

NATIONAL SEA HIGHWAY

OPINION

RESPONSE to the PRODUCTIVITY COMMISSION'S DRAFT REPORT TASMANIAN SHIPPING AND FREIGHT

2nd February 2014

INITIAL COMMENT –

The draft recommendations relating to “equalisation”, if followed, would seem to amount to the greatest affront to Australian democracy. The PC was not to know this.

Attached are the Coalition’s Tasmania Package documents that outline the real purposes for the BSPVES and their political commitments.

Also I would like to make it clear that no illegality is alleged in this or my other responses, but policy adjustments have taken place and commercial advantages taken that have resulted from a failure to target “equalisation”.

The PC’s recommendations ignore a widely supported campaign for a national sea highway link between Victoria and Tasmania for both people and vehicles.

The CBSTE and the NSH asked the nation to support and fund an equitable sea highway link to Tasmania. We are embarrassed if the people were really funding the leisure market for the accommodation sector in Tasmania, TT Line and perhaps the Government of Tasmania instead.

There is no opposition to the leisure market, accommodation sector, TT Line or the Government of Tasmania taking full advantage of an equalised link, by adding further investment to the basic equalised travel option, but not in lieu of it.

THE TWO OPTIONS

This paper mainly deals with relatively minor adjustments of two Federal equalisation schemes and omits reference to substantial and fundamental gaps in Tasmania’s national connectivity to the rest of Australia.

There are two substantial ways of looking at transit across Bass Strait. One can lead to almost immediate success starting to use existing resources with very little downside, the other to a probable disaster.

A NSH option is to accept that Tasmania needs to be fairly connected to the national highway grid and Canberra needs to equalise the crossing of Bass Strait to the cost of road travel in the simplest way by using the concept of a punt, sea bridge or sea highway, using shipping.

This proposition will require the Commission to do some further costings and the results may or may not be within the forward estimates of the TFES and the BSPVES. This process will deliver comprehensive equalisation based on the cost of highway travel.

The other, is to accept that Tasmania, because of its isolation, needs all sorts of subsidies that could improve its economy. The Bass Strait equalisation schemes are really, or should be subsidies, that can be redirected or better used to offer greater benefits to Tasmania. Minor modifications of existing equalisation schemes without delivering comprehensive equalisation will be sufficient.

The NSH option is aimed at integrating the Tasmanian economy with the rest of Australia – the second option keeps the economies apart and tries to back winners.

The NSH option would require Canberra to fully connect Tasmania. This has been mainly ignored by the PC draft.

THE POLITICAL POSITION

It is unreasonable that this nation was promised that Bass Strait would be part of the National Highway and the PC now recommends against it.

It is unreasonable that the Tasmanian people and businesses would stand by and let other states enjoy equal transport linkages across mountains, deserts and waterways and have Canberra fail to deliver the same to Tasmania, using shipping.

It is unreasonable for South Australia to enjoy three interstate inter-capital transport links to its closest capitals and Victoria just two corridors.

It is unreasonable that Tasmanians not enjoy the advantages of fair trade through southbound competition, that Australia advocates to the world, and the comprehensive benefits that a National Highway brings. Bass Strait was said to be the single greatest barrier to the growth of population, investment and jobs by the Coalition.

It is unreasonable that the movement of freight is equalised and the movement of people is not to be.

It is unreasonable that the Australian people are not given fair surface access their country.

It is unreasonable to expect that major service industries would stand by whilst the accommodation sector and TT Line niche marketed Tasmania and offered just the flow on benefits from parts of the accommodation sector. This way the much larger service sector is denied direct access to people in the largest population corridor in this nation at its doorstep.

It is unreasonable that equalisation schemes should not offer “equalisation”.

THE CASE FOR ELIMINATION OF SUBSIDIES

The draft is based on the understanding that both the BSPVES and TFES were introduced as federal subsidies. They were not.

The TFES and the BSPVES were to deliver true “highway equalisation”.

The draft is based on a wrong understanding of the nature of these “equalisation schemes”.

The foundation of many proposals in the draft are not consistent with ‘equalisation’ and if followed, will lead to distortions of access at best, and at worst lead to uncertain subsidies that will be relatively useless to the whole public and private sectors trying to build a regular and sound state economy, and more.

The equalisation schemes are not operating comprehensively - they need to be fixed. The draft does not even address the major inadequacies of lack of southbound coverage of retail goods, building materials etc, the movement of people and many ancillary vehicles.

The BSPVES was not intended to be a subsidy for the Tasmanian tourism industry, TT Line or the Tasmanian Government.

It was to be a scheme that delivered equalisation and benefitted tourism, presumably using the regular Australian Government’s and world definition (see the Austrade submission) and more, to build population and investment and jobs, not just focus on leisure travel or 10 days holiday on the island.

Given this error of understanding, the draft should not now open a process to try to remake policy based on subsidies.

Highway equalisation should be applied to the whole of Bass Strait. The PC should recommend enhancing equalisation and recommend efficient ways of applying it.

In other words, the PC needs to do the sums and make Canberra pay. It should allow this nation to use the billions in private and public investment on both sides of Bass Strait far more effectively by integrating all states through a national network.

This is the second time the PC has had that opportunity, and if it fails this time for this vital task, it should ask its self whether it ought to have a continuing role regarding this issue.

DETAILED CONSIDERATION

The draft seems to be based on the status of Tasmania as an island and as part of regional Australia it is in need of subsidies.

This long held emphasis is wrong and will, in this case, cause social and economic damage to both the private and public sectors.

As a state, Tasmania need restoration of the fair transport links that equalised the cost of moving people and freight between all the colonies since, and even before, its inception. That was the deal done at federation.

It is Canberra that has advanced transport links between other states to the detriment of Tasmania.

In this context, why would a Coalition ever use the name “equalisation” in schemes if they were meant to deliver subsidies?

The Coalition’s BSPES received a mandate in 1996 for an equalisation scheme for both passengers and vehicles in the context of Bass Strait being recognised for the first time as part of the National Highway.

Its core national sea highway promises gave government to the Howard Coalition.

They should not be disregarded or replaced by self serving versions of events introducing subsidies that eliminate “equalisation”.

Virtually the whole of Tasmania and key groups in Victoria asked for a fair transport link, not a type of cruise boat operation.

The BSPVES was not originally announced as a scheme to assist just inbound Tasmanian tourism on one side of Bass Strait. To allow it focus on niche marketing using federally funded free cars, with no lid to keep total fares at highway levels, and possibly even increase them, is not appropriate. To subsidise or particularly assist mainly a part of the accommodation industry on one side of the Strait, at the expense of leaving major stakeholders in the large services sector needing access to an available volume of people, is not in keeping with highway equalisation.

The BSPES was to be a scheme directed at transport and to be managed by that federal department - not for more support of the AFL Hawthorn Football Club at the expense of providing basic transport to the Australian people.

The BSPES was to equalise the cost of a driver and car and was based on the stated expectation that future sea based competition would bring down other passenger fares. No competition eventuated and two paymasters were then active – the driver and the Commonwealth.

The Howard proposal, costing about half as billion dollars to date, was to cost far in excess of the Keating alternative of about \$43 million, all up, that offered low passenger and vehicle fares for a fraction of the cost to taxpayers – a rough comparison only.

It is said that discount air provides a suitable alternative for people crossing. This is not the case.

Close the road connections to Canberra and rely on air and watch Canberra die. The factors that make discount air travel to Tasmania costly are listed right now on TT Lines current web site - a copy is attached.

Instead, air and sea holiday packages seem to compete as though Tasmania was just a holiday isle instead of being a broad based state economy.

The purposes of the BSPES and or the BSPVES were clearly stated in writing. The PC now has access to them.

Given the national support for this multi-billion dollar scheme and its written intentions, possible reliance on secondary sources has led the Productivity Commission to conclude this scheme was to be a subsidy for the Tasmanian tourism industry.

It has become that way and more. Its original purpose needs to be restored, right now.

The PC, and if necessary a Royal Commission, should examine why such a fair transport scheme has been turned, under Federal and State supervision and intervention, into a subsidy for a relatively small accommodation industry, and possibly as you infer for TT Line or may be the Tasmanian Government.

The BSPES, as an equalisation scheme, was said by the Coalition to be parallel to the TFES - both included a highway equivalent formula.

Only the limits on the nature of goods covered by TFES make it a type of subsidy, but for those goods covered by TFES, it is a true equalisation scheme.

So why is one scheme to be an equalisation scheme and the other called "equalisation" not to be?

Highway equalisation intentions have publically justified the continuance of the BSPVES for over a decade till Minister Albanese focused on its purpose to facilitate driving holidays for mainlanders.

Equalisation, turned into subsidies, is a very costly application of an equalisation scheme and uses the BSPVES in the most costly manner per person crossing. Monitoring reports put before federal ministers, gave a limited and or false impression of the impact of the scheme - see the Austrade paper.

Recommendations of a largely federally funded \$400,000 Bass Strait transport study found price to be a key factor in opening up new travel by sea, not value adding to travel experiences. These findings were not acted upon, presumably because they didn't fit the holiday experience or leisure model.

The findings, if followed, would mainly apply to non-leisure travellers - 60% of the existing market, and would encourage many more travellers. This matter was not even reported to ministers through the monitoring process. It limited its analyses to leisure travel only - on the Tasmanian side.

Families and businesses relying on access to people are owed an apology and possibly compensation for the turning the BSPES into something else.

Subsidies are usually crafted to meet the interests of those subsidised. Their interests can easily be at variance with the interests of the wider community, especially where existing benefits they enjoy seems to be yet again put in jeopardy by the Productivity Commission trying to limit Canberra's financial exposure to existing levels and to possibly drip feed funding by unspecified subsidies.

Subsidies to industries often avoid detailed scrutiny and go to subjective matters of opinion of the beneficiary as how best to use them. This decision is largely left to those that are already subsidised, and those that are already subsidised, respond to PC enquiries. Even the name of this enquiry has already limited the participants by omitting the word "passenger". Conferences with those that may hold a contrary or national public view is not evident from the draft

As equalisation, there are simple objective criteria to meet that can offer ongoing certainty of access for all.

Despite air connections, punts and ferries still operate across the world. These services are not difficult to implement and have an important role in integrating economies. To suggested objectives that keep TFES to a limited range of goods and try to remove southbound coverage, and not enhance it fully, fails our nation.

Schemes that encourage the rejection of offers of federally funded \$50 passenger fares on top of sufficient funding to allow "cars to go free", the focus on the shell of vehicles and not the people in them or foot passengers, or that are instead based on holiday packages, longer routes offering greater travel experiences, the provision of driving holidays for mainlanders and focusing on low volume access with more than half-used ferries, also fail our nation.

These priorities under-utilise ferry capacity, and also, in 1996 the very substantial Coalition forward estimates, and operate contrary to core equitable national highway promises, public mandates and the needs of the whole community on both sides of Bass Strait.

The holiday island air and sea package approach panders to unjustified calls for air subsidies as well- see the 7.30 Report -ABC - in about 1996 - 1997.

Any future subsidy approach of trying to pick winners, in this instance say relevant to the accommodation sector, can under a wide subsidy regime give in to such an unjustified request.

Well federally funded PC inquiries that don't move to closely analyse methods of delivery of "equalisation" covering the movement of all people, vehicles and freight waste time and energy and can maintain barriers to entry for another two decades.

Subsidies give those subsidised what they want – not necessarily what this nation needs and was agreed to at federation, or even in 1996. TFES doesn't give this nation fair trade over the Victorian - Tasmanian border.

There has been a pattern of moves to create subsidies out of “equalisation” for many years. Why, is the will of the people and business so diminished?

This draft needs a singular focus on the delivery of comprehensive equalisation.

There is no policy vacuum for the delivery of full equalisation and nothing stopping it. Possibly not even a lack of money, when the sums are done.

The successful Rundle experiment to move people cost just \$300 000 but was never followed, presumably because it fitted the highway model and not the subsidy or travel experience one. Likewise, with the rejection of the \$50 passenger fares to be offered by Prime Minister Howard in 2001 on top of “a car going free”. – Coastal shipping submission

The PC’s approach does not emphasise that public and private investments in the billions on either side of Bass Strait can be used more effectively with a basic transport link, just as a punt would provide. Why - is this not productive?

Why is the Bass Strait link being turned into subsidies when other interstate highway links are not?

To suggest savings by limiting “equalisation” is like saying, you can’t afford the cost of a mine shaft to get to a multi - billion vein of gold.

This approach may seem productive to the most basic accountant as it saves money in the first instance but should have no place in limiting “equalisation” that can make a two states and a nation more productive by fairly integrating their economies.

The PC, though its findings, will encourage a relatively unscrutinised equalisation scheme to now be said to be for Tasmanian tourism over a public mandate for transport equality and the wider definition of tourism. Why?

The findings fail to provide a solution for the inequity in transport links between states, to understand the need for competition between air and surface passenger travel, competition between suppliers of consumables and other goods crossing Bass Strait, the need for competition between states based on a level playing field, competition for the movement of sea passenger and vehicles - not competition between air and sea holiday packages and the diverse needs of the very wide support base for full “equalisation”.

There is a need to investigate federal and state mechanisms that have held Tasmania back over the last two decades with uncapped billions in federal resources flowing into Bass Strait under the BSPVES and into Tasmania.

So, did Canberra intend precise equalisation for freight and just assistance for the accommodation sector in Tasmania, and nothing to equalise the movement of people?

That is not the history of the BSPES, or the renamed BSPVES. Even TFES is more precise than that. It at least covers goods in a container.

This Commission should rewrite the draft on the basis of equalisation - not made up subsidies. It should also cost an equalised transport link on the basis of a tender or other agreement with shipping operators and apply the national definition of tourism. Also cover matters dealing with the permanent movement and relocation of people - see the Austrade submission.

National sea highway equalisation policies fit Bass Strait perfectly.

Any move to further destroy “equalisation” by Productivity Commission recommendations will be seen as a damaging failure of the democratic processes in Australia.

A textbook campaign seeking a vital national transport connection, anointed by a multi-billion dollar federally funded equalisation scheme, could be seen by the world as a move against democracy.

It is time to remove this policy corruption, after public mandates, and offer the same transport corridor that links the rest of the nation, as effectively as possible.

It is time to start to open up a state having billions in natural and developed resources in weeks, to restore fair transport links that the colonies enjoyed since before federation and to fully integrate our nation’s economy.

That Commission, is the immediate job of this Commission and or the Abbott Coalition.

The PC should deal with a plan for simple and comprehensive “equalisation” and not continue to propose messy subsidies or reduce equalisation.

It, and the bureaucracy, should stop interfering with equalisation – just enhance it. That, will be productive.

COMMENTS ON THE DRAFT REPORT AND ITS DEFICIENCIES

The terms of reference are wide. They allow for detailed analysis of a full NSH. This has not occurred.

Page 2

The BSPVES was designed to fully offset the cost disadvantage of both people and freight, not partial costs. The BSPVES is a huge amount of money compared with the Keating alternative

If TFES is to be fully restored to equalised rates, why not the BSPVES? Include the passengers in the car and foot passengers at bus fare equivalence. Other in between fares are also necessary.

If reforms are favoured that have national and Tasmanian benefits – why not the NSH?

Page 3

Tasmania is the home to half a million because it has no affective surface linkages
Its domestic market is kept small

The substantial support has not worked. Support for public and private facilities in Tasmania are being wasted without a NSH.

Why suggest more subsidies?

Want to impact on underlying competitiveness – put in a NSH

Page 5

The service sector in Tasmania is the main contributor of GSP - it needs people and people need lower costs of consumables - fix both schemes and both schemes are related. Volume increase in the BSPVES increasing permanent residence will increase TFES retail – now 54% of southbound.

The Commission has not, when dealing with anomalies, considered the full NSH option to remove them

Page 6

The stated objective of TFES is said to be highway equalisation.

The BSPVES had an additional stated objective of encouraging sea-based competition to bring down passenger fares. With ferries more than half used, what chance is that?

Page 7

Economic development approaches have failed.

Low sea fares haven't failed – cut the fare schedule, niche market access to people to those who can afford to come, don't refer to the Rundle experiment and not the success of the initial low fares under the BSPVES.

Reliance on secondary sources, in the case of the BSPVES, is not good enough.

The NSH was not consulted.

The CBSTE and NSH unprecedented campaign for transport equity that formed the reason for the introduction of the BSPVES has been ignored.

Personal and business travel is mainly by air because sea travel is niche marketed for holiday purposes and costly – see Cheek's book. Air is said by TT line to be costly with add-ons. So Tasmania is really cut off from low cost access by both air and sea?
Yes.

TT Line has said that Tasmanians want A to B travel and its mainland customers want an end to end travel experience – it's services seems to be marketed that way for mainlanders. What about those on the mainland who want A to B sea highway travel that are not yet TT Lines customers?

This market is being ignored.

Page 8

The schemes rational are “equalisation”. Inconsistencies come from failures to apply the schemes effectively that way, as well as increased costs by turning them into subsidies eg a free Commonwealth funded car.

Page 10

Why not widen the scope of the schemes to deliver the notional land bridge or punt. If it is as productive, and business community said it is, why not propose it? It’s consistent with Coalition promises of the National Highway link from 1996. It gave the Coalition government.

The PC suggests other subsidies - why not meet the obvious NSH solution. Is there a reason why the NSH approach is being stopped? Is there an invisible hand stopping it? Why has an expensive PC review and omit fully dealing with the NSH? No money? Billions are invested in every other interstate link.

No figures to support it – look at the papers referred to by the NSH.

Page 11

Remove the distortions and anomalies in the schemes and you have the NSH
If the people are the intended beneficiaries, introduce southbound TFES by agreement with shipping operators.

A TFES flat rate solution is simple- so can the BSPVES equalisation be. You had a formula in the ministerial directives and it was removed in 2001 and Canberra was free to turn the BSPVES into a subsidy while telling the people the equalisation scheme payments were being “equalised” all year.

Page 12

With a NSH there are no losers – all are winners , including the Tasmanian accommodation sector.

Page 13

Nixon was wrong – without southbound TFES Australian manufactures of consumables and of building materials and more, are disadvantaged when sending goods to Tasmania as against imports from the rest of the world having then had direct access to Tasmania.

Why not recommend TFES to all freight, including interational exports – not just all “eligible” goods?

Why expect adjustment to schemes to fit within current funding envelopes? Are there unpublished terms of reference? If this is the case you may not have a chance at recommending fully productive NSH solutions.

Page 14

Why try to remove coverage of southbound freight? Try removing southbound freight in trucks on the Hume Highway and watch the political and economic fallout. Cover the lot both ways. You do that on all highways that cost Canberra billions.

Why replace distortions with distortions? Put in a full NSH that doesn't distort.

Page 15

TFES should not cover islands that are not states otherwise extend "equalisation" to other islands across Australia. States should provide equalisation to their islands after Canberra provides it to Tasmania.

The BSPVES provides full, well funded support for a highway- its intended beneficiary was not to be just the Tasmanian inbound tourism sector - so the people were told – its was to deliver a national highway connection that all could use – including tourism.

Page 16

Air travel is not cheap either – see TT Line's current web site with its air and sea comparison and TT Line advertisements on a highway in Victoria in the past. - see the Coastal Shipping submission.

Stop the capture by an agreement with operators, or by using changes to TT Line's founding legislation.

The Coalition made the national purpose of the BSPVES clear – that is why it's not called a Tasmanian equalisation scheme and that why it had the word "equalisation" in it. Fix the scope of the scheme and its administration.

Page 20

Want private capital – remove the Bass Strait impediment by a full NSH. See the ANRA statement. Coastal Shipping submission.

Page 25

Want labour mobility – put in the NSH

Jim Bacon, when trades leader, supported the NSH, for both people and vehicles.

Why reject the NSH when almost the whole of Tasmania supported it?

Yes, want national benefits? - use the full NSH

The NSH is the only development strategy that is fair and works- why ignore it?

It removes all the impediments.

Page 26

Tasmania is a state – not a region. It should be connected as a state just like the others – it was the purpose of the Federation to integrate economies by the movement of both people and freight.

Who is now stopping the NSH concept and why?

Why is an assortment of unspecified subsidy plans better than linking a state? Equalisation Schemes have failed because they have been turned into subsidies and applied that way and not in the way of an equalised highway. Fix the schemes by restoring them to full equalisation rather than put in new failures. Governments and others turning equalisation into subsidies failed

Page 27

Both schemes have not been evaluated properly and have been turned into quite something else.

Page 36

Why - alternative approaches can take decades to work when you can start to open the full NSH now?

Page 37

The interests of the Australian people are fairly served by a NSH - not just Tasmanian subsidies.

They supported a NSH, nationally - why won't this Commission?

Page 39

If sea fares were lower the same would have occurred.

Page 66

See the \$400000 study findings re travel intentions and decisions of sea passengers- Coastal Shipping submission.

The ratio was 3.3 passengers a vehicle before the BSPVES was introduced. Apply the BSPVES to cover the shell of cars and that is the result. The scheme was not intended to be applied that way but this was done for possibly commercial and niche marketing intentions see Cheek's book. Without highway monitoring and adjustment, the BSPVES encouraged it.

Page 69

The BITRE's first report was on highway equalisation based on ministerial guidelines contained a formula for a 10 year old Magna. Why was the scheme then turned to a subsidy covering leisure travel, covering less than 50% of the existing market and probably a far less percentage than that, if a NSH high volume passenger service were offered?

The formula for the BSPVES was easy. Why remove it or say it's now hard to set, when Canberra has done it before?

Look at the cost of air and sea fares compared with the cost of road travel.

Austrade comment – The unfair and costly method of applying the BSPVES to the shell of cars has caused this problem with rent a cars.

Page 71

The BSPVES was not for inbound tourism – it was a highway equalisation scheme that could help tourism in the national and international sense of the word. The BSPVES was not intended as a subsidy. Why should the accommodation sector have any preference over other forms of tourism?

Page 73

Why not refer to southbound consumables?
Agreements with “punt” operators will stop benefits from bleeding to benefit others.

Page 76

The Coalition’s forward estimates were not even reached in 1996 possibly because “equalisation” was not being adopted – that is why the Rundle experiment. It was then said not to have worked. It did work as a highway.

Page 84

Up to 1000 berths or seats are going empty each sailing and fares don’t come down? They did on airlines and look at the result? With shipping links around the world- are they also not working, or are Australians being offered just air and sea holiday packages instead?

Is value adding taking a preference over price?

Air should compete with surface travel as it does over every other border.

Traditional touring markets may be important to some but volume services are critical to a broad based economy needing population. Tourism of all types can be built on a NSH.

Page 85

Stop the capture, by agreement with operators. Monitor it as Canberra pays. Don’t just turn it into a subsidy and complain of inefficiencies. To improve the integrity of a scheme – deliver the full NSH

Page 86

Stop arbitrary restrictions

This PC report should have addressed the fundamental NSH connection. It didn’t and why? It dismissed it as widening the coverage of the schemes and costly, without even costing it. Who or what is stopping the PC recommending the widening of the schemes. Why use the BSPVES by giving it to the tourism industry and not to people

to connect Tasmania through equalisation? The Nation would not support such a policy variation against the democratic process.

Why use the BSPVES in this most costly manner? Even John Howard's \$50 passenger fare would have saved money by increasing the passenger vehicle ratio.

Page 98

The direct benefits to the tourist industry were through demand for travel through equalisation – not to capture benefits it other ways, although the scheme as applied without control, encouraged it.

Low fares increase demand for travel and jobs, investment and population follow, as in the early days of the BSPVES. Why not take into account what non participants say – see Coastal Shipping submission?

Page 99

Better use of the funds would be to apply them for the purposes that they were given and supported – a NSH.

The factor that governs demand for sea travel is price – see the other submissions, the success of the BSPVES when introduced, the \$400000 study and the Rundle experiment. Unfortunately Bass Strait is not now about price, its about offering a travel experience – see the Hidding Hansard transcript submitted. The level of A to B travel southbound has probably not been analysed. You have the funding to do it and so has TT Line. See what TT Line said before the introduction of the BSPVES – Coastal Shipping submission

Sea links still work across the world and, possibly, if not for niche marketing, shorter routes could be considered.

Page 100

Keep the prices up and sea travel will diminish. Offer no fare schedule and forward planning for journeys is put in jeopardy - also running ferries once a day when they could be run twice a day all year with low fares. This will build population, or is it hard “to win an award for Wine Glass Bay with people crawling over it” or “what we want is those who can afford to come” or fares are not too high on the Sydney service, “ because that's the type of people the up-market hotel motel chains want/?.

Vary fares substantially and daily on a road watch the use diminish.

Page 101

The BSPVES just ends up with two paymasters, one with a CPI advantage – road cost indexation was promised, hence the introduction of monitoring - and then a fare increase – how does the BSPVES intend to lower total fares without federal or state intervention or sea based competition. Holiday package competition with air is not the same as highway competition between air and surface travel between other states. It does not impact on the large and potential non-leisure travel.

How will the BSPVES reduce the net fare for travel of passengers other than through a NSH? That was the intention of the scheme.

Page 102

Note that the majority using sea travel is for purposes other than to support just the leisure industry - Why are these purposes not monitored – see Austrade submission It seems that federal monitoring now only cares about leisure travel. Who cares about adjusting the schemes to cover the rest of tourism- using the wider definition?

The take up by mainlanders possibly reflected low total fares for the first time and good publicity.

The scheme's objective was for a sea highway, not just a southbound tourism benefit. No low access fare consistency – no population.

TT Line says Tasmanian residents want A to B travel. That is a focus on a highway. Low passenger fares, without a car in many cases, would meet some Tasmanian demand. Low reliance on sea travel is I believe because of price, no fare schedule, failure to deliver two sailings a day in each direction and very inconsistent fares and fear of return access availability.

Page103

The aim of the BSPVES was to encourage demand for travel through equalisation. This means all year low fares. The BSPVES has not been managed that way. See comments to the Coastal Shipping enquiry by the writer.

Tasmanian tourism is targeted at a small market of those who want an end to end travel experience – not at the A to B travel market. So federal monitoring is also assisted by TT Line and Tourism interests as has largely this Productivity Commission before the hearings. A wide range of stakeholders are not consulted in this process. All have an interest in Bass Strait.

Contracts or tenders will increase transparency of who benefits – the wider services sector does not have direct access to volumes of people – see Hidding's other world comments. Air and surface need to compete as with other states, not as two alternative ways to get to the same holiday market.

Contracts with shipping operators will directly benefit consumers.

You can't build population without an outbound focus. That is what equalisation is about – both ways.

The objective was clearly articulated by the Coalition in 1996. Just implement the outcome sought.

The BSPVES was introduced to not support inbound tourism, except through equalisation.

Page 105

There is no mention of coverage of south bound consumables and building materials. A NSH or “punt” would cover these and give the advantages of fair trade to Tasmanians and mainland suppliers.
Why is there no reference to this?

Page 106

54% of freight is inbound containers with retail goods. These are not covered by TFES. They would, if Bass Strait were a national highway. If the BSPVES were operating as expected, the population in Tasmania could easily double and freight volumes through the ports would increase dramatically.

Page 119

Ownership of TT Line is a minor point.
TT Line should be directed to operate consistent with the billion dollar roads it connects, just like a punt.
Half used ships stop new entrants. Low fares will fill boats.
There was a costing of a multi-ferry operation by three governments that showed the return to a GBE based on highway fares – see the Coastal Shipping submission.
The TT Line enabling legislation should be changed to reflect the delivery of at least full highway equalisation, or Canberra should add this to Ministerial guidelines.

Page 121

TT Line says it competes with air in the holiday market. Therefore possibly not mostly with straight air travel?
The PC paper recognises the niche market aspects of the TT Line service – see the writer’s submission to the Coastal Shipping enquiry as to their target market compared to the unsatisfied demand by budget conscious travellers referred to in TT Lines annual reports prior to 1996.
Given the total cost of air travel, those A to B travellers are probably still there.

Page 122

The NSH suggested approach stops the bleed and must cover all that punts across the Murray River to NSW transport.

The alternative approach referred to on page 122, if covering the field will deliver without waste.

It should be costed right now. This approach is roughly akin to the Rundle approach.

The TT Line can be controlled by government.

Page 163

This approach should not be one taken in respect of states.

The underlying cause of Tasmania's woes is that it is not fairly connected to the National transport grid. This could be started in days. Sufficient shipping capacity exists right now.

Stop all this suggested government work and apply a transport link that all other states enjoy.

Is the suggestion to remove fair equalisation and replace it with subsidies?

The NSH will make Tasmania accessible, as would a new highway to a very attractive location. The cost of doing business can be spread over a greater population.

Demand curves for many industries will move outward.

Freight volumes and critical mass will be reached.

Bass Strait equalisation is a winner and it was picked as one by the public and commerce – not by government.

Page 170

The stock take is a waste of time – put the NSH in as it was intended in 1996.

The Economist reported the result of the change internationally. How many government schemes get that recognition?

Page 173

No meaningful consultations took place with the NSH?

Was it never the PC's intention to recommend the comprehensive NSH, and if so, why?

The PC didn't ask the NSH for any additional material, when offered.

CONCLUSION

A subsidy approach may in the end cost far more than core equalisation. Existing expenditure under both equalisation schemes may not reflect the true cost of core comprehensive equalisation - its time to find this out. It is time to make equalisation schemes work comprehensively for all - not to make them fail by turning "equalisation" into subsidies - and when they fail, to apply the funding to other subsidies, that may likewise also fail. That's how governments give money away.

Peter Brohier