



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**PROOF**

**PETITIONS**

**Bass Strait: Ferry services**

**PROCEDURAL TEXT**

**Thursday, 1 December 2016**

BY AUTHORITY OF THE SENATE

---

## PROCEDURAL TEXT

<b>Date</b>	Thursday, 1 December 2016	<b>Source</b>	Senate
<b>Page</b>	29	<b>Proof</b>	Yes
<b>Questioner</b>		<b>Responder</b>	
<b>Speaker</b>		<b>Question No.</b>	

---

### Bass Strait: Ferry services

Bass Strait: Ferry services

**To the Honourable President and members of the Senate in Parliament assembled:**

**The petition of the undersigned shows:**

That the Australian Government has for nearly two decades, been incapable of equitably linking the State of Tasmania to the rest of the nation.

**Circumstances relating to this inability are that —**

Nearly a quarter of a century ago a citizen led group asked the Federal Government to properly connect Tasmania to the national road transport network. They sought a maritime highway crossing Bass Strait, using ferries - passenger and vehicle movement to be pegged to the cost of road travel.

Business and political support came from across Australia.

The proposal was sensible and justified. It was subsequently agreed to and well funded by the Federal Government from September 1996. The Bass Strait Passenger Vehicle Equalization Scheme was introduced.

Uncapped and adequate demand driven funding continues to this day. The scheme has cost over half a billion dollars and about \$45 million last year.

The aim was to close the only interstate gap in the national highway network and treat access to and from Tasmania equally with other interstate transport connections. Bass Strait was to be part of the National Highway. Sea freight is equalized by Canberra under a parallel arrangement.

Total fares reduced substantially and the scheme was an outstanding success. It was the underlying cause of Tasmanian Premier Jim Bacon's economic revival. Two new ferries were subsequently introduced, each capable of crossing twice a day, with enough sit up or stay up capacity for at least day time equalized crossings.

Then gradually the scheme moved away from highway equalization.

Now, contrary to the positive stance taken by Prime Ministers Keating and Howard to this issue in 1996, and again by John Howard in 2001, under Malcolm Turnbull the funding is confirmed to be no longer about 'equalization'.

It now seems to be about subsidies related to Tasmania. Over time, these could be moved away from Bass Strait altogether.

Subsidies don't drive whole of state economies. They encourage ongoing dependency and skew normality. Tasmania just needs equal transport links to compete with other states, based on its close geographical location, not the nature of the intervening terrain.

Equalization objectives, if met, would give the nation fair access to the rest of Australia by offering all-year, low cost, consistently priced travel between Tasmania and Australia's largest population corridor.

An equalized link would boost state economies, positively changing the very framework of doing business - about 70% of gross state product is generated by people related activities that critically need access to people.

Equalization would also maximize the use of existing and future public and private investment in Tasmania. It would also impact positively on Victoria, increasing the flow of surface travel between the two states and beyond - price and capacity being found to be the major determinants of crossing the Strait by sea. A new market of frequent A to B interstate travelers would open up.

The Hume Highway would extend to Hobart.

Regrettably, the transport barrier of Bass Strait, described by the Coalition in 1996 as, 'the single most serious impediment to the growth of jobs, investment and population for Tasmania', seems likely to remain under Malcolm Turnbull.

The intent of federation was to "link the colonies through the movement of both people and freight into a national integrated economy".

Why hasn't the barrier been removed and the full purposes of federation met?

Instead, we have seen the impact of an equalization scheme being progressively eroded and, now finally destroyed by an almost meaningless federal policy vacuum, making a mockery of Coalition equalization promises and federal party endorsement.

Federal monitoring has mainly considered the impact of the scheme on just a limited leisure travel accommodation market in Tasmania. Monitoring, under highway equalization, should have measured the impact of all interstate surface travel connecting two states and updated the scheme to the cost of road travel.

Current parameters encourage the movement of cars, value adding to trips to Tasmania for a few, not more passengers in a car or foot passengers. They do not control, in the absence of sea based competition, the total price of the interstate transport of people as would a road.

The residual public benefit of the scheme, as it is now applied, seems to be very minimal.

Parts of the Tasmanian leisure travel accommodation sector, possibly contribute somewhere under 10% of gross state product. They and a few others seem to clearly benefit instead of the scheme applying equalization principles to meet the wider, two-way needs of the major drivers of the South Eastern Australian economy. These include sectors such as broader tourism and its flow on impact on community activities - also large sectors, such as education, health, retail, transport, and construction and more. These sectors need increased population by reducing Tasmania's remoteness and or volume visitation.

Equalization is about immediate growth and productivity in circumstances where the interests of the major stakeholders and the public are aligned. In such a case, it would seem folly for any Prime Minister to just follow entrenched minority positions.

Scheme expenditure is now far in excess of the cost of a roughly equivalent 1996 Keating proposal. Why is it not now delivering comprehensive equalization?

As the scheme is applied, cars crossing the Strait are funded by the Australian Government, \$220, each way. On top of that, a recent random inquiry for overnight travel resulted in a return fare of \$1163 off peak, \$3088 peak season for a car, including 5 passengers, sit up.

Excluding the federal contribution, these travel costs far exceed the cost of all year, highway travel estimated at 66 cents a km over 427 km each way, or \$563 return.

The uncertainty caused by daily fare variance, advance purchase restrictions and limited availability fares also impacts on and restricts A to B sea highway travel.

In 2001, after our second campaign, Prime Minister John Howard proposed an each-way \$50 passenger fare, on top what was then a 'car carried free'. This was the second attempt by Howard to achieve a fully equalized link.

The Bass Strait link could not have been better resourced.

This proposal was apparently not wanted by a tourism group in Tasmania. Their wishes were followed.

At the time, the Coalition announced that they intended to enhance the scheme. Scheme funding was moderately increased. Shortly after, the highway equalization indexation formula was removed from Ministerial directives and the scheme, still under the name of equalization, became a subsidy.

This erosion should never have occurred.

In March 2015, the Australian Government said, 'The aim of the BSPVES does not extend to equalizing the cost of inbound and outbound travel across Bass Strait'. They then gave a loose indication that they may, 'after a reasonable length of time', 'properly consider the broader economic impact of the scheme, including the broader tourism industry, and the implications for competition between transport modes any change to the scheme would have'.

Why can't the Bass Strait crossing be fixed now, and the scheme used more efficiently, when regular punts and ferries continue to connect the rest of the world - all this, at a time when far more costly land-based surface links are being strengthened at Canberra's expense.

As with other states, regular air and highway transport options need to be encouraged to compete. Also, all states should be required to compete fairly with other states through both air and equalized surface links. Air services are likely to increase with growing economies.

Competition between air and sea driving and accommodation packages is not enough.

The 2015 Government response is astonishing. To reverse equalization, and then to suggest further consideration of matters already examined and settled two decades ago is untenable.

Under Malcolm Turnbull, are we now to fight the same unfounded policy fears already overcome by us? Is democracy to work in 20 year cycles? In the interim, is it now really Canberra's intention to unnecessarily postpone and limit the vital needs of major stakeholders, the public and state economies?

Having being burnt twice, by Canberra not directing its funding for equalization, how can we enter the arena again with this reversal and vague outcome?

We have lost trust and hope that sound governance will be directed to achieve effective Bass Strait transport equality.

Our case is watertight and already well funded. Shipping infrastructure and other resources are in place.

The express wish of the nation is being ignored and our substantial voluntary efforts, undermined. Benefits from the significant funding we obtained are being largely and unjustifiably gifted to others.

Parts of the leisure travel accommodation sector in Tasmania have every right to look after their patch, but its Canberra's duty to meet the needs of the rest of the economy

When is the will of the people going to be respected and scheme benefits passed directly to them? Other interstate highways are not destroyed within a decade or two. Why this one? What sort of message does this experience send about the effectiveness of our democracy? Or, is an invisible hand, rather than the needs of the people or market place, controlling it? If so, Canberra should clearly identify the source of and reasons for such control.

The equalization promises were well justified and documented - the current application of the scheme, and justification for its comparatively low flow on impact, is far less transparent.

Encouraging a well justified equalization scheme, to be just another direct or indirect federal subsidy relating to the Apple Isle is inappropriate and wrong.

Large subsidies of the size of this scheme would never have been endorsed by our nation unless warranted on the basis of providing interstate highway equalization.

Bass Strait is a vital national interstate transport corridor and blockages caused by lack of ferry-based equalization on the existing inter-capital highway reduces the use of that highway - also, the effectiveness of Tasmania's

natural and developed strengths and the level of its GST contribution. Billions of dollars in lost revenue across two states is the result.

Following a text book lobby, the case for linking Tasmania gained very rare bipartisan support in 1996.

Fair interstate surface links are as vital today as they were then.

Fixing Bass Strait is the right national solution to many of Tasmania's woes.

If Canberra only made the scheme available to operators who included a range of fares offering highway equivalence, total fares could be highway equalized overnight. An average all-year, each-way passenger fare, with or without a car, of about \$56, with optional ferry-hotel services, could then be expected.

The economy of South Eastern Australia would be transformed in weeks. Transport equity would be restored facilitating comprehensive leisure travel, travel both ways for 'visiting friends and relatives' and for commercial or business travel, as the ferries again equate to a new bridge.

This link is likely to be the greatest infrastructure connection for Victoria and Tasmania since the sea lanes equally connected the colonies.

Clearly history and national priorities have now been forgotten by Canberra.

Will the most vital and simplest of solutions, already well supported, researched, funded and endorsed, be again 'properly considered' by Canberra?

In this case, Canberra's track record doesn't seem to instil confidence and the nation has run out of patience.

**Your petitioner asks that the Senate:**

Promptly call on her Majesty the Queen to use her royal prerogative to commandeer two passenger and vehicular ferries from somewhere in her realm and to operate them in a way that fairly meets the obligations of the Commonwealth of Australia to the people of Tasmania.

by **Senator Abetz** (from 1 citizen).