

Extending rebates under the Bass Strait Passenger Vehicle Equalisation Scheme: A Case for Trailered Boats

Submission to the Productivity Commission inquiry into Tasmanian Shipping and Freight

12th December 2013



Introduction

The Boating Industry Association of Victoria (BIAV) provides a voice on behalf of the recreational boating community and marine based businesses and unifies the industry. Central to its objectives are the goals of promoting safe and environmentally sound recreational boating as a preferred pastime for the whole community, and the provision of a guide for professional dealings with other parties through its voluntary Code of Ethics. BIAV has sister BIA's in all Australian States. The combined corporate members total almost 2000 industry bodies.

Submission

The Boating Industry Association of Victoria welcomes the opportunity to provide a submission to the Productivity Commission inquiry into Tasmanian Shipping and Freight. This submission will address paragraphs 4 and 5 (c), (d) and (e) in the Terms of Reference – Scope of Inquiry. The following submission will outline a case for recommending the extension of a rebate to trailered boats towed by eligible passenger vehicles under the Bass Strait Passenger Vehicle Scheme (BSPVES), as a method of addressing a significant barrier to the aims of the scheme.

The introduction of the BSPVES by the Australian Government in September 1996 was “intended to increase demand for travel across Bass Strait, with direct benefits to the tourist industry and potential growth in jobs, investment and population for Tasmania”.¹

It seems from BITRE (2012) Monitoring Report no.13 that the scheme supporting passenger services between the mainland and Tasmania may not be achieving this aim as “*the BSPVES would have needed to have increased the number of additional visitors to Tasmania by 15,300 in 2010–11 for the increase in spending to equal the total rebate paid*”.

The current cost of return fare travel² across Bass Strait for a trailered boat owner is \$1914.00 net fare (High Demand) whilst an equivalent sized caravan owner can expect a \$1516.00 net fare. The lower return fare for a caravan owner reflects the BSPVES subsidy of up to \$408 each way rebated against the net fare by the ferry operator.

¹ Bureau of Infrastructure, Transport and Regional Economics (BITRE), 2012, Bass Strait Passenger Vehicle Equalisation Scheme, Monitoring Report No. 13, Canberra ACT

² As booked on www.spiritoftasmania.com.au/ (11/12/2013)

Fig 1 – Cost of Equivalent Return Travel Trailered Boat vs. Caravan (www.spiritoftasmania.com.au)

BOOKING SUMMARY	
Departure sailing	Fri 03 January 2014, 09:00 Melbourne to Devonport
Cabins and passengers	
Spirit fare	
Day Tickets for 1 adult	\$198
Departure cabins and passengers:	\$198
Vehicles	
Holden Commodore towing 6.25m trailer (including boat trailer, box trailer etc) , under 2.1m in height, total length 11.15m	\$776
Departure sailing total:	\$974
Return sailing	Sun 12 January 2014, 09:00 Devonport to Melbourne
Cabins and passengers	
Spirit fare	
Day Tickets for 1 adult	\$164
Return cabins and passengers:	\$164
Vehicles	
Holden Commodore towing 6.25m trailer (including boat trailer, box trailer etc) , under 2.1m in height, total length 11.15m	\$776
Return sailing total:	\$940
Total for booking:	\$1914
Prices may fluctuate and are not guaranteed until payment is processed. Your booking is not confirmed until your booking number is provided.	
START AGAIN	

BOOKING SUMMARY	
Departure sailing	Fri 03 January 2014, 09:00 Melbourne to Devonport
Cabins and passengers	
Spirit fare	
Day Tickets for 1 adult	\$198
Departure cabins and passengers:	\$198
Vehicles	
Holden Commodore towing 6.25m caravan or camper trailer, under 2.1m in height, total length 11.15m	\$577
Departure sailing total:	\$775
Return sailing	Sun 12 January 2014, 09:00 Devonport to Melbourne
Cabins and passengers	
Spirit fare	
Day Tickets for 1 adult	\$164
Return cabins and passengers:	\$164
Vehicles	
Holden Commodore towing 6.25m caravan or camper trailer, under 2.1m in height, total length 11.15m	\$577
Return sailing total:	\$741
Total for booking:	\$1516
Prices may fluctuate and are not guaranteed until payment is processed. Your booking is not confirmed until your booking number is provided.	
START AGAIN	

The return fare discrepancy is more pronounced during Low Demand season travel as the net cost of return travel fares for the trailered boat owner remains identical regardless of season. BIAV submits that high cost net fares for trailered boat owners are a significant barrier to increasing demand and subsequent passenger travel across Bass Strait.

BIAV submits that including trailered boats towed by eligible vehicles under Schedule 1 of the BSPVES, in line with the rebate applied to caravans (*and motorhomes, campervans*) would assist the current scheme by creating greater incentive for trailered boat owners and accompanying crew members to travel between the mainland and Tasmania. This would result in increased passenger travel and a substantial added increase in direct expenditure and flow on benefits to the State economies of Tasmania and Victoria, due to the higher passenger numbers travelling and the higher expected spend from trailered boating tourism.

Benefits

The cost to the Australian Government of implementing this recommendation would be justified in terms of return on investment alone. Assuming the inclusion of 2500 trailered boat³ inward journeys per annum under an expanded BSPVES, the cost to the Australian government of up to \$2.04 million pa in extra BSPVES expenditure would generate an

³ BIAV estimated increase in trailered boat crossings based on BITRE (2012) estimated real sea fare (own-price) elasticity of -1.34

estimated \$6.12 million pa direct expenditure within the Tasmanian economy⁴. Although, when the average daily expenditure of \$403 for Victorian recreational trailered boaters found by Ernst and Young (2009)⁵ or daily expenditure by recreational game fishers of \$1533 in ABARES (2012)⁶ is taken into account, the direct expenditure figure is estimated to be more than \$16.12 million. Cost savings would also shift from the Tasmanian Freight Equalisation Scheme (Ministerial Directions, section 13) whereby a small section of the trailered recreational boating community currently receive rebates of between \$70-\$300 as professional sportspeople for return travel across Bass Strait.

The flow on benefits to State GSP of any increased recreational boating activity is not presently quantifiable due to a lack of available modelling but a good example can be seen in EMDA (2007) which found that every 5% increase in recreational boating participation in Victoria creates approximately 315 full time positions⁷, and Ernst and Young (2009) found recreational boating activity on Port Phillip Bay in Victoria generated a \$955 million annual contribution to the Victorian economy, comparable to that of Melbourne Airport and generated over 13,400 full time positions.

Demand

There are currently 100,000 registered trailered boats in Victoria that would potentially access subsidised cross Bass Strait travel and more when those registered in other States are included. Many trailered boat sectors such as recreational game fishing, motor cruising and trailered yachting⁸ report strong and increasing demand for travel between the mainland and Tasmania. The demand for cross Bass Strait travel in the recreational game fishing sector is particularly significant as it occurs during the low demand season (March to September), is the highest spending trailered boat sector, and demand will increase dramatically with the beneficial recreational fishery changes associated with climate change and the expected extension of migratory game fish range into Tasmanian coastal waters.

It is noted that key recommendations in the Tasmanian Access Study final report (2012) pay regard to sustainable economic growth for Tasmania through the development of non-seasonality based tourism markets.

Current vessel registration growth in Victoria is stagnating at 0.48% pa⁹ from a 5 year average of 3.5% pa almost entirely due to poor recreational boating infrastructure unable to support demand and BIAV submits that an increase in recreational boating activity driven by subsidised cross Bass Strait travel will be necessary for the Victorian recreational boating industry to continue to grow at a sustainable rate.

⁴ BITRE (2012) modelling of average passenger expenditure and stay length

⁵ Ernst and Young (2009) – The Economic Value of Boating in the Bays *An assessment of Port Phillip and Westernport*

⁶ Australian Bureau of Agricultural and Resource Economics and Sciences (2012) - A socioeconomic evaluation of three eastern Australian game-fishing regions

⁷ EMDA (2007) Final Report - The Economic Value of the Victorian Recreational Boat Industry

⁸ Yachting Victoria: Annual Committee Report (September 2012)

⁹ Transport Safety Victoria - Marine Safety Incident and Demographic Report (July-October 2012)

Summary

In conclusion, BIAV submits that extending the rebate applied under the BSPVES to trailered boats towed by an eligible passenger vehicle, in line with that applied to caravans is necessary and:

- Will increase the efficiency of the BSPVES
- Will provide for increased contributions to the economies of both Tasmania and Victoria
- Is cost effective
- Would be simple to achieve via amendment of section 6, Ministerial Directions, and
- Should be a recommendation of the Productivity Commission report to the Australian Government

Attachments

1. Victorian Recreational Fishing Peak Body – *Letter of Support*