

12<sup>th</sup> July 2008

Your terms of reference clearly cover federal policy relating to tourism in coastal waters. The evidence taken from TT Line, owned by the Tasmanian Government, and from the writer seem to reflect your acceptance the width of your enquiry. It seems appropriate that the Commonwealth and Victorian Governments be also now asked for their views.

The word "tourism", applying its normal definition, as used by the writer previously, to reflect the transport needs of business and the wider community for transport on both sides of Bass Strait is quite distinct from meeting the far more specific, seasonal, targeted, core or upper-end aims of a tourist industry on one side of Bass Strait.

In view of Rudd Labor's recent decision to now treat the BSPVES as a Tasmanian tourism industry assistance scheme, it is clear that general coastal interstate tourism over Bass Strait is substantially unregulated by the Commonwealth, Tasmanian or Victorian Governments.

This approach seems somewhat consistent with the Productivity Commission's interim findings under its TFES enquiry where its recommendation was to abolish TFES and replace it with an assistance scheme. John Howard did not follow the recommendation. He justified the maintaining of TFES as being part of a raft of Commonwealth policies aimed at equalising costs between states. Presumably, the BSPVES was also one of those policies. The then Prime Minister's unprecedented release is, I think, part of the documents 1 to 26 you have not released.

Assistance schemes cannot usually be assessed on any objective criteria and can be downgraded or upgraded overnight. The arguments for them are justified for many geographical locations across Australia. This possibly includes the one mentioned to me at the hearing by a member of your Committee. Commonwealth funding confined to transport for a one and only interstate route, not serviced by Auslink, will not encourage such a flow on effect. The Commonwealth and this committee should apply and recommend sound policy.

The approach taken a few days ago by Rudd Labor may not now be bi-partisan. Bass Strait will in practical terms be given the Tasmanian tourism industry for benefits, but largely at the expense of the larger national economy. The approach taken to fill ferries in 2001 and the indexation of the BSPVES, and now that of Rudd Labor deny Victoria and Tasmania highway equivalence.

The assistance approach, without any economic modelling or mandate will be to the detriment of many other industries. The BSPVES will largely become the creature of Canberra's bureaucracy.

Everyday that such targeted assistance is given, people and industries of many kinds are put at a disadvantage. Investment population and jobs are reduced. It would be just like giving the Hume to say just the tourist industry in Victoria, without controls. There are to the writer's knowledge no controls existing over the total cost of crossing.

There is now, in a practical or other sense, no Commonwealth policy effectively governing the coastal waters between Victoria and Tasmania.

Without intervention, how can the Rudd Labor promises of moving toward the cost of bitumen or deliver Tasmania's link to the National Highway? Or, equally Victoria's justified link to the National Highway, being that

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part of it already in Tasmania.

How will an untargeted assistance scheme to one Tasmanian industry deliver anything like an equitable link linking all other states? The approach is against the people's mandate and against equalisation.

There is no guarantee that the people will ever be the beneficiary of this assistance. Bass Strait will, be placed in the hands of an industry not accountable to the people.

And, why should it be accountable, if Canberra does not target its funding.

Is our nation to be governed with assistance schemes rather than an integrated national transport system? There is now no guarantee that ordinary people will enjoy any fair surface link to Tasmania reflective of the costs of carrying them and without competition as occurs on any road.

Victoria will unjustifiably miss out on billions of dollars in infrastructure and its justified third interstate inter-capital link. All this, while other states are treated fairly.

It is unlikely to deliver consistent and affordable movement of people and vehicles. It is now to be regulated by one industry on one side of Bass Strait which seems to have has a track record of not favouring, through existing Commonwealth funding, such movement based on comprehensive equity.

I have put to you stated industry priorities based on the difference between point A to point B travel and an "end to end" travel experience, described recently by the CEO of TT Line, a copy of which you have in documents numbered 1 to 26.

In view of the wider needs for equity and travel cost consistency under the general definition of "tourism", it seems now open to your Committee to call on Rudd Labor to deliver a mechanism that can deliver an all-year, consistent equitable surface link in whatever form it sees fit.

Its aim should be to cover the surface-sea link between Victoria and Tasmania, as are all other interstate inter-capital Auslink corridors.

For the Committee to do otherwise would deny fair surface access for all Australians between two states and, particularly those having a connection with Tasmania. It would then be supporting a very substantial assistance scheme in lieu of sound travel policies to one part of the tourism industry in a non-competitive environment over all other remote regions at the expense of fair access and sound interstate highway policies.

I recall two TCCI reports that expected the demand curves of many industries to move outward as a result of equalisation. The benefits expected were in the hundreds of millions of dollars. The Coalition appropriately recognised Bass Strait as the single most serious impediment to the growth of population, investment and jobs for Tasmania. Over the last 10 years the benefits of lower fares have been extraordinary. This driver must be continued and extended.

Upper-end tourism, regardless of their good intentions and how valuable to an economy, is in my view, incapable of indirectly driving the many industries on both side of Bass Strait. For this committee, charged with responsibly for examining shipping policies relating to tourism, to remain silent and let community and the drivers of business and industry languish would be, in my view untenable.

Bass Strait access is about the needs of many people and industries, in Tasmania and all over Australia. Fair highway equivalent access meets them all. It doesn't require Canberra or one tourism industry on one side of Bass Strait, however good, to second guess them.

Peter Brohier