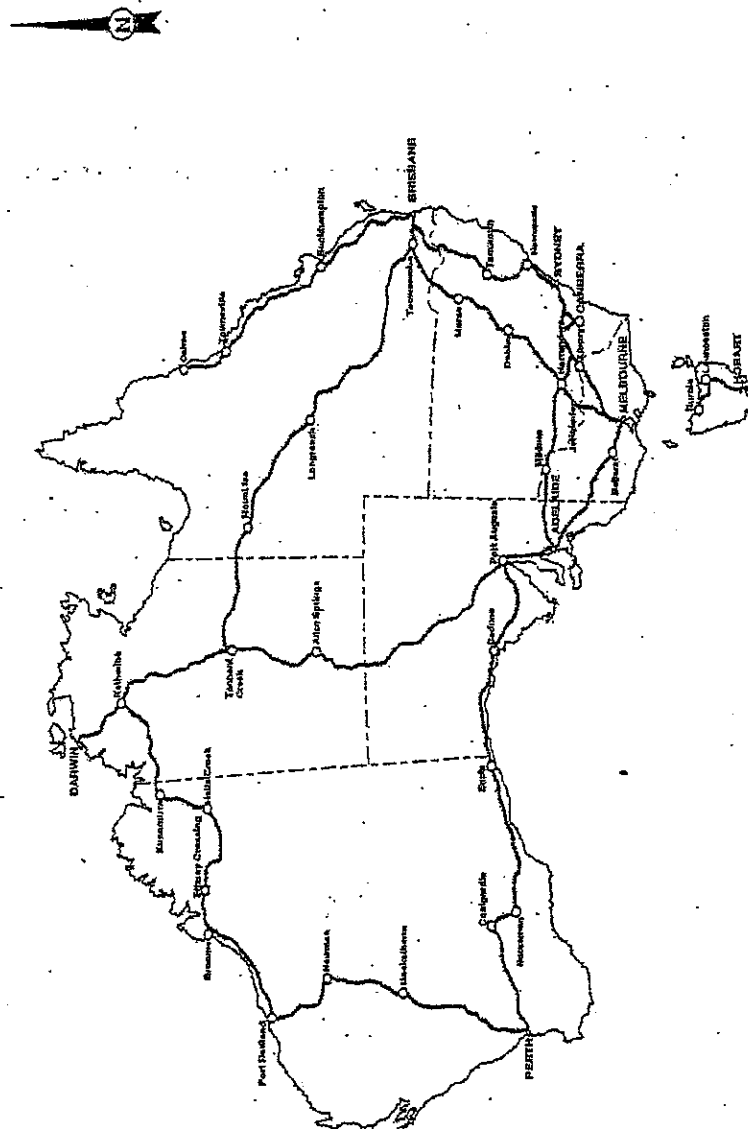
Not taken into account, however, by the figures shown is that demand elasticity actually changes between different points on a demand curve. Where the BSVAS study and report estimated the demand elasticity to be -1.3, this really only holds true for limited price changes relative to the *status quo* (ie perhaps only 10-20%).

Why didn't the study
deal with
18H fares on
highway equivalence?
or did it?

access
study was to be
definitive of access
to *Spirit of Tasmania*
cost \$300,000!!

Australia's National Highway

NATIONAL HIGHWAY



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THE MERCURY

A FARE GO

By HEATHER LOW CHOY

29may04

FARES on the troubled Spirit of Tasmania III service from Devonport to Sydney are ridiculously overpriced, say travel industry and marketing experts.

The Mercury exclusively revealed yesterday that Spirit III has sailed from Devonport to Sydney with as few as 57 cars on board and averages 13 per cent of capacity for the route.

Prominent Sydney media and marketing strategist Anthony McClellan says Spirit III fares are far too high for a commuter ferry service.

"I don't think they've done their economics properly," he said.

"It's so much quicker and dramatically cheaper to travel to Tasmania by air and hire a car."

Mr McClellan said the \$4million allocated to advertising Spirit III in last week's Budget would do little to rectify the service's problems.

"It's very difficult to market around the fact that it's just too expensive," he said.

Harvey World Travel owner Tony Foster said his busy Hobart city travel agencies have sold only a couple of Spirit III fares.

"We sell a lot of Devonport-Melbourne fares, but Spirit III fares are overpriced and something needs to be done about it," Mr Foster said.

"With people wanting to get from Point A to Point B as quickly as possible and as cheaply as possible, the fares for the Devonport-Sydney ferry service are silly in the extreme."

Even in the less pricey "shoulder season" the cost of travelling to Sydney on the Spirit III service is more than double the cost of flying and then hiring a car for seven days.

A Hobart family of four would pay \$2416 return to travel to Sydney on the Spirit III with their car during the September school holidays.

That is \$1400 more than the cost of round-trip direct flights to Sydney on airline Virgin Blue and seven days' car hire.

In the peak summer holiday period a family would save \$1850 by taking a fly-drive trip to Sydney rather than sailing on Spirit III.

New discount airline Jetstar offers a deal comparable to Virgin Blue's.

While the \$1015 family fly-drive option involves only three hours' travel time, the \$2416 September Spirit III voyage to Sydney takes more than 20 hours.

A family intent on taking its own car to Sydney would save almost \$1200 by sailing to Melbourne on Spirit of Tasmania I or II and then driving to Sydney.

This option costs \$1234 and involves about the same number of hours in transit as sailing to Sydney on Spirit III.

<http://www.themercury.news.com.au/printpage/0,5942,9689594,00.html>

5/29/04

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A couple wanting to take their own car on a September Sydney holiday can do so for half the price by sailing on the Spirit I or II to Melbourne.

This option would cost them \$938, but their Spirit III fare would be \$1860.

A Virgin Blue fly-drive deal, hiring a four-door Ford Focus from Virgin partner Europcar, would cost the couple only \$635.

Mr Foster said the only way to justify Spirit of Tasmania III's high fares would be to repackage the voyage as a Sydney-to-Hobart Tasmanian coastal cruise experience.

"It needs to run between Sydney and Hobart, two of the best ports in the world," he said.

"On the way down, the voyage could take in a Bass Strait archipelago, the Bay of Fires, Freycinet Peninsula, Maria Island, the Tasman Peninsula, Bruny and the wonderful River Derwent."

Media and marketing strategist Mr McClellan agreed.

"The service's Sydney launch in January attracted very good media coverage; the market knows about Spirit of Tasmania III," he said.

"However, people won't be prepared to pay the amount of money being charged unless the service offers something extra, rather than just a commuter trip."

Tourism Minister Ken Bacon yesterday rejected claims that Spirit III was overpriced.

"I don't think it is because we're targeting a niche market here," Mr Bacon said.

"If you take the upmarket hotel-motel chains, that's the type of people they need to get into Tasmania."

Mr Bacon said more than 48,000 passengers had booked to travel on the service since September 2003.

© Davies Bros

VECCI PRE Budget Submission
To VIC GOVT. Feb. 2005.

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So Too Are Actions That Consolidate Melbourne's Status as Australia's Hub Port Victoria is well positioned to continue to attract freight from South Australia, New South Wales and Tasmania for export and to act as a distribution centre for international imports.

While channel deepening is vital to securing an improved trade performance, over the medium term further attention also needs to be paid to enhancing freight links between Victoria and Tasmania.

Consistent with AusLink objectives, VECCI believes in comparable connections between States.

In this regard, it is of concern that the Melbourne to Hobart transport corridor is not included as a priority corridor for investment under the AusLink National Network – unlike every other transport corridor linking Australian capital cities.

As AusLink evolves over time, we believe consideration should be given to incorporating the Tasmanian Freight Equalisation Scheme (TFES) and the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) under AusLink, thereby offering a similar connection to National Network road and rail links between Melbourne and Hobart, as currently exists between Melbourne and Sydney and Melbourne and Adelaide.

VECCI also believes that the TFES should be extended to include full southbound equalization. The southbound component of the Scheme applies only to persons or businesses engaged in manufacturing, mining and primary production (agriculture, forestry and fishing) in Tasmania.

Equalization, when fully applied to passengers and freight, could be expected to substantially increase economic activity, population, investment and jobs in South-Eastern Australia and to significantly increase traffic flows through Victoria to and from Tasmania.

State Government support of these principles in future policy and budgetary considerations would therefore be welcomed.

The Howard Government

Putting Australia's Interests First

ELECTION 2001

certainty · leadership · strength

OUR FUTURE ACTION PLAN

A Stronger Tasmania

After thirteen years of Labor neglect and broken promises, Tasmania is rebuilding. Under the Howard Government, Tasmanians are benefitting from a raft of new initiatives. But more needs to be done. A **Stronger Tasmania** commits the Coalition Government to an even greater effort – in the interests of all Tasmanians.



www.liberal.org.au
www.nationalparty.org

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The Way Forward

Building Tasmania's Future

A re-elected Howard Government will continue to provide real support for Tasmania's future development. Under the Howard Government's leadership, key elements of Tasmania's infrastructure will be developed or redeveloped to create sustainable and meaningful employment.

The initiatives outlined within this policy build on investments such as the Coalition's \$20.45 million funding of the Abt Railway restoration and \$10 million into York Park and Bellerive Oval. We are determined to finish implementing our plan for Tasmania – a plan with realistic, achievable and exciting outcomes for all Tasmanians.

New Projects for Tasmania

The Howard Government is committed to the development and prosperity of Tasmania. In addition to national programmes announced during this election campaign, the following specifically Tasmanian projects will be funded by a re-elected Coalition Government.

Expanding the Bass Strait Passenger Vehicle Equalisation Scheme

Bass Strait has always put Tasmanian industry and commerce at a disadvantage. Successive Liberal Governments have acknowledged this, with the establishment of the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) – which are now worth around \$82 million per annum. These schemes are uncapped and demand driven.

In our second term we recommitted ourselves to both schemes and provided a \$15 million boost to the Freight Equalisation Scheme. Thanks to the sound economic management of the Howard Government, we can announce a further enhancement of the BSPVES.

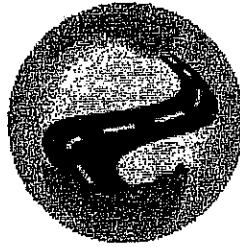
A third Howard Government will provide an estimated \$15.2 million enhancement of the BSPVES by introducing:

- A flat rebate, irrespective of the tourist season. The current rebate per car is between \$100 and \$150 each way depending on the season. A re-elected Coalition Government will increase the rebate to a flat \$300 per car on a return trip. This will give greater assistance to Tasmania's vital tourism sector by encouraging travel to the island in shoulder and low seasons;
- An increase in the rebate for motorhomes and vehicles towing a caravan to \$300. This initiative recognises the growing trade in extended motoring holidays, particularly by retirees. The economic benefit of this type of tourism cannot be underestimated – these travellers traditionally stay longer within the state and visit many

VITAL ASSISTANCE
TOOK THE
ALONG
OF
EDUCATION
TOURISM TOOK
THE OBVIOUS
POSITION
F. would have!

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NATIONAL SEA HIGHWAY COMMITTEE



P.O. BOX 2073, Caulfield Junction VIC 3161, AUSTRALIA
Phone & Fax: 03 9532 8818
E-mail: peterbrohier@maptag.com.au



Peter Brohier
National Sea
Highway
Lobbyist

Bass Strait Passenger Equalisation

"The National Sea Highway concept is that Tasmania should be connected to Victoria by a surface travel option offering, all year, comprehensive National Highway equivalence for both people, vehicles and freight.

This concept is in keeping with the Commonwealth's responsibility to provide for toll free National Highways between states. The Commonwealth should direct its Bass Strait funding to achieve this outcome."

Victoria needs third interstate highway under a national plan

OPEN SPACE
PETER BROHIER

For Auslink to be called a national land transport network, all states, including Tasmania, need to be connected.

Victoria is entitled to be connected by three interstate routes of national significance, not just two. Under Auslink, the Melbourne to Hobart route should also be recognised as part of a "corridor of national significance".

Victorians have under a month to decide on the Federal Government's Auslink transport green paper proposals. These proposals may ultimately form the basis of a national transport plan.

Victoria continues to have a moral and probable legal right to a further national highway interstate link under the existing Australian Land Transport Development Act (ALTDA). Under the act, the Commonwealth may be able to declare and then fund, toll-free, national highway access for a third highway between Melbourne and Hobart.

The highway can be established virtually overnight by the declaration of Bass Strait ferries as part of the land-based national highway that connects northern Tasmania to Hobart. However, as part of the Federal Government's proposed national transport plan, this opportunity could pass as a result of adjustment to or revision of the ALTDA.

Victoria is recognised as being connected to two "corridors of national significance" — Melbourne to Sydney and Melbourne to Adelaide. The full surface link between Melbourne and Hobart also deserves to be recognised.

Travel access to Tasmania with vehicles and some freight is already covered by two existing Federal Government-funded Bass Strait equalisation schemes. These schemes are not enshrined in legislation and their continuance can be subject to political will.

The schemes do not yet guarantee the same access for all freight as on other national corridors. These schemes underpin Bass Strait transport and reduce access costs for many Australians crossing Bass Strait with a vehicle and also reduce the cost of some goods sold by Victorian companies to Tasmania.

Many of these Victorian companies have regional or head offices based in Melbourne. The impact of these schemes should not be underestimated.

But many companies already are not

Perth is, on one estimate, just slightly more than moving goods a much shorter distance between Victoria and Hobart.

With a lack of full freight equalisation, many Victorian manufacturers exporting south to Tasmania are disadvantaged.

If the full route, Melbourne to Hobart, were accepted as a corridor of national significance, funding under an intended National plan would presumably be equally applied on all routes of national importance. This would equalise the cost of all freight crossing Bass Strait in both directions to the cost of road travel.

The impact of this acceptance may be felt by a reduction in the sea fare applying to foot passengers, groups and families of three passengers or more who cross Bass Strait and those towing ancillary vehicles.

The effect of the Coalition's funding of the Bass Strait Passenger Vehicle Equalisation Scheme ("BSPVES"), with the subsequent introduction of the two ferries has demonstrated the success and wisdom of the Coalition's introduction of equalised National links between Victoria and Tasmania. As a result of the decision by the Tasmanian Government to introduce two fast mono-hull vessels crossing the Strait, it would seem likely that there is sufficient capacity and funding to offer all-year highway equivalent connections between the two states.

With a lack of full freight equalisation, many Victorian manufacturers exporting south to Tasmania are disadvantaged.

For Auslink to be called a national land transport network, all states, including Tasmania, need to be connected.

With the emergence of the importance of service industries within western democracies, greater emphasis needs to be given to maximising personal mobility. Access to people is just as vital an economic ingredient for the service industries as raw materials are to the manufacturing sector.

Some in Victoria may also expect that a national corridor would be operated to draw the maximum numbers of highway travellers from other states through Victoria on their way to and from Tasmania.

There are many opportunities for South Eastern Australia that can flow from Victoria and Tasmania's integration within a national transport network. With a significant growth corridor to Tasmania in place Victorian manufacturers can reap the benefits of serving a growing Tasmanian population rather than destinations as far as

Extract from Lloyds List DCN:

"I think that a clear case can be maintained for the Tasmanian Freight Equalisation Scheme (TFES) to be incorporated in Auslink."

Mr Brohier said. "It should apply to northbound goods carried across Bass Strait by sea to the port of Melbourne and destined for export markets."

The TFES could and should be paid on the Tasmanian - Victorian sector, he said.

"I believe that it has been agreed in the past that TFES should not apply to exports as it may amount to an export subsidy," he said.

"But if Bass Strait were regarded as an interstate link or a national highway, then I don't believe such TFES could ever be regarded as an export subsidy."

Mr Brohier said adopting his proposal would mean export businesses that establish themselves in Tasmania would be treated in the same way as those businesses that establish themselves in say, Albury, and wanted to send their goods to the Port of Melbourne for export.

Under such a scenario, the Albury business would have the advantage of the Hume Highway while the business established in Tasmania would have the advantage of sending its goods along a national sea highway, he said.

This would be of immense importance to Tasmania as it would place the island state in exactly the same position as mainland states when it came to attracting export business, Mr Brohier said.

Latest information as at 5th November 2003:

For material before an Australian Senate Poverty enquiry [Click here](#)

Also full submissions and attachments to the material placed before the Senate hearing can be obtained through the following link.

We believe this information will be posted to you without charge.

[Click here](#) to make the request as above and make sure you provide your postal address.

You can ask for all the supporting material to the evidence given by Peter Brohier to the Senate's Poverty Enquiry at Ballarat on the 30th June 2003.

26th May 2002

NATIONAL SEA HIGHWAY COMMITTEE ENDS A 10 YEAR CAMPAIGN

Peter Brohier, Chairman of the National Sea Highway Committee said today:

"The principal aims of the campaign for Bass Strait passenger transport equality will be met from September 2002 on introduction of the new fares and monohull ferries.

The Bass Strait sea passenger and vehicle fares announced by the Tasmanian Government a few days ago will exceed full equality for a single driver with a car and offer full equality based on the cost of National Highway travel for two sit - up passengers and a vehicle crossing Bass Strait by sea.

These fares will apply for about 45 weeks a year.

The lowest fares are expected to be between \$94 to \$100, one - way for a single driver and a car. This is about the cost of petrol to drive one - way between Melbourne and Adelaide or Melbourne and Sydney. The cost of two travellers with a car one-way will be between \$188 to \$200 in reclining seat accommodation. This results in a cost of about 44 cents a km, Melbourne to Devonport estimated at \$190.

There is still no Commonwealth guarantee of comprehensive passenger access pegged to the cost of road travel. Despite this, uncapped and substantial Commonwealth funding and a dramatic increase in passenger capacity, daily and faster travel and optional meals and berth accommodation to be introduced by the Tasmanian Government, will allow highway equivalent access to and from Tasmania for many Australians. Access will be much more affordable. Tasmania will enjoy similar transport links to all other states.

It is expected that when Tasmania enjoys the benefits of lower surface travel costs these will continue for many years to come. This is especially so as uncapped funding offered by the Howard Government in 1996 has now reached levels able to deliver full equality and an acceptable return to operators.

The economic and social benefits to Tasmania and south-eastern Australia ought to be substantial.

It is political reality that sometimes the decisions made by Governments do not fully meet the needs of those seeking change.

The Committee had sought a low foot passenger fare and an inclusive car fare to offer comprehensive highway equivalence. Unfortunately, the Committee was unable to persuade both the Federal and Tasmanian Governments of the merits of this part of its proposal. Hopefully the advantages of the Committee's suggestion will become more apparent over time.

The Committee however recognises that the proposed fares will deliver greater than highway equivalence for many single travellers, full equivalence for the most common group of travellers but regrettably, at the expense of larger groups travelling.

Tasmania will soon have the greatest opportunity to benefit by implementation of most of the access arrangements we sought when we started campaigning in 1992.

We hope that Tasmanian and Commonwealth negotiators will now ensure that the BSPVES is maintained using the same equalisation principles as apply currently under the Scheme. The BSPVES could now be said to effectively equalise the cost of two persons travelling in a reclining ferry seat with a car rather than continue to equalise the cost of a single driver occupying an inside four berth cabin.

We believe that when Commonwealth funding is re-negotiated in four years it would be advisable that the BSPVES be based on equalisation principles rather than on subsidies dependent on the vagaries of the political will of the day.

In view of the substantial delivery of equalisation no further lobbying by the National Sea Highway Committee need now take place.

I wish to thank the members of, and all who participated in and supported the voluntary campaign run over the last ten years by the Committee and its predecessor, the Committee for Bass Strait Transport Equality.

My thanks also go to the Commonwealth and Tasmanian Governments for their significant financial commitment to Bass Strait sea passenger access and the substantial delivery, for the first time, of equal and effective links by both air and sea between Tasmania and the rest of Australia."

The National Sea Highway Committee and its predecessor, the Committee for Transport Equality have been the catalysts and driving force behind the Howard Government's introduction of the Bass Strait Passenger Vehicle Equalisation Scheme and the Keating Government's proposal for a fast ferry offering substantially lower passenger and vehicle fares. Car fares dropped to as low as \$25 one - way in 1996 under the Bass Strait scheme.



Peter Brohier, chairman of both committees, was awarded the Australian Hotels Association (Tasmania) award for bringing a National Sea Highway to Tasmania in October 1997.

Hansard 12 April 2002:

Mrs NAPIER - You would be familiar with the ongoing fight by many Tasmanians to get the equivalent of a national highway, and you would be familiar with the argument that I think is most often put forward by Peter Brohier on the basis that if you drive a car across to the mainland you can put four people in it. If you choose to put one person in it it is still going to cost you just as much to be able to drive the car over there. Was there a consideration by the TT-Line of in fact achieving a fare structure that was based on the principles outlined under the National Highway Equivalent Scheme?

Mr LENNON - That is probably appropriately addressed to me. Mr Brohier has been a very strong advocate for a better deal for people on Bass Strait. I think he has done a terrific job over the last few years. Through his efforts he is probably more responsible than anybody else for the introduction of the vehicle subsidy, I would think. He continues to lobby Federal politicians about that matter, and my department continues to support him in those efforts. Essentially that is an issue that needs to be taken up at a government level, rather than with TT-Line management. What we have provided for here is the closest thing to a highway we will probably ever see on Bass Strait frankly, with a daily monohull service and operating all year round with a massive increase in the number of cars that we bring across Bass Strait in a year compared to the current service. Mr Brohier now has much more ammunition for his ongoing campaign with Federal politicians of both political persuasions because we have the road now and we will continue to support him in his efforts to get the cost down of travelling on that road for that car

(Mr Lennon is the Deputy Premier of Tasmania and also the Minister responsible for TT Line)

Hansard Senate 6th December 2004

Senator Abetz-

"Senator Barnett, I and a few others met with the restaurant and catering representatives of the Australian Hotels Association-tourism and hospitality being a growth area in our home state because of the Bass Strait Passenger Vehicle Equalisation Scheme initiated by the Howard government".

The Mercury

Tuesday the 13th July 2004 page 11

"Senator Colbeck said the scheme, combined with the Spirit of Tasmanian ferries, was the next best thing to a highway link with the rest of Australia." "He said the figures.... confirmed that without the decision to introduce the (BSPVS) scheme, the ferries would not be the success they have been."

"The report confirms the impact of the scheme on passenger numbers and vehicles carried. These have increased dramatically, with a resultant boost to tourism and the state economy"

Article went on to say that "TT Line chief executive Peter Simmons said the scheme was one of the most effective regional development initiatives ever put in place." "It has really worked, and it is incredibly important. It has enabled us to do what we have with the three ferries"

"The Tourism Council of Tasmania's chief executive Daniel Leesong said the subsidy scheme has proved its importance to the tourism industry and the state's economic future"

The Economist

17th January 2004 page 49

Article

Van Diemen's reborn land

The convicts would be astonished

"Tourism is soaring, the economy is growing (the forecast is 3.5% next year), unemployment is falling and Tasmanians are no longer leaving home"

"introduction of two daily ferry services from Melbourne in 2002, have fed the rush"

E-mail to Peter Brohier (maptag@jeack.com.au)

Thank you for your E-mail of 26 May.

Peter, you can – and should - take personal credit for the improvements in Bass Strait fare equality.

The campaign you and the National Sea Highway Committee have waged over many years has succeeded in delivering better fares for Tasmanians.

....

Peter, I thank you for your hard work on behalf of this State. All Tasmanians must salute you for your achievements.

My warm congratulations and good wishes.

Yours sincerely

Bob Cheek, MHA
Leader of the Opposition

Australian Financial Review 31st January 1992

Put Tasmania on map with cheap ferry service

SIR, I know Mr Keating's February statement will be a good one, but I can't get to Canberra this year to hear it. I will probably have to watch it on TV, if it's on in Tassie.

I suppose Canberra will be crowded with lobbyists before February. Down here we have got an election approaching. Our politicians are fighting it out in the shopping malls, otherwise they would possibly be up there too — lobbying for Tasmania.

Well, if they are not going, the Prime Minister might wish to consider one ordinary Tasmanian's attempt at lobbying. I've never really been a good lobbyist, in fact, this is my first real attempt at a Canberra "big-shot".

Before I have a go at it, I've got a terrific view out of my window, not quite the Kirribilli House view of the Sydney ferries, but I can see the Abel Tasman, Tassie's luxury cruise vessel, departing every second day to Melbourne.

What a sight!

But that's all it's going to be for me. It's not the same as the Sydney ferries — I can't afford to travel on it.

Tasmania is a wonderful island but you cannot get in and out of here cheaply. Not everyone has access to a jet, and, even a Prime Minister needs a car at the other end.

Perhaps Mr Keating could give it a go. Try driving down to Melbourne and catch the "Abel". For a family of four, it will cost between \$700 and \$1,328, depending on the time of year, to get the family and the car across the Strait

Few mainlanders, let alone Tasmanians, can afford that on a regular basis.

But here is the crunch. Why doesn't the Government in Canberra fund a two-ship ferry service to Tasmania — two sailings a day? Try Geelong to Burnie, if you like.

But you are thinking, "Doesn't the Abel Tasman often sail half-empty?" You've got it right, but who has got the money to pay for a sea-going experience of a lifetime, with the Abel unable to turnaround in port within seven hours and even longer on some weekends?

We can't afford it, and that's all there is to it.

We need a ferry service with a turnaround time of about three hours in port at a price most of us can afford.

But wait for it! It's got to cost the equivalent of three tanks of petrol in the average car, each way, for the whole family, two adults and two children and the car. I know Mr Keating is smiling, he will have to subsidise it.

Well, if it costs anything above this amount, mainlanders are likely to fill their tanks and go to Adelaide instead, on highways subsidised by the Commonwealth.

If the Government is going to fund highways on the mainland, and make it cheap and easy to reach mainland capitals, why not subsidise a ferry service to Tasmania? It's only fair — we are a part of Australia too.

I know what the Prime Minister will be thinking. It's going to cost dollars. True but

Tasmania is largely undiscovered by mainlanders. It's a

Practically every element of the service suggested in this letter has been achieved. These include uncapped Federal funding for vehicles, a two ferry service, two crossings a day, about 3 hour turn-a-round times, one way fares for two people at about the cost of three tanks of petrol and a recognised significant impact of the Tasmanian economy. The importance of crossing with a car and low fares a major determinant to crossing are now well established.

SEE ALSO:

- ABC Radio National's "World Today" of 12th August 1999.
- ABC Television's "7:30 REPORT" of 1st February 1999.
- Tasmanian Chamber of Commerce & Industry News: "National Sea Highway - The Way Forward" August 1999 Report at www.tcci.com.au
- Time Running Out: Shaping Regional Australia's Future - House of Representatives Standing Committee on Primary Industries & Regional Services: February 2000. Recommendation 59, pages 173-175: "National Highway - Inclusion of Tasmania" - *"The Committee recommends that the Commonwealth Government work with the Tasmanian Government and the private sector in implementing the Bass Strait Sea Passenger Equalization Scheme as soon as possible"*
- Parliament of Australia, see: www.aph.gov.au Search for National Sea Highway Committee (2 pages of references).
- "Separation by Water is a Key Factor" Launceston Examiner 29/5/2001
- "Labor hints of Strait Backing" Hobart Mercury 1/5/2001

For further information refer to the Australian National Library, Canberra; Information Ref. No. ANLNq386.609946 C734.

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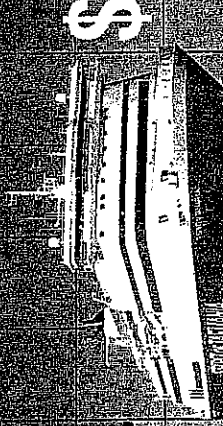
Written and authorised by Peter Brohier, North Caulfield Victoria

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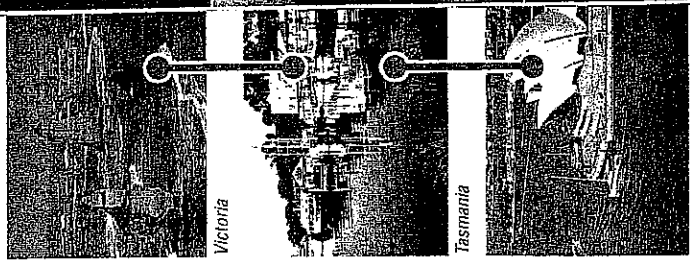
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**Rural and Regional Affairs and Transport
Legislation Committee**

SUBMISSION COVER SHEET

Inquiry Title: AusLink (National Land Transport) Bill 2004, and
AusLink (National Land Transport-Consequential
and Transitional Provisions) Bill 2004.

Submission No: 1b

Date Received: 29 March 2005

Organisation:

Address: PO Box 2073
CAULFIELD JUNCTION VIC 3161

Phone: 03 9532 8818

Fax: 03 9532 8818

Email: peterbrohier@maptag.com.au

Submittor: Mr Peter Brohier

From: Peter Brohier [peterbrohier@maptag.com.au]
Sent: Tuesday, 29 March 2005 1:53 AM
To: RRAT, Committee (SEN)
Subject: Peter Brohier

Supplementary Submission from Peter Brohier.

Would you also inform Senator Heffernan and the Committee that if the Bass Strait schemes are not enhanced and/or incorporated in Auslink and are not required to deliver full equalisation, they could be described as a subsidy and, in my view, every offshore island would be equally entitled to come to Canberra and ask for similar treatment.

Bass Strait infrastructure or equalisation should be confined to apply to deliver Auslink equivalence to the only interstate corridor not linked.

Whether Auslink amounts to payments for infrastructure or on-going Commonwealth payments, this expenditure should deliver a similar outcome for travel and the movement of freight on the route Melbourne to Hobart as any other part of the National network. The position I advocate is the only strong, confined and effective National policy that should apply to this link.

Will you regard this last paragraph as my 3rd submission.

Many thanks
Peter Brohier