

OFFICE OF THE CONVENER OF NATIONAL SEA HIGHWAY GROUPS

Submission

Shipping Legislation Amendment Bill 2015 [Provisions]

16th August 2015

**BASS STRAIT SHIPPING – PASSENGERS, VEHICLES AND FREIGHT**

Shipping Australia has made the following comments in their submission to the Committee re the use of foreign flagged vessels.

“Australian governments should explore avenues to harness shipping as the preferred mode of transport, both domestic and international. The increased utilization of foreign flagged vessels should be embraced and used to the nation’s advantage. These ships are already the lifeblood of Australia’s international trade.”

We believe that it is mainly Canberra’s failure to direct the BSPVES and TFES in the interests of a fair and equitable interstate transport connection between Victoria and Tasmania that is the primary cause of the failure to deliver transport equity both ways across Bass Strait. See attachment.

Efficiencies resulting from foreign competition may assist the Coalition to meet its undertaking to make “Bass Strait part of the National Highway”.

There will be implications for the classification of workers on the Bass Strait transport corridor -the MUA and their maritime workers, the AWU and their possible new National Highway workers taking over from the MUA and reclassified as punt operators, national workers on the part of Labor’s Blue Highway crossing Bass Strait, international and national workers on say foreign ships competing against TT Line for both passenger and freight movements.

Efficiency advantages and concerns for government and industry are expected.

But for the people and businesses of Australia relying on the Bass Strait route, the only concern is that Canberra guarantee full highway equalisation for all people, vehicles and all freight, all year in both directions on this critical interstate corridor as with a road.

The viability and use of investment across at least two states depends on it.

Canberra has many options for delivery of an equitable outcome. Canberra’s main concern should be on how its federally funding facilitates Bass Strait to form part of the full multi- billion dollar National Highway network.

Shipping reform and federal schemes, unless directed to achieve a consistent and equitable transport outcome, as with all other surface links, will be largely irrelevant to the delivery of interstate connectivity across the Strait.

Naturally we expect Canberra to adopt the most efficient method of delivery of all its services, including across Bass Strait, in the national interest and the interest of treating all states fairly through equal transport linkages.

Canberra should deliver a fair transport outcome promptly regardless of potential shipping reform.

Any savings from such shipping reform may be expected to benefit Canberra, operators and others over time.

The NSH argument is well known by the Committee and others and is on public record – so are the

Three recommendations in the Productivity Commission's Tasmanian Shipping and freight inquiry, if followed in the manner suggested by the Government response, are inadequate and too late.

The BSPVES was introduced in the broader context of a National Highway connection delivering equalization and assessing and monitoring the schemes in this wider context.

The recommendations and responses that follow almost deny that the 1996 campaign ever existed and hide and restart a debate that was the basis of the Howard and Keating bidding war. See the writer's submission to the last Coastal Shipping inquiry.

Under the BSPVES initiative Sea based competition in the passenger transport market, not the holiday market, was expected from 1996. This has not occurred.

While coastal shipping reforms may assist by attracting competition they offer no excuse for Canberra's abdication of its 1996 Bass Strait commitments that continue to be liberally federally funded.

It is unacceptable in the extreme to compel business and the community to start the National Sea Highway campaign for the third time after almost 20 years and to still deny fair outcomes while equalisation schemes are turned by Canberra on their head.

Coastal shipping reform is no substitute for effective democracy.

*RECOMMENDATION 13 - Clearly articulate the objective of the Bass Strait Passenger Vehicle Equalisation Scheme The Australian Government should clearly articulate the objective of the Bass Strait Passenger Vehicle Equalisation Scheme, and any future evaluation of the scheme should be assessed against that objective.*

**Australian Government Response Support. The Government considers that the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) provides critical and substantial assistance for passengers wishing to travel with their vehicle to and from Tasmania and confirms that the aim of the scheme is**

to reduce the cost of seagoing travel for eligible passengers accompanied by an eligible passenger vehicle on a Bass Strait service. The Government has noted the Report's comments in relation to possible confusion about the scheme's purpose. The aim of the BSPVES does not extend to equalising the cost of inbound and outbound travel across Bass Strait. Past evaluation of the scheme has been assessed against the stated aim, and the consequent impact on demand for sea travel and tourism. The BITRE's BSPVES Monitoring Reports have provided an estimate of the impact of the scheme focused on increased tourists to Tasmania and their additional expenditure in Tasmania. The Government, through BITRE, will improve this assessment by better capturing and monitoring of the broader impacts of the BSPVES. The scope of monitoring will be broadened to include visitation and expenditure by the "Business" and "Visiting Friends and Relatives (VFR)" segments of the visitor economy. Coalition's promises and funding.

*RECOMMENDATION 14 - Discuss greater transparency of TT-Line pricing with Tasmanian Government*  
*The Australian Government should undertake discussions with the Tasmanian Government on a joint approach to ensuring greater transparency around TT-Line's pricing, and an 9 assessment of the extent to which the subsidy offered by the Bass Strait Passenger Vehicle Equalisation Scheme is passed on to the intended recipients.*

**Australian Government Response support. The Australian Government will discuss the issues raised in this recommendation with the Tasmanian Government.**

*RECOMMENDATION 20 - Review and evaluate existing programmes*  
*The Australian Government should review and evaluate its programmes for Tasmania after a reasonable length of time. Such reviews should be transparent, be conducted by an appropriate independent body and should comprise an ex-post assessment of the aggregate benefits and costs of the strategy to date and an assessment of the benefits and costs of any continued Australian Government financial contribution to these programmes.*

**Australian Government Response Support in principle. Current programme evaluation is generally conducted separately for each programme enabling such evaluations to be tailored to address individual programme intended outcomes and objectives. The results of these evaluations are used in the development of new programmes and policy. Any review will 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.**

We are prepared to appear before the Committee.

Peter Brohier

Convener

**Attachment**

OFFICE OF THE CONVENER OF NATIONAL SEA HIGHWAY GROUPS

12th August 2015

**Submission to Dr. Mark Roberts for the Prime Minister, relevant Parliamentary Committees and the Commonwealth Ombudsman to investigate how, and why, 'equalisation' has been removed from a Federal Bass Strait Transport Equalisation Scheme.**

This submission calls on all Federal Government stakeholder bodies to inquire into the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) and restore it to the context for which it was introduced to deliver highway equalised travel costs for people and vehicles between Tasmania and the mainland, the greatest barrier to population movement, investment and jobs.

The Productivity Commission, by calling on the Federal Government to confirm the purpose of the BSPVES, under its latest Tasmanian Shipping and Freight Inquiry, has not dealt largely with its terms of reference relating to the BSPVES or further matters dealing with competitive markets for both freight and commuters.

The BSPVES was introduced by the Coalition with the intention to connect the National Highway across Bass Strait by equalising the costs of travel by sea, for passengers and vehicles, with the costs of comparable land-based highway travel. Costs were to be equalised consistently throughout the year and expected sea-based competition would reduce sea passenger fares.

The BSPVES has not met these objectives. Rather, the Scheme has been substantially changed administratively and or by application to move the 'shell' of cars cheaply, but not the passengers inside. This subsidy afforded to the carriage of the 'shell' vehicle encourages leisure travel to Tasmania through value-adding

but does not deliver substantial further economic advantage that would have been realised under the originally proposed intent of the BSPVES, that being, to facilitate trade and business objectives of increasing the 2-way overnight movement of people and vehicles interstate.

The BSPVES currently operates within an almost meaningless Federal framework. As it is presently applied, the BSPVES provides no incentive for transport competition between air and highway travel between Victoria and Tasmania as occurs on other interstate transport routes.

Monitoring of the BSPVES has been limited to the stated purposes that are in no way consistent with its original intent. As a result, monitoring reports provided to Ministers highlight successfulness of the scheme that is far from entirely due.

Recent moves by the Tasmanian Government to make better use of its ferries through lower fares are welcomed but such moves are unlikely to provide the critically consistent and substantially lower passenger fares needed by whole state economies without Federal Government intervention.

While equalisation has been applied for freight, the scheme must be extended and or reapplied to deliver equalised ferry transport costs for people. Restoration of this well supported plan 20 years in the making will address a number of economic issues and provide the most widely supported and visionary opportunity for Tasmania and its interconnection with the rest of Australia consistent with the purpose of Federation.

Peter Brohier  
**Convener**