

talkingpoint

Strait subsidy fails to deliver sea highway

Intent of the original scheme lost in translation, writes **Peter Brohier**

A CAMPAIGN for Bass Strait interstate transport equality, supported by business in two states, has failed to deliver despite resulting in massive federal funding.

The Bass Strait Passenger Vehicle Equalisation Scheme is an uncapped federal highway equalisation scheme worth billions. It was a major part of a raft of measures to provide a fair sea highway transport link across the Victorian-Tasmanian border.

The scheme has progressively over two decades been turned into a funding stream mainly benefiting the Tasmanian leisure industry.

Under the Abbott Government, there is no money available to equalise the movement of people across this significant corridor.

The Federal Government has said the aim of the BSPVES did “not extend to equalising the cost of inbound and outbound travel across Bass Strait”. The consequences of this severely brings into question issues about accountability, democratic processes, economic responsibility and governance.

Recent extension of the Tasmanian Freight Equalisation Scheme to equalise international exports crossing Bass Strait to the cost of highway travel is welcome.

Little was reported of the Government response to the Productivity Commission’s Tasmanian shipping and freight report that covered changes to the BSPVES. This scheme was the centrepiece of the 1996 Coalition’s election. It met calls for transport equality for people and vehicles and to make Bass Strait “part of the national highway”.

With marginal seats at stake, Coalition promises were critical. A bidding war over Bass Strait occurred between John Howard and then PM Paul Keating. Howard won.

In its inquiry last year, the commission faced a dilemma. Was the scheme to be a subsidy to support driving holidays to Tasmania for mainlanders, as it had become, or should it offer highway transport equality? The commission asked the Commonwealth. The Government, ignoring the historical context under which the scheme was introduced, responded that the aim did not extend to “equalising the cost of inbound and outbound travel across Bass Strait”.

This flew in the face of reality and now embeds the purpose of the scheme as a subsidy advantaging few.

The purpose of the 1996 campaign seeking interstate transport equality across Bass Strait will be negated.

The intent of the scheme should be to deliver transport equity for people and vehicles in both directions.

In the Government’s response, monitoring of the scheme will now rightly be extended past a focus on leisure travel to Tasmania to the other half of the travel market, that of visiting friends and relatives and to business travel. Monitoring needs to cover travel in both directions. Given the now seemingly one-way limited purpose of the scheme, it is unlikely to do so.

A properly functioning scheme, based on equalisation not subsidy, was said by the Coalition to be necessary to reduce the “single greatest barrier to the growth in population investment and jobs for Tasmania”.

This issue goes to the core of what equalisation means and the needs of the Tasmanian community for interstate transport equality.

Bass Strait transport access has a critical impact on most major industries.

Use of the only inter-capital surface route of national significance between Melbourne and Hobart should not be governed by non-highway equalised fares varying daily set by what could be described as a “punt” operation.

The Federal Government’s response also promises a review of the scheme to examine modal competition, presumably competition between air and sea services, and issues surrounding a wider definition of tourism.

This is unnecessary if considered in the context of meeting the original purposes of introducing the scheme.

The intent of federation was to join the colonies into an integrated national economy through movement of people and freight. The PM should restore well considered and widely supported purposes to deliver comprehensive two-way maritime highway equalisation, and every federal politician has a responsibility to ensure that he does.

Peter Brohier is a Melbourne lawyer and convener of the National Sea Highway group.

OFFICE OF THE CONVENER OF NATIONAL SEA HIGHWAY GROUPS

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

12th May 2015

Dear Prime Minister,

***RESTORING THE RELEVANCE, EFFICIENCY & EFFECTIVENESS OF THE BASS STRAIT PASSENGER
VEHICLE EQUALISATION SCHEME, BSPVES***

Canberra's BSPVES is currently an equalisation scheme without a highway equalisation formula. It equalises nothing.

The purpose of introducing the BSPVES is a matter of public record.

It was to move people and vehicles across Bass Strait by directly equalising the cost of a driver and car to the cost of road travel - then lowering passenger fares through sea-based competition. This combination would then make Bass Strait part of the National Highway and offer the Tasmanian people and the rest of the nation transport equality between all states.

The scheme, since its introduction, has been substantially changed administratively and by application to move the shell of cars cheaply but not the passengers inside.

Consequently the nation now has every justification in requiring that the scheme be restored using the same administrative process applied to originally modify its impact.

The BSPVES has been encouraging a Tasmanian leisure travel focus through value adding, by offering the incentive of a reduced priced vehicle fare.

With a single operator setting total fares that vary daily and, for the most part far exceed the cost of highway travel, the BSPVES is not delivering any form of useful, consistently priced, equalised access.

The article entitled "Strait subsidy fails to deliver sea highway, Intent of the original scheme lost in translation", attached, appeared in the Hobart Mercury on the 23rd April 2015.

On the basis of the article, it is vital that Canberra put far more effort into equalising surface travel and removing the Bass Strait barrier to the growth of population, investment and jobs. Expected sea-based competition has not eventuated and has not driven down sea passenger fares.

Also, the Productivity Commission did not finish reviewing the BSPVES. It sought from Canberra clarification of the purpose of the BSPVES and then promptly ended its enquiry.

Prime Minister, in view of the aforementioned matters, and in the interests of more effective use of the BSPVES, we ask that you now place vital community service obligations, or the equivalent, on the use of the BSPVES as follows:

That any Bass Strait shipping operator advantaged by the BSPVES as now a “federal subsidy” should provide and maintain sufficient numbers of each way:

- Passenger fares set and maintained at the cost of travel at the equivalent distance by bus.
- An inclusive vehicle and up to 5 passenger fare set at the cost of road travel in a ten year old mid-size sedan.
- A range of other passenger and vehicle fares set consistent with, and lower than, equivalent unfunded 9 hour routes offered in Europe see <http://www.irishferries.com/uk-en/to-ireland-from-britain/>
- Hotel services on ferries should remain optional extras.

Also, that Federal monitoring of the BSPVES include input from many major stakeholders, including Austrade’s tourism policy branch, whose combined interests are met by the numbers of travellers crossing in both directions and not by the few who can afford value added travel to Tasmania.

It should not be forgotten that TT Line publically supported the introduction of a national sea highway link in writing and our campaign before the BSPVES was introduced.

Existing federal monitoring should apply to two way equalised surface travel and assess the impact of the BSPVES on the whole Victorian and Tasmanian economies, including the scheme’s success in encouraging population growth.

Now that Canberra rightly intends to increase its monitoring to cover the other 50% of tourism not currently monitored, being that of visiting friends and relatives and business travel, the BSPVES, as presently applied to the leisure market, will have little or no relevance to markets built on this far wider definition of tourism.

The inter-capital interstate Bass Strait sea route needs to compete directly with discount air and with travel on all other interstate roads, including the land routes it connects.

Canberra has expended about half a billion uncapped BSPVES dollars on ‘free’ Commonwealth funded cars crossing the Strait. This is perhaps the most inefficient way of delivering a national highway link. Canberra also continues to freely fund other interstate infrastructure - why not this interstate link?

We therefore ask that the Commonwealth now expend what is necessary, in the most effective way, to achieve an equal, regular non-seasonal, infrastructure equivalent ferry-based transport link between Victoria and Tasmania, and not just achieve outcomes lacking any reasonable transparent support.

Just as TFES would not be a real equalisation scheme if Canberra equalised the movement of empty containers but omitted equalising the goods inside -how then can the BSPVES be an equalisation scheme if it is only directed to move the shell of cars?

Prime Minister, the Coalition and others have obtained significant electoral and other advantages by advancing national highway equalisation principles under the BSPVES - also benefits from our public campaign seeking transport equality.

Isn't it therefore time to deliver the outcome sought, promised and very well federally funded since 1996?

Yours sincerely,

Peter Brohier

Convener

National Sea Highway Groups