

Submission by the
National Sea Highway Convener
5th January 2015

**Peter Brohier
Office of the Convener
National Sea Highway**

Select Committee into the Abbott Government's Budget Cuts

Regarding changes in the Commonwealth budget regarding the provision of services, programs or benefits provided by the Government affected by the budget leading to decreased service delivery by a state, the fairness and efficiency of revenue raising across South Eastern Australia, the structural budget balance over the forward estimates and the next 10 years, the reduced investment in infrastructure and its impact on future productivity, on households; and other matters.

The Abbott Budgetary constraints are impacting on funding restrictions to the scope and application of the Bass Strait Passenger Vehicle Equalisation Scheme and coverage of the Tasmanian Freight Equalisation Scheme "TFES".

Budgetary constraints have been the major reason given for denying expansion or changes to a vital interstate transport link across the Strait.

The overall budgetary policy position limiting this expenditure and its flow on impact on revenue raising and level of expenditure on federal welfare is and will cause damage to many parts of the economy of South Eastern Australia reducing the return on many public and private investments.

The Productivity Commission "PC" recently completed its report into Tasmanian Shipping and Freight.

In doing so, it seems to have assumed that Canberra intended to limit Federal Bass Strait equalisation schemes to improvements covered by existing or just slightly elevated levels of support.

Requests made of the PC and the Federal Government for equalisation schemes to apply to a full National Sea Highway (NSH), covering the movement of all people, vehicles and freight by sea at highway equivalent cost, and requiring a greater federal budgetary allocation were largely ignored at levels below the Prime Ministerial office.

The additional amount possibly required is about \$300 million, being a once off capital cost for the purchase of one or two vessels that could fill gaps in TFES and be run at highway costs and be used for say 10 years. This amount could be apportioned at say \$30 million annually.

Alternatively, the budget should be increased by about \$200 million a year using methods already designed to apply federal equalisation support.

As Bass Strait is half in Victoria, these allocations as far as Tasmania is concerned, could be halved resulting in very little change to Tasmania's highway infrastructure

allocation and allocating half the total of about \$340 million a year to Victoria, on a worst case basis.

On this basis, the amount allocated to each state would be \$170 million a year, also \$30 million a year above Tasmania's existing allocation.

With further Commonwealth expenditure, the mainland and the island state will be connected by a sea highway using shipping, offering the same cost per km to cross Bass Strait as travelling on a road.

Such an approach will turn a sea barrier into a highway and take full advantage of Tasmania's proximity to the largest population corridor in the nation.

Federal schemes currently fail to integrate the economies of Victoria and Tasmania and limit access to the national highway network across Australia.

The amount required to deliver a full NSH is immaterial compared with federal expenditure on the national transport network.

It is vital to properly connect billion-dollar highways on both sides of Bass Strait and two whole states.

The NSH is possibly the largest infrastructure project in Australia impacting directly on people and freight movement but it can cost far less than most other projects.

Despite budgetary constraints, billions are still going into the nation's other mainland transport corridors.

The Howard Government introduced the Bass Strait Passenger Vehicle Equalisation Scheme "BSPVES". The scheme was aimed at making Bass Strait part of the National Highway. It equalised by formula the each-way crossing for a driver and car to the cost of road travel. The Coalition expected sea-based competition to bring down passenger fares.

Federal demand driven funding followed for this purpose and is still in place.

But, in the absence of competition, Canberra did not direct taxpayer's money to achieve the full stated purpose of the scheme or effective comprehensive highway equalisation.

The scheme was initially applied to the movement of free or Commonwealth funded cars. The equalisation formula was then removed in 2001 to make the BSPVES payments the same all year. This gave the impression that Canberra was delivering all-year more effective equalisation. The contrary is the case.

Federal monitoring of the schemes then became more focused on the Tasmanian leisure market and what is said to be filling ferries, but not reducing the total cost of crossing for highway equivalent travel.

Moves by Prime Minister Howard to have the scheme additionally cover people directly, with a \$50 passenger each-way fare, were apparently rejected by some Tasmanian tourism interests.

The interests of many major stakeholders in highway equivalent travel on both sides of Bass Strait were gradually being largely ignored.

People as residents and travellers in volume are vital to the services sector generating about 80% of the Gross Tasmanian State Product and for wealth generation through surface travel across South Eastern Australia.

After the initial drop in total fares with a free car, the focus of the BSPVES seemed to be directed more to the value adding of trips though a taxpayer funded car in lieu of the two-way highway equivalent purposes of the BSPVES.

The original purpose, to encourage tourism (using the ordinary sense of the word – note the first Austrade submission into the PC's recent Tasmanian Shipping Inquiry), population, investment and jobs though "equalisation" has given way to a far more limited one industry leisure travel driving holiday focus on the Tasmanian side of the Strait.

While cost and capacity are the main barriers to crossing the Strait, the advantage of using a flexible BSPVES and large capacity ferries to meet this outcome did not occur.

Fares varied and appear to continue to vary substantially, sometimes extending to as high as \$2000 return, or more, for a car load of people sit-up and the car, and now with no fare schedule, any chance of consistently priced highway equivalent access is being destroyed.

The Tasmanian Government has recently started to make just moderate changes to refocus Bass Strait passenger and freight transport.

Despite these changes, Canberra needs to act to fully equalise the transport cost of both people and vehicles by formula as it does under its freight equalisation scheme. Surely that's what 'equalisation' and highway certainty is all about.

In today's economy, the movement of people to support service industries is just as critical as the movement of production inputs to the now relatively smaller manufacturing sector.

Restoring the focus of the BSPVES, a scheme linking a highly desirable residential and travel location with the largest population corridor in the nation at its door step, is critical. Its impact is expected to be huge, perhaps closest to the impact of say a new bridge.

In this circumstance, a bridge would substantially and positively change the economy at both ends. This is why Bass Strait is a very large national infrastructure project. It can, using existing and available capacity, be actioned in days.

Canberra should not leave access up to the operator of a "punt" or ferry to determine travel on the billion dollar inter-capital highways it connects - especially so, in a federation of states where equal transport links are designed to fairly connect other states.

The limits on the Federal budget, and therefore the effective operation of the sea highway, also impacting adversely on the planning processes of governance and sound management of schemes, are failing to allow the free flow of people, goods and vehicles as is the case with any major highway.

This approach limits increases in federal revenues from Tasmania by denying it critical mass. It also fails to reduce federal welfare expenditure in that state and reduces the viability of both public and private investment.

The Productivity Commission's recent Tasmanian Shipping Inquiry report, with wide terms of reference and able to cost a full NSH, seems to have been drafted to keep a lid on federal budget expenditure at all costs. Slightly greater federal expenditure could make two state economies work far more effectively.

Budgetary constraints, in this case, seem to encourage federal agencies to even avoid costing a comprehensive NSH and largely limit any future Canberra response to just those matters covered by the current PC's report.

Proposals to increase this amount, even in the national interest, seemed to be avoided.

Canberra should balance the massive immediate and potential benefits of this federal initiative with the cost.

If the National Highway were like a hose watering a valuable garden, or in this case, investments in the billions across Australia, and there was cut in the hose, in this case the failing equalisation schemes, wouldn't the owner go to Bunnings and buy a hose connector without questioning the relatively low cost of it when compared with the cost of the hose and the value of the garden?

Get the cheapest most effective connector by all means - but close the gaps.

Recent moves by the Tasmanian Government to improve sea access for people reflects that there is a problem. But at Federation, and again in 1996, the Commonwealth took on the responsibility to connect Tasmania with links that business and the community could rely on.

Canberra should not allow largely undirected and or badly directed federal equalisation schemes or single ferry operators to govern total access costs of crossing on an inter-capital interstate route vital to all with no effective governance mechanism in place.

A willingness to further federally fund and direct Bass Strait schemes is needed.

Also vital are critical operational parameters, wide industry involvement in the monitoring of equalisation schemes and acceptance and analysis of new ways of delivery of equalisation without fear of budgetary restraints or threats of having equalisation schemes discontinued.

Under current budgetary practices and recommendations for removal of all equalisation schemes by the PC, the suggested spreading of existing Bass Strait funding over greater movements of freight and passengers, at the expense of delivering fully equalised transport, are likely to turn equalisation schemes into subsidies.

Naturally subsidies can be removed more easily than can true equalisation.

The PC's suggested approach of eliminating equalisation will further skew access between industries and between states.

Budgetary constraints should not be used as the rationale for rejecting the delivery of sound Howard Coalition sea highway policies, or to limit increasing their efficiency or to erode the “national highway” justification used by many federal governments for the existence, alteration and improvements to the BSPVES.

Canberra or the PC should not deny free and fair trade for southbound goods destined for the Tasmanian retail market and the coverage of the movement of international exports, both of which are excluded from TFES, and coverage of the fair movement of people.

If Canberra is not willing to change the status quo it should in the interests of transparency particularise its reasons.

On the 30th December 2014 an opinion piece entitled “Coastal trade laws sinking Tasmanian freight” by Andrew Nikolic, MP, Member for Bass appeared in the Hobart Mercury.

In part, Andrew says;

“Tasmania is a rare jewel in the Australian Federation – largely pristine in environmental terms, and compelled by geography to be more self-reliant than our mainland neighbours.

Our industries and agricultural products enjoy a reputation for quality, cleanness and, in many cases, uniqueness.

This gem also includes a fragility – our economy, and the critical imperative to create local employment opportunities wherever and whenever we can.

Sensible policy is needed to foster this laudable objective.

Any politician who fails to acknowledge and respond prudently to this is putting at grave risk the future of every Tasmanian, such is the interdependence of our island’s “economic ecosystem”.”

Tasmania is one of Australia’s islands.

As with any region, it can do well to try to product differentiate its location and its products.

But unlike all the other islands - it is a state of the Commonwealth of Australia.

Statehood has advantages and obligations.

A state-based “economic ecosystem” approach, if taken, needs to fit with the intention of federation – to integrate economies of the then colonies within a federation of states.

Andrew Nikolic says Tasmania is “compelled by geography to be more self-reliant”.

To the contrary - as a state, Tasmania is compelled to be fairly connected.

Economic co-dependence on the Commonwealth though the funding of Federal equalisation schemes and Coalition transport equity promises confirm this.

The policy objective advanced by the opinion piece, possibly held by Tasmania and Canberra for many years, could explain -

- Why the BSPVES has not been used to maximum effect and why well funded Coalition promises to deliver transport equality through a national highway link have not been delivered.
- Why a \$50 passenger fare was rejected by Senators in 2001 when it could have been added to a free car and introduced from the start of the BSPVES in 1996.
- Why Tasmania is not connected by a national sea highway causing loss and massively disadvantaging major industries.
- Why Bass Strait is being seen as a barrier and why ferry service infrastructure, equivalent of a bridge to benefit many activities in South Eastern Australia, is not embraced.
- Why, for seemingly private reasons, a policy of independence from the rest of Australia, substantially undisclosed till now, should override federal mandates supporting an equitable sea highway and fair equalisation.
- Why the Australian people and businesses are denied the advantages of fair entry into the island state and Tasmania is left as a national park that few can afford to enjoy.
- In part, why the economy of Switzerland of the north, with an open door entry policy differs from that of Switzerland of the south.
- Why comments are made regarding Tasmania by the Premier of Western Australia regarding resistance to development and unfair allocation of GST revenues.
- Why the campaign for Bass Strait transport equality has needed to be unnecessarily extended for 18 years to resist the implications of such an underlying policy.
- Why practical steps to implement the NSH have not been taken despite massive federal funding for that purpose.
- Why the freedom of movement that people in all other states enjoy is denied Tasmanians.
- Why Tasmania did not ask for a vital Auslink national transport connection across Bass Strait when Victoria did.

If the Andrew Nikolic views are to prevail and to be advanced, Tasmania could end up like a separate country relying on Canberra's subsidies rather than a robust contributor to the national economy, including GST revenues, through increased economic activity based on its links to the mainland.

The Nikolic approach limits Tasmania's ability to use its natural and developed strengths and its positive geographical location close to Australia's major centre of population to full national advantage.

It will also result in continuance of ongoing social and economic woes of Tasmania and continued welfare dependency – not reverse it.

It will maintain the unnecessary focus on subsidies justified by giving the appearance of a disadvantaged state surrounded by water.

Tasmania isn't disadvantaged. It's just not connected properly.

The Andrew Nikolic view already seems to have prevailed - with the PC suggesting provision of further non-specific subsidies in lieu of interstate transport equalisation and the suggestion that Canberra focus on coastal shipping reform.

Coastal Shipping reform is a largely separate matter for Canberra, and if successful, will make a very little difference to the cost of Canberra's task of meeting Coalition transport equality promises and more. It will not substantially address the real and immediate issue of NSH connectivity.

It seems wise for those representing Tasmania to not deal with the lesser issue of general coastal shipping reform without addressing the far more substantial, specific and immediate issue of their state's connectivity.

Andrew's policy approach, if applied to Tasmania's main transport artery, can be extended to limit access across the Victorian-Tasmanian border and limit investment, jobs and population within Tasmania. It could turn Tasmania into a mainly luxury resort with almost no broad-based economy. It can also put the 261 island chain just below Melbourne out of reach for many.

It removes the focus on the true advantages of economic integration - integration that was provided by the sea lanes that at the time of federation fairly connected the colonies.

In the context of the reasons for the Abbott Government's budgetary constraints, the policy position brought to light by Andrew and the extent of its entrenchment now warrants immediate and far greater scrutiny from Prime Minister level down.

Limits to Federal Bass Strait access policies and funding impacts on every aspect of the Tasmanian economy and its connectivity to the rest of the nation.

It is the responsibility of every member of the national parliament, including members of this committee, to meet the intent of federation and allow all to fairly share in the common wealth of the nation through full access to the National highway network without critical funding constraint.

It is not Canberra's responsibility to pay for and facilitate an interstate maritime policy that encourages isolation and the division of our country, to serve the interests of a few at the expense of the rest of the nation.

We ask that the Committee hear oral evidence relating to this matter and why budgetary constraints should not be applied to the proper direction of Federal Bass Strait equalisation schemes.

Submissions by the National Public Lobby, National Sea Highway, the first Austrade submission and submissions by Peter Brohier together with oral evidence given by him to the PC's Tasmanian Shipping Inquiry and supporting documents should form part of and be read as part of this submission.

Attachments sent to this inquiry should also form part of this submission.

Peter Brohier

Convener

Peter Brohier is a retired lawyer who has practiced law in both Tasmania and in Victoria.

In 1992 he initiated a campaign for Bass Strait transport equality based on an article he had published in the Australian Financial Review.

He was founder of the Committee for Bass Strait Transport Equality. He chaired that committee and the subsequent National Sea Highway, the largest most widely representative group including support from the TCCL, major tourism interests and the then equivalent to Unions Tasmania.

Even large mainland interests supported this outcome as did the national conferences of the Liberal and National parties.

The committees were largely responsible for the introduction of the Coalition's 1996 BSPVES. They achieved promises and uncapped funding aimed at and capable of making Bass Strait part of the National Highway and an undertaking to achieve equality for Tasmania.

The aim was to build tourism (in the general use of the word –see the Austrade submission to the recent PC inquiry) and to build population, investment and jobs through equalisation of both people and vehicles.

Peter and his committees were described as the lobbyists that had beaten Australia's best in the Sydney Morning Herald in 1996.

Peter subsequently established the National Sea highway Coalition, a now fully Tasmanian group, with a long list of major and diverse supporting organisations.

Peter is and has been the catalyst of many sound ideas some of which are already in the process of implementation.

Peter believes that people must be the ultimate beneficiaries of federal programs.

He also believes that business should get involved in campaigns aimed at public benefit and Canberra should be far more responsive to public interest lobbying.

Well thought out big ideas that grow markets should prevail.

There are major advantages to business through this form of lobbying. The needs of Industries alone should not remain the only catalysts for national change.

Peter also believes that, in this case, projects requiring federal subsidies for particular industries should not take precedence over a transport link consistent with meeting the purposes of federation and fairly meeting wider industry purposes.

After meeting national needs, Canberra should then prioritise specific industry demands.

For nearly two decades, despite the BSPVES's success, Peter and his various committees have seen a massive federal BSPVES hardly used and not well used to deliver its intended purpose. It is time that full equality was delivered.

Peter holds degrees in accounting and law.. He won the Australian Society of CPA's ward for top accountancy degree student at RMIT. Peter was also awarded the Australian Hotels Association Tasmania award in 1997 for bringing a National Sea Highway to Tasmania and for outstanding services to tourism.

Without the arguments justifying a National Sea Highway, many largely prepared by Peter and used as rebuttal to the then prevailing federal policy positions, and vital collecting of support and ongoing lobbying, it is unlikely that the BSPVES would have been introduced, nor the somewhat equivalent Keating offer obtained.

It is time that Canberra gave more attention to a number of professional reports, many prepared at the instigation of the various groups convened by Peter. Also, to the collective will of the people expressed through federal mandates and also the needs of the main generators of wealth.

Whilst many reports can be prepared, it takes an on-going lobby of the Peter kind to deliver outcomes of a size that impact on a nation.

Canberra has little choice but to deliver on widely agreed national proposals, especially where there is a substantial flow on direct benefit to both the public and business - full Bass Strait transport equality is one such proposal.

Peter believes that under the democratic process industries can largely take care of themselves.

However, a national public lobby is vital for national projects or projects requiring major change especially when a conflict between divergent industry needs occurs.

Such is the case of Bass Strait, where the flow on impact of largely replacing a one-sided leisure industry policy with a far more encompassing national highway policy that can meet the needs of all should take place.

“Mr. Brohier has been a very strong advocate for a better deal for people on Bass Strait. I think he has done a terrific job over the last few years. Through his efforts he is probably more responsible than anybody else for the introduction of the vehicle subsidy, I would think.” Paul Lennon, a former Premier of Tasmania, Hansard 12 April 2002

“Peter, you can, and should take personal credit for the improvements in Bass Strait fare equality. The campaign you and the National Sea Highway Committee have waged over many years has succeeded in delivering better fares for Tasmanians. Peter, I thank you for your hard work on behalf of this State. All Tasmanians must salute you for your achievements.” Bob Cheek, MHA, a former Liberal Leader of the Opposition, Tasmania

“Senator Barnett, I and a few others met with the restaurant and catering representatives of the Australian Hotels Association-tourism and hospitality being a

growth area in our home state because of the Bass Strait Passenger Vehicle Equalisation Scheme initiated by the Howard Government”. Senator Abetz, Hansard 6th December 2004 “Senator Colbeck said the scheme, combined with the Spirit of Tasmania ferries, was the next best thing to a highway link with the rest of Australia. He said the figures confirmed that without the decision to introduce the scheme, the ferries would not be the success they have been.” The Mercury, 13th July 2004 Van Diemen's Reborn Land “Tourism is soaring, the economy is growing (the forecast is 3.5% next year), unemployment is falling and Tasmanians are no longer leaving home. Introduction of two daily ferry services from Melbourne in 2002, have fed the rush” The Economist, 17th January 2004

TT Line said before the BSPVES was introduced

The Committee for Bass Strait Transport Equality chaired by Mr Peter Brohier has been actively seeking federal government support for the concept of a subsidised Bass Strait crossing.

The Committee seeks to bring the cost of surface transport across Bass Strait to a level which equates to that of a similar distance over land. It is believed that the achievement of this aim would result in a dramatic increase in tourist numbers across Bass Strait benefiting the economies of many regions in South East Australia.

TT-Line Company Pty Ltd is fully supportive of the aims and objectives of the Committee for Bass Strait Transport Equality.

Any support or assistance that the reader may be able to provide to Mr Brohier and his Committee would be greatly appreciated.

Media Release, Tasmanian Government
5 December 2014

Rene Hidding, Minister for Infrastructure

Government Delivers on Pledge to Reduce TT-Line Fares, Grow Passengers
The Liberal Government has delivered on its election pledge to reduce fares and grow the number of tourists visiting the state on the TT-Line.

This week, cabinet approved the TT-Line's business case, which will lower fares by an average 14.8 per cent over the next four years, and bring an extra 64,000 passengers and additional \$220 million in tourism spend to the state per year by 2023.

The new business case unashamedly recommits TT-Line as a passenger-focused enterprise that will be a key driver in the Liberal Government's plan to increase tourist numbers to 1.5 million a year by 2020.

The 14.8 per cent average fare reduction delivers on our election pledge to reduce average fares by "up to 20 per cent", with a number of fares likely to be discounted well above the 20 per cent figure.

This will be achieved through a major refurbishment of both vessels, lower passenger fares and extra day sailings.

An additional 42 extra day sailings will be scheduled each year by 2018 and will also mean a significant increase in space for caravans, boat-trailers and "grey nomad" tourists.

Freight capacity and carriage will remain unchanged for essential overnight perishables, while a private company has already announced it will be pursuing a new ship to increase overall freight capacity across Bass Strait.

The refurbishment is expected to cost tens of millions of dollars and will be completed by mid to late 2015. This will be the first overhaul of the passenger ships since they entered service on Bass Strait more than 12 years ago.

The work will be undertaken in winter 2015 and will result in minimal disruption to services. One of the vessels will be refurbished while in scheduled dry-docking. The other will be refurbished while in service.

The refurbishment will bring the latest contemporary designs to all passenger decks and will include exciting new bars and eating areas, new seating arrangements on decks 7, 9 and 10, refurbished cabins, family and teen-friendly activities and food concepts, climate control and media streaming and Wi-Fi.

The Government remains committed to replacing the vessels by 2022-23 as per the commitment under the previous Government.

The refurbished Spirit of Tasmania vessels will act as a Brand Ambassador for Tasmania, showcasing Tasmanian produce and products.

TT-Line's marketing will be more closely aligned with that of Tourism Tasmania adding extra bang for Tasmania's promotional bucks.

The Liberal Government is very pleased that the Board of the TT-Line share this vision and I congratulate them on preparing a business case which will help deliver investment and jobs in Tasmania.

More Media Releases from Rene Hidding

More Media Releases from the Minister for Infrastructure

Media Release, Tasmanian Government
5 December 2014

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More Media Releases from Rene Hidding

More Media Releases from the Minister for Infrastructure

Talking Point: It's highway robbery for Tasmania

- by: *PETER BROHIER*
- From: *Mercury* (Hobart)
- December 02, 2014 12:00AM



THE recently announced success by the Tasmanian Government in advancing a direct sea freight link to international markets seems on the surface to be a very good way forward.

It will facilitate Tasmanian exports and encourage retail goods from Asia to be brought to the Tasmanian consumer, cheaply.

It can also encourage at least one Tasmanian port to be used more effectively.

Every other state can do the same with its own ports, if they wish. But unlike Tasmania, they don't need to.

In Tasmania's case there is something very wrong.

The State Government has presumably been compelled to take this step to effectively send its states products to international markets.

Goods destined for the retail market, including building materials, can be cheaper direct from Asia than from mainland suppliers, largely because of freight costs when crossing Bass Strait.

[Read more](#)

There is one major reason underlying the Tasmanian Government's recent approach.

Canberra's Bass Strait equalisation schemes are not comprehensive or are just not working.

The Federal Government's schemes omit coverage of international freight and southbound retail goods. They also fail to adequately cover the movement of people and vehicles — all this, while \$50 billion is now going into more infrastructure across our nation.

All other states are fairly connected to the national transport grid.

Together, the two federal schemes don't deliver the equivalent of even the worst road in our nation.

In Tasmania's case, Canberra is not meeting the most basic of federal obligations to integrate the state and its ports with a fair maritime highway equivalent link across Bass Strait.

Tasmanian taxpayers will need to now pay to attract a direct shipping service from Asia.

Furthermore, mainland suppliers of retail goods will be cut out of competition against retail goods entering Tasmania through this international link.

The volume of northbound freight and retail goods southbound over Bass Strait will reduce for existing ship operators and Tasmanian ports.

The volume of exports transiting our mainland ports will also reduce.

Even mainland exporters will be denied fair access across Bass Strait to get their products to a Tasmanian port servicing this intended direct international link.

Direct shipping from the world to Tasmania gives international suppliers an unfair advantage over Australian mainland suppliers goods that are to be sold retail, including building materials.

This unfair advantage is not present anywhere else in Australia because all mainland ports are connected to the national transport grid.

Mainland goods can be sent anywhere across this nation, except for Bass Strait, at highway cost.

A basic ferry connection equalising the cost of transport to highway levels — a national sea highway for all people, freight and vehicles over the Victorian-Tasmanian border would normalise access with links to all other states.

Despite a recent review by the Productivity Commission, with involvement of the ACCC, both bodies have remained relatively silent on equity matters covering the movement of people and freight resulting from the lack of fair access to and from Tasmania.

The right of all Tasmanians and the private sector to have fair surface access to nation-building infrastructure on the mainland is vital.

Canberra's passenger focus, by act or omission, of mainly encouraging southbound leisure travel, and not the delivery of two-way highway equivalent travel, as promised, is disappointing after a well supported public campaign to achieve such an outcome.

Application and monitoring by Canberra of its Bass Strait Passenger Vehicle Equalisation Scheme has resulted in a reduced volume of people crossing Bass Strait when compared with equivalent road travel.

Service activities, the main generators of Gross Tasmanian State Product, needing direct access to people crossing the strait in critical mass, are being largely denied such access.

This approach makes Tasmania more inaccessible than it needs to be.

Population investment and jobs are therefore restricted.

The adverse impact of this approach on freight volumes, use of ports and existing shipping is significant.

Coastal shipping and port reform will, if successful, just tinker at the edges but is no alternative to Canberra meeting its obligations under Federation to efficiently treat Tasmania fairly.

Canberra should deliver equal links between all states.

This policy, when applied, will integrate Tasmania into the national economy through the movement of both people and freight — not force or encourage new shipping services that separate it.

Sound national transport policies are needed.

The only fair policy and outcome is for Canberra to deliver a full National Sea Highway.

Given existing shipping and federal funding resources, this can be started in weeks.

Canberra should not leave it to the people of a relatively poor, cut-off and desperate state to pay to attract direct international transport links while it denies fair access to the billions in national infrastructure it says is so vital to the rest of the nation.

Canberra's long-awaited response to the recent Productivity Commission's Tasmanian Shipping Inquiry ought — and can only be — to deliver a full National Sea Highway.

The purposes of Federation, the democratic process, Coalition promises, federal equalisation schemes and sound financial management and governance require it.

No case, not even excuses of a lack of money, can be made against this proposition.

Peter Brohier is a Melbourne-based lawyer and convener of National Sea Highway.

Email from Peter Brohier

Dear Mark,

The following was said by the Minister for Infrastructure Tasmania on the 5th December 2014 regarding Bass Strait passenger fares:

"The 14.8 per cent average fare reduction delivers on our election pledge to reduce average fares by "up to 20 per cent", with a number of fares likely to be discounted well above the 20 per cent figure.

This will be achieved through a major refurbishment of vessels, lower passenger fares and extra day sailings."

Given this stated intention, it would be very easy for the Commonwealth to deliver all year highway fares without a substantial burden on federal taxpayers.

The about \$40 million a year spent by the Commonwealth under the BSPVES could then provide the business certainty provided by a road regarding access to people.

Highway fares are required to drive whole state economies.

It is unwise to allow the operators of a "punt" to determine access on an inter-capital interstate highway link when substantially funded by the Commonwealth without any major controls or with federal monitoring that focuses just on one industry on one side of the Strait.

The solution now to the delivery of the full highway for people and vehicles may cost almost nothing.

We have given you a three staged solution to equalising all freight at very low cost.

Best wishes,

Peter Brohier

Media Release

2 December 2014

Committee for Bass Strait Transport Equality (CBSTE)

Feds asked to finally fix Bass Strait

Susan Macdonald, joint coordinator of the CBSTE said in Launceston today, “in 1996 John Howard recognised that the *transport disadvantage posed by Bass Strait is the single most serious impediment to growth in jobs, investment and population for Tasmania*. Almost two decades later successive federal governments have failed to deliver a comprehensive and effective National Sea Highway across Bass Strait.

The Committee for Bass Strait Transport Equality, first formed in 1992 campaigned for transport equality for people and vehicles crossing the Strait by sea. As a result the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) was introduced in 1996. However, despite Bass Strait being the sea highway between Tasmania and the other Australian states, “equalisation schemes” to date have been overwhelmingly focused on the southbound leisure travel market and have ignored southbound freight.

The Committee calls on the Federal Government to replace the existing uncapped schemes with an equalisation formula that offers consistent fares all year round and applies to all people and all vehicles. Freight equalisation should be applied to southbound as well as northbound goods to prevent the cost of consumer goods in Tasmania being unnecessarily high.

With billions of dollars now being spent on infrastructure links across our nation, the two existing equalisation schemes are an historical anachronism. The question should not be where is the money to come from, but what has Canberra done to direct the uncapped money the people obtained under the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) to achieve equity for transport of both people and vehicles.

It is time the Federal government finally invested in Tasmania’s future by delivering a National Highway link across Bass Strait equalising the cost of movement of all people, vehicles and freight to the cost of highway travel.”

In 1901, the colonies were to federate into a national integrated economy through the movement of both people and freight.

A core promise of the Howard Coalition in 1996 was to make Bass Strait part of the national highway, closing the only interstate gap in our national transport grid.

The aim was to equalise the cost of travel across the Strait to that of road travel by reducing the cost for a driver and car and to lower passenger fares through sea-based competition. A daily crossing was proposed. Uncapped, demand driven federal funding was subsequently provided and continues.

In 1996, under Paul Lennon, two ferries, both capable of two crossings a day, were introduced.

Low total fares brought about by the Coalition's scheme lead substantially to the Bacon Government's "economic miracle".

Sea-based competition did not subsequently enter Bass Strait. Government intervention was needed.

Regretfully, the focus on facilitating interstate commuter traffic, as on any highway, seems to have been replaced by value adding to sea travel experiences by a "free", Commonwealth paid for car, or encouraging driving holidays for some mainlanders who can afford to travel. The ferries substantially then operated just once a day.

Any new ferry, as contemplated by some, and furthering such an outcome, would meet the needs of a limited number of leisure travellers but have added to the expense of crossing, not reduced it.

This feeds the core accommodation sector but not the large generators of about 80% of GSP or in fact all service related activities that need volume traffic crossing and consistently offered, low-priced access to the rest of the nation.

Cost is now the major factor in numbers crossing. The Tasmanian Government proposes to reduce it. The Government is to now use existing unused resources more effectively. Discount air worked. Presumably so can all year, consistently low sea fares. Ferries operating twice a day, in each direction, will double daily capacity.

If this move works, the parameters of doing business across Tasmania can change with demand curves moving outwards.

Effective A to B travel will assist many to continue to reside in Tasmania. This type of travel is also sought by mainlanders. Tasmania could be fairly linked as are all other states.

The challenge is for TT line and others is to now come up with a solution based on moving large numbers of people.

Ferries across the world have open planned "food courts", offer many interactive activities as well as excellent seating and cabin accommodation. They carry both

vehicles and ancillary vehicles, as on a road. The State's proposal not to upgrade the ferries, at this time, is appropriate.

But what about freight? The Federal Government equalises the costs of some freight under TFES. But TFES excludes about half the freight crossing Bass Strait, including southbound goods destined for the restail market and Tasmania's international exports.

Under the new proposals, the private sector is expected to carry most of the freight. Competition and higher freight volumes can lower the cost of transport regardless of ownership. But in any event, it is Canberra's responsibility to equalise all freight costs, not just some.

Billions of dollars of investment, both public and private, on both sides of the Strait are critically impacted by Bass Strait sea access - also, nearly every other activity in Tasmania. Growth of population, investment and jobs depend on it.

It is a Federal Government objective under Austrade to maximise the numbers of people travelling interstate across the nation. That includes travel in both directions across Bass Strait.

Canberra's response to the recent Productivity Commission's report into Bass Strait shipping, to be released this June, should use the recent Tasmanian Government initiative as a foundation to achieve cost effective full transport equality and to meet Canberra's own travel policies.

The billions to be invested in highway and other infrastructure across our nation equitably justify the Bass Strait link - even in times of austerity. Also, at a time of Mr. Joe Hockey's "end of the age of entitlements", fixing Bass Strait access is an entitlement going the very heart of our federation and the economic wellbeing of our nation. It cannot be dismissed.

The Tasmanian Government is now doing its part - it is now up to the Federal Government meet its responsibility to the people and businesses of this nation.

NATIONAL SEA HIGHWAY
Email: peterbrohier@maptag.com.au

The Hon. Tony Abbott MP
Prime Minister of Australia
Parliament House
Canberra

By email
27th June 2014

Dear Prime Minister,

We comprise the largest, most diverse and united push from across Australia for full surface transport equalisation over the Victorian - Tasmanian border.

Our views have not been dealt with by the Productivity Commission's Tasmanian Shipping Inquiry. Nor has the fundamental basis of the BSPVES, as stated by the Coalition, been followed - see the following attachment

http://www.pc.gov.au/__data/assets/pdf_file/0007/134989/subdr102-tasmanian-shipping-attachment1.pdf

The PC's enquiry suggested a preference for national solutions but failed to advance one. Nor did they advance the case for equal transport links between states or consider the least costly ways of achieving that result.

They also ignored the reasons why the BSPVES was not, in implementation stage, advancing sound Coalition policies as sought by the business community and mandated by the public from 1996.

Existing equalisation schemes, as applied, fail to provide transport equity resulting in protectionism, and gross inefficiencies. They do not cover the movement of people, both in vehicles and as foot passengers, and omit more than half the freight - all this while Canberra advances highway links between other states.

Coalition schemes can be adjusted to provide the same surface transport corridors as other states enjoy and which linked all states equally when the sea lanes alone connected the colonies.

The basis for Federation was that the economies of the colonies be integrated through the movement of both people and freight into a national economy. This basis is not being met by Canberra.

Full equalisation will allow the Hume Highway to extend via Melbourne to Hobart and link national transport networks on both sides of Bass Strait. This is the only sound solution that can bring economic wealth overnight and use existing highways far more effectively.

Solutions that perpetuate unnecessary continual surveillance waste money and add uncertainty to what should be just a regular ferry operation.

We ask whether you will meet directly with our delegation, as you are reportedly doing with the Tasmanian Economic Council, and then appoint international shipping consultants to recommend the most effective way of delivery of full highway equalisation transporting all people, all vehicles and all freight, save for bulk cargoes, by sea across the Strait.

This approach will dovetail with recent initiatives taken by the Tasmanian Government that are moving towards effective 1996 Coalition policies.

Yours sincerely

Peter Brohier
Convener
CC
The Hon. Will Hodgman MP
Premier of Tasmania

NATIONAL SEA HIGHWAY

1st November 2014

CLOSING AN INFRASTRUCTURE GAP THAT CAN BUILD OUR NATION

Integrating the Tasmanian economy through the movement of both people and freight.

A suggested response that the Australian Government could make to the Productivity Commission's "PC's" Tasmanian Shipping inquiry.

Tasmania is not connected to the national road and rail transport network as is the rest of Australia.

Highways to desirable locations transform economies especially interstate inter-capital ones.

Population, investment and jobs have been held back because of the Bass Strait barrier.

The BSPVES funding, and its monitoring, has without sea based competition not lowered fares in line with highway equalisation.

A focus by Canberra on monitoring, and or supporting, one-way leisure travel though the offer of free or reduced priced moving of the shell of cars without equalising either the cost of the car, people inside it and therefore total cost, and foot passengers, encourages value adding but not lower fares – perhaps even higher total fares varying daily and substantially over the course of a year. When last examined, there was also no fare schedule.

The BSPVES has not met its main objectives. Fares are not consistently low. The BSPVES seems to have driven just part of one industry, on one side of Bass Strait, but not whole state economies and industries larger than the leisure sector that need direct access to people. Unlike a holiday island the flow on from leisure is too small to support a state economy.

The volume of people crossing is therefore highly restricted by Canberra's current approach.

Industry policy regarding access across Bass Strait needs to change significantly to fairly cover all industries.

The BSPVES focus, said to facilitate 'driving holidays for mainlanders', to meet leisure industry needs by offering a low priced shell of a car, but not its passengers, needs to be promptly balanced.

Canberra needs to deliver a high volume passenger service based on the regular definition of tourism, being the movement of people for under a year for any purpose-

not just leisure. It also needs to facilitate travel in both directions to build population and to regularise interstate travel.

Concentration on the movement of people is the only way the size of the economic pie will increase. Freight of itself, save for increasing international freight, is not a major driver of an economy unless following the movement of people and increased commercial activity.

We believe that this passenger focus will turn around the Tasmanian economy in a very short time, as did the introduction of the BSPVES, the then substantially reduced total fares and the consequential introduction of the two ferries.

With far greater use of existing ferries and the recent initiatives taken by the Tasmanian Government enhanced by Canberra's even lower consistently priced and maintained highway fares, there is every chance of success. A major study found that it was price and capacity that were the major determinants of crossing by sea. Low fares have been proven many times. The findings referred to a new market of traveller, not a substitute for air travel.

How to do it?

Passengers and vehicles

The PC suggested a national solution would be preferable. The National Sea Highway "NSH" is such a proposal.

In this context, the Commonwealth should place a condition on the BSPVES that any operator using it should, in the absence of sea-based competition, offer range of bare bones passenger and vehicle fares. This should include a foot passenger fare and an inclusive car and passenger vehicle fare maintained at highway equivalence similar to that included in the first BSPVES ministerial directives.

This formula, now in the absence of competition, must include up to 5 passengers, not just the driver and vehicle. Today this figure could be set at about 70 cents a km. A foot passenger fare would be about \$50 set at the cost of bus travel Melbourne to Wagga Wagga, about the same distance as Melbourne to Devonport. This will result in a car and with say 5 passengers being about the same price per person each way – about \$50 or \$60.

This approach will save the Commonwealth \$204 each way under the BSPVES if a car were left at home. It will also result in the same cost saving incentives to fill a car that are available on a road. The passenger / vehicle or equalisation payment ratio will rise thereby using the BSPVES more effectively.

As with the Keating proposal and European ferry services, a few low one person in a car and two in car fares are also necessary.

As TT Line knew about the intent of the Coalition's 1996 Tasmania package and understood the potential economic advantages of full highway equivalence and

possibly the expectation of future competition, imposition of this condition should not come as a surprise.

The operator, benefitting from Federal BSPVES funding, should also be required to offer sufficient capacity a highway fare levels to meet market demand. Operators would be then likely to arrange their affairs to make savings on crewing, types of cabin and or sit-up capacity, vessel configuration, use of day sailings, shorter routes and consider more efficient vessels to maximise profitability to meet this condition.

Government reports have shown that a two ferry service with twice a day crossings is affordable. Comments by TT Line and expensive studies and low fare trials confirm demand at lower fare levels. A permanent move in this direction will increase travel further and move demand curves outward for many activities..

Existing fares offering combined transport with hospitality options could also be continued.

The movement of ancillary vehicles such as trailers, caravans, boats etc need to be also covered by Canberra.

All freight - save for that carried regularly in the actual hull of ships around the coast.

The gaps in the TFES are largely related to southbound retail and international exports. These gaps restrict exports and adversely impact on the Tasmanian consumer and mainland manufacturers by distorting free trade policies available to rest of the nation.

The Commonwealth could meet its equalisation obligations by paying for the capital cost of part of or the total cost of a new RO RO or RO PAX vessel.

The vessel could be tendered to existing operators to be run to cover the gaps at highway equivalence.

This approach would meet the transport demand for increases in freight volumes resulting from increased passenger movements and population growth.

This type of initiative seems similar to the Tasmanian Government's supply of ferries and which are run by TT Line.

If not all freight could be covered initially for budgetary reasons, introduction of further freight equalisation could be staggered – firstly to cover international exports and then southbound retail not competing with Tasmanian based suppliers to the Tasmanian domestic market.

With adjustments top the BSPVES and as the population consequently grows in Tasmania and greater numbers cross, Tasmanian domestic manufacturers will not be as disadvantaged and southbound retail competing with them could also then be equalised.

The final step to full national highway equalisation will be to cover those manufacturers that are paying the cost of common national pricing for goods sent to Tasmania.

Restrictions on the movement of both people and freight can this way be lifted at the same time.

If the more costly TFES method were applied to extend equalisation to all non-bulk freight such staggering could become more relevant.

Some minor adjustments to TFES, as recommended by the PC, may also be considered but the free flow of people into Tasmania, largely for the first time, will drive freight volumes and enhance shipping and port usage.

Current freight volumes are likely to change dramatically making some of the PC's findings redundant. Such would be the case if traffic on a new four lane highway between say Sydney and Thredbo were restricted to mainly leisure travel and then traffic was allowed to flow freely at highway costs. When the road was open to all, freight volumes would substantially increase - economic activity would follow.

Advantages

This proposal will meet Canberra's responsibility for transport equality between all states.

The proposal is state neutral and will meet the Howard Coalition commitments and make Bass Strait fully part of the National Highway. It is nation building at its best.

It will drive the largest contributors of Tasmanian gross state product - the services sector, immediately. It will offer critical mass to all people related activities and normalise competition between surface and air travel.

This is the one national solution, as suggested necessary by the Productivity Commission but without Canberra picking industry winners.

The cost - benefit advantage could be expected to be substantial as billions in private and public investment on both sides of Bass Strait would be used far more effectively.

It will provide a way for driving the private sector directly, as with other infrastructure spending – not via government handouts or as a flow on from other activities.

Benefits will flow directly to the people. It is not a payment to the Tasmanian Government and is in keeping with national highway support and endorsement of the need for such a link – not more subsidies to Tasmania.

The proposal represents a low cost and effective solution to many of the economic issues facing Tasmania.

The PC's response by government would then cover both passengers and freight as it should and seems required to do.

Implementation of this proposal, save for some private negotiations between governments and with the private sector, will require no further inquiries and minimal monitoring.

Peter Brohier

Convener
NSH

The Productivity Commission's
Tasmanian Shipping and Freight Report 2014.

12th September 2014

- The report was Tasmania centric, not a national or two state solution over a national interstate waterway.
- The name of the report “Tasmanian Shipping and Freight” was likely to have limited participants from potential stakeholders.
- The report hardly touched on the NSH concept that could change the whole Tasmanian economy almost overnight and use Federal funding far more effectively.
- The report didn't cost the NSH proposal despite the 1966 Tas package concepts and promises and submissions to its last report.
- The Report seems to have been predicated on the basis that federal funding would not increase and did not canvass more costly but far more effective Federal expenditure.
- The PC or ACCC involvement didn't cover the failure to cover southbound retail and its unfair impact on mainland suppliers and Tasmanian consumers.
- The impact of the NSH and the BSPVES proposals on the whole economy were not considered
- Costuming of the NSH was again not performed, for a second time.
- Full freight coverage was not considered and a cost effective solution given.
- A better way of using the BSPVES was not considered.
- Also, its impact on population, freight volumes and consumer prices by the spreading of overheads was not considered.
- The unfair impact on mainland suppliers of a new service bringing in retail goods from across the world whilst southbound retail goods of the same nature are not covered by TFES.
- Federal BSPVES commitments re transport equality were not dealt with.
- The importance of have people travel surface in both directions were not considered.
- International ideas for effective ferry sea linkages were not analysed.

- The option of shipping under contract for goods not covered under existing schemes was not costed.
- The impact of having labour classified under as National Highway or punt workers and not as costal shipping labour was not considered.
- No proposal to grow Tasmania was considered based on equalisation - just adjustment of equalisation that have been turned into subsidies.
- International expertise should be called in once the full NSH concept has been reaffirmed.
- The PC saw no advantage of encouraging people to travel surface as an option to air and ignored the impact of this travel and access to and from Tasmania on two state economies.

Peter Brohier
Convener
National Sea Highway