

# **NATIONAL SEA HIGHWAY**

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## **National Sea Highway Submission to the Productivity Commission Tasmanian Shipping and Freight Inquiry**

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### **BASS STRAIT TRANSPORT - MEETING PROMISES MADE AND THE EXPECTATIONS OF A NATION**

#### **THE PROPOSITION**

A Bass Strait national sea highway was promised and well federally funded to equalise the cost of moving both people and vehicles from 1996. This outcome should be delivered using the existing Bass Strait Passenger Vehicle Equalisation Scheme - then extended to all freight, save for bulk cargoes.

The “equalisation” concept is the same as is applied under a current Federal Tasmanian Freight Equalisation Scheme covering about half the freight crossing Bass Strait. Freight excluded are both southbound consumables and international exports – goods that are needed for just living and for jobs.

“Equalisation” is that it should be the same perceived and or actual cost to decide whether to personally travel or transport freight from Melbourne, say on the Hume Highway towards Albury or, to travel the same distance to Northern Tasmania by sea. Such would also be the case from Northern Tasmania to Hobart by road or to Melbourne by sea.

It is the responsibility of the Australian Government to include the movement of foot passengers, passengers in vehicles, all vehicles and ancillary vehicles, and all freight, save for bulk shipping cargo.

Canberra delivers such an outcome between all other states by investing billions in road funding connecting the rest of the nation.

The purposes of federation, equity, efficiency, economics, democracy and justice require the Commonwealth to deliver this outcome.

As with the operation and control of punts, it is open to the Australian Government to negotiate and reach agreement with shipping companies to pay them the lowest practicable amount able to be negotiated to deliver the all-year, consistently priced

outcome suggested, based on the kind of ferry, route, frequency of service and capacity offered.

This suggested approach is somewhat akin to the Rundle experiment made in 1996 - 1997 year and which is referred to in a Federal Bass Strait Passenger Vehicle Equalisation Scheme "BSPVES" monitoring report of that year.

As with any agreement, civil and possibly criminal charges for a breach could apply saving substantial administrative costs.

Where the current Bass Strait equalisation schemes result in a lower cost of travel or transport, the option of existing travel and transport arrangements could be chosen.

Ongoing improvements in the service, as with a physical interstate highway connection, could be a matter for recommendations by Infrastructure Australia.

There are other ways of achieving the same outcome.

## JUSTIFICATION

Between 1992 and 1996, the NSH and its predecessors publically led the initiative for a national sea highway crossing Bass Strait. The terms of the lobby were clear to all. It sought consistently priced transport equity pegged to the cost of road travel across Bass Strait by sea for both people and vehicles.

Many types of Industries and organisations, and or their representatives, across Victoria and Tasmania then joined or supported the lobby and a Federal equalisation scheme with a net present value in the billions was put in place. It continues to this day.

Those that lobbied, and supported such a scheme, deserve the outcome they were promised. Despite obtaining massive Federal equalisation funding, they have still not obtained transport equity.

In any modern democracy, the people generally choose the government they want based on promises the parties have made. They expect those promises to be delivered.

But on attaining government, it seems that the province of governance is largely left to the influence of others.

Such seems the case with the Bass Strait Passenger Equalisation Scheme – originally aimed at equalising the cost of both people and vehicles to the cost of road travel.

After an election, the industries and others engage with governments.

The subsequent process of formulating detailed policy rarely comes under rigorous and continuous public scrutiny.

This has not been the case with the NSH. For about two decades, the NSH has monitored the progress of Bass Strait equalisation policy and its practical application but has had almost no impact when seeking to restore the original intention of the scheme.

We believe that governance processes should, after an election, follow clear publically endorsed policy, and not try to reverse it.

Such a reversal, within the processes of governance, seems to have occurred in respect of Bass Strait equalisation policies taken to at least two federal elections.

Even the name of the scheme underwent change by calling it a “passenger vehicle scheme” rather than a “passenger” equalisation scheme.

It is very unlikely that a subsidy scheme for the movement of the “shell of vehicles” could have ever obtained the kind of wide support needed to encourage even one cent of new Federal transport funding.

We have now, what was said, under Federal Labor, to be Federal financial support for “driving holidays for mainlanders” - not support for an equitable sea highway capable of substantially advancing whole of state economies.

It is time this type of reversal stopped.

National Highway equalisation policies have justified Bass Strait funding consistently at election time for many years, but have not comprehensively or consistently been delivered and have had little or no possibility, unless through intervention, of ever delivering that result.

This time, even more money is sought by some, said again to be for the purpose of delivering highway equivalence.

Any extra funding sought cannot help without a transparent, national, objective and well scrutinised program aimed at the delivery of an equitable link for both people and vehicles – in addition, now all freight.

It is important to understand that some individual industries also often express largely self interested commercial views and seldom ask for a major change in a national framework. They usually confine their requests for support to there own direct activities.

This is understandable, but in this instance, it can result in national loss, as “infrastructure” needs of public importance to a national economy can then go largely unnoticed.

Sadly governments also can dip their toes in the water when it comes to perceived major national infrastructure changes or dismiss such proposals as just too costly.

The NSH's catalyst, coordination and lobbying role has and is therefore critical in seeking, and then obtaining major change, outside of government for this important Bass Strait transport corridor. It should be listened to again and again.

At the time of the 2006 Productivity Commission's inquiry into the Tasmanian Freight Equalisation Scheme, requests made by us to extend the TFES scheme to cover full "Hume Highway" equalisation were dismissed. They should not have been.

This was despite the schemes then and now, still obvious failings.

The Commission then concluded "it would significantly widen the scope and cost of the current subsidy" and took the issue no further. It should have been.

Given this stance last time, perhaps the Productivity Commission should publically state, at the earliest possible occasion, whether it is prepared to actively consider the opportunity of supporting the implementation of a comprehensive NSH, this time.

It seems that unless it is willing to consider varying its position, the Commission should seek to close this enquiry and suggest to the Australian Government that it should leave the review to other mechanisms within government.

"Productivity" must do far more than providing savings that reduce public expenditure. Any accountant could do that.

What is needed is a practical, cost effective closing of the gap in the existing surface link between two states and the two islands of Australia. This is the only solution that can substantially grow a state.

It can thereby apply billions in public and private infrastructure, invested on both sides of Bass Strait, far more effectively and meet the varied interests of all stake holders. This includes the biggest stakeholder, the collective public and businesses of this nation, that use, or can be expected to use, new interstate transport corridors.

Fair and consistently priced access to all of our nation and its production is necessary.

Closing major gaps in an inter-capital route of this kind doesn't just deliver marginal advantages to some.

Access to people travelling along an interstate highway has the capacity to turn whole economies around, increase population, investment and jobs. Also add to freight volumes, move demand curves outward for many industries and change the parameters of doing business across South Eastern Australia.

The people can then use such a major infrastructure improvement to build our nation - as they did when this nation was linked by road or rail for the first time.

Over the last 20 years, committees, supporters and various individuals and groups across Australia have built the necessary national public and business support for a comprehensive connection.

A working democracy must deliver its core promises, especially ones that deliver the right to govern our nation.

Reviews of Bass Strait are worthless unless followed by prompt substantial action.

The Productivity Commission is urged to restore faith in our democracy and to not use its influence to deny the public political history of Bass Strait.

If it does not do so, it will be rejecting the proper incorporation of all the “colonies” into a national integrated economy and maintain the failure to link the transport network in Tasmania to the mainland’s transport grid.

Given the nature and extent of the NSH campaign, if the Productivity Commission recommends against us, it will also be seen to play a part in casting further doubt on the effectiveness of the governance processes. This can undermine the public confidence necessary for a stable and productive nation and economy.

Prime Minister Tony Abbott and his coalition have rightly opened up an opportunity to nation-build focussing on matters of improving Bass Strait equity and efficiency.

As a matter of housekeeping, it would seem far better for this Commission to recommend a comprehensive National Sea Highway without delay covering the movement of all people, all vehicles and all freight (save for bulk cargo) and spend most of its resources considering fair and efficient methods of implementing it. The NSH is willing to help.

There has been no greater cogent argument put to government regarding Bass Strait in decades than that put by the NSH and no sound argument put for retention of the status quo in lieu of it.

The Commission needs to fully embrace “equalisation”.

Processes that have in the past lead to the rejection of Prime Minister John Howards’s \$50 passenger fares - on top of cars going free, rejecting the National Highway principle because of cost after a public mandate and widespread business support in its favour, limiting the use of uncapped federal equalisation funding, applying the Bass Strait Passenger Vehicle Equalisation Scheme just in the most costly way possible, removing highway cost indexation for CPI, even removing the actual equalisation formula itself while giving the appearance of equalising access costs for all year travel, turning highway policies for all into driving “travel experiences” for mainlanders with a reduced cost car but without governing the total cost of travel, supporting football teams and rejecting volume passenger and vehicle service delivery should not continue.

All Australian businesses need fair interstate access. The impact of equalisation schemes that are not comprehensive or do not offer all-year, consistent priced access costs, skew and distort an economy and should be promptly adjusted. Access to both people and freight should recognised equally as vital drivers of the major wealth generators in Tasmania and also in other parts of the nation’s economy.

Currently access for these profit generators is limited in a way not seen on the worst road in Australia. Access to fair trade and fair competition should be in place over the whole of Australia, not just advocated internationally. Equalisation schemes must move people, not just the shell of vehicles.

It is also time to review sea access across Bass Strait in a national context, offering the next best thing to bridges and punts that connect the rest of the nation - also, as originally envisaged, in policies taken to the 1996 Federal election, and beyond.

This inquiry should not become yet another way of satisfying some industries bottom line at the expense of others, hoping that the trickle down economic effect will advance the nation's economy.

A comprehensive sea highway link is required that will be fair to this nation and all its businesses - including air transport, which already has to compete with equalised surface connections over every other state border.

In any enquiry it can seem a natural approach is to read submissions and to back winners. This is not what is needed now.

The framework needs to be set to allow commercial enterprises, who ever they may be, the flexibility to build emerging and existing businesses on fair access to the same wealth generators as all other states enjoy - to both people and freight.

It has been said that there is no magic silver bullet solution to Bass Strait.

There is one, and only one.

The Productivity Commission needs to work at it - or some one needs to.

It was the basic intention at the time of federation to link the colonies into national integrated economy through the movement of people and freight. Reference to this intention was or is on the Federal Department of Infrastructure and Regional Development's web site.

All the Australian Government needs to do is to apply this principle. To not apply it would be against the spirit of federation.

Access to unused port facilities, under-utilised shipping capacity (for both people and freight), uncapped federally funded equalisation schemes, sea highway policy including indexation, public mandates and billions in underutilised infrastructure on both sides of Bass Strait still exist. All these are assets. In a national context, so is the whole state of Tasmania, if properly connected - not a liability.

There is also wide public understanding, from 1996, that Bass Strait is "part of the National Highway". That was the Coalition's promise that year - it's time to deliver that expectation. Promises were made in 1996 to achieve affordable movement of people and vehicles. They also have not been met. TFES has major gaps in its coverage - including, southbound consumables and international exports.

Tasmania's geographical location is on the shortest, interstate inter-capital route in the nation with Australia's largest population corridor at its doorstep.

Tasmania should, with an effective full sea highway link in place, be well able to take the advice of Prime Minister Keating to use its "natural and developed strengths" to advantage and to reduce its financial calls on Canberra. Tasmania's natural strengths are outstanding but possibly, when last considered, got about the same number of visitors as Darwin. Price and capacity have been found to be the major determinants of crossing Bass Strait by sea. Drop the access price consistently to highway levels and Tasmania may also get its visitors staying, as residents, thereby giving critical mass to many businesses and activities.

The Liberal Coalition has created the transport equalisation concept and well funded it. The Commission should seek to use it. The BSPVES was said to be given for that purpose. Tweaking schemes, recommending minor incremental change or suggesting that Canberra try to back winners through subsidies at this time would be entirely inappropriate.

It should be remembered that the purpose of our, now over twenty year campaign, was to deliver transport equity for the nation across Bass Strait. We obtained massive Federal funding and mandates for it but, what has governance done with it?

If our textbook campaign fails, it will seem the biggest provable affront to the processes of Australian democracy and the federation of our nation, ever. It will also impact savagely on the rights of statehood of the people of our island state and on others who may wish to move freely across their own country.

If air transport is said to be a substitute, close Canberra's Hume and Federal Highway links, even for a short period, and note the immediate adverse economic and social impact.

If the equity sought is not delivered, it will also clearly fail our nation on grounds of national efficiency and productivity.

The NSH is willing to meet the Productivity Commission at any time.

The National Public Lobby's submission to the current Productivity Commission's inquiry and attachments outlines some of the history and issues caused by a lack of prolonged high level equalisation policy direction, scrutiny and or update for decades.

If the Howard Coalition was right in saying that, "the transport disadvantage posed by Bass Strait is the single most serious impediment to growth in jobs, investment and population for Tasmania" - then remove that impediment.

Tasmania needs to be linked as the rest of our nation - If we don't - how can there be a common wealth?

IN CLOSING

Finally, I want to pay tribute to those that have backed the NSH campaign over the last 20 years and continue to do so. Also to my mother, 101 years, who is now gravely ill, for giving me the tenacity to continue this campaign for over two decades and to some of the great Biblical stories that have elements in them that are as alive today, in high level politics, as they were when they were written.

Merry Christmas to you all

Peter Brohier

Written to support the individuals, corporations and groups that have believed in, given or obtained support for a National Sea Highway over the course of the last two decades