

*efficiency / relief / improved / equality*

## 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'

*Re not to*

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.

*not just to continue what the gov (past)*

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'.

*Red line done 4 yrs*

- 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

*check the details + call if flat!*

\*

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

*EVERY HIGHWAY BOARD ACCESS MUST ACKNOWLEDGE ADJUSTED TO SHOW LINK TO TASMANIA*

#### 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.*

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

#### Why

*lets fair + equitable*

\*

- It is a measure of long-term benefit for Tasmania, and indeed for all Australians - it's not a short-term unproven expedient.
- It 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.
- It will encourage competition by enabling other operators to provide viable services in an expanded market.
- It directly benefits the driver of the vehicle, not the transport operator.
- It applies to all passenger vehicles and drivers (including motorcycles).
- It is directly tied to the comparative cost of running a vehicle over the equivalent distance on national highway.
- The scheme will be reviewed annually by the Bureau of Transport and Communications Economics (BTCE) to maintain equity.
- It will increase tourist 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.

*830,000 with a subsidy of 69% + 22% in the 14% by 1995*

*must include 4 passengers in car*

*10 minutes*

*- easy to implement*

**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'.

*no cost savings / reverses*

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.

*won't 29/1?*

*it did!*

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.

*why did you say Tasmania had equal rights?*

### 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 actually 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'

*Parliamentary Committee*