**Submission made by Peter Brohier to ACCC Grocery Price inquiry -**

*Submitted on the 31.05.08*

I believe that grocery prices are generally higher in Tasmania as:

1. The Bass Strait Passenger Vehicle Equalisation Scheme has not delivered equitable

and comprehensive “bitumen cost” equivalence for sea travel, the original intention of

the Scheme. Canberra needs to act to deliver that outcome. The focus on moving the

shell of cars should be balanced by a focus on moving all the people in them, and

offering a “bus fare”, equivalent to travelling a similar distance Melbourne-Albury.

With billions of dollars going into every other interstate linkage, fair application by

Canberra of existing uncapped federal schemes will remove Tasmania's unjustified

remoteness, grow a greater population as quickly as a new land based highway

would, allow for many more tourists and therefore spread overheads over a larger

population reducing prices of all consumables. As expected from 1996, the impact of

this proposal would be that demand curves for many industries would move outward

instead of a movement along just one existing curve.

2. Also, under the Tasmanian Freight Equalisation Scheme (TFES), Tasmania does not

enjoy the same "free trade" as Australia advocates internationally. Northbound

consumables are equalised but the same goods sent southbound are not. This unfair

scheme, however well intentioned some decades ago, is out of date and denies

Tasmania fair competition policy and therefore adversely impacts on the price of

consumables. The scheme does not offer the same equality to Tasmanians as

interstate highways offer to residents of all other states. The cost of moving goods by

sea should be generally cheaper than by land.

3. The TFES even excludes international exports crossing northbound to Victoria and

therefore limits the use of world-class "state of the art " processing plants in Northern

Tasmania thereby reducing jobs and population in Tasmania.

4. The Auslink national transport system leaves one significant gap in Australia's said to

be “integrated” inter-capital interstate transport grid, whilst Canberra's Bass Strait

“equalisation” schemes do not deliver Auslink equivalence or comprehensive

equalisation. Tasmania's only surface link and Victoria's entitlement to a third

interstate inter-capital route needs Canberra's full implementation. Political

recognition of Bass Strait as “part of the National Highway” has been in place for over

a decade. Un-skewed transport opportunities, as are offered on the Hume Highway,

should be made available between Melbourne and Hobart. The link should equalise

cost disadvantages between states for people, vehicles and all freight and allow

every state to compete with each other, having equal air and surface linkages.

5. The solution is simple, very affordable and can be delivered in weeks using uncapped

federal funding, existing capacity, and fair targeting of existing federal equalisation,

cost disadvantage between states and National Highway policies. Implementation by

Canberra of comprehensive equalisation, under Auslink, will eliminate fear of

contravention of WTO obligations for exports. It will also allow Tasmanian suppliers of

consumables to be compensated for any dislocation through increased interstate

competition by offering them almost immediate access to a larger market of

Tasmanian visitors and residents.