

Mr.Chairman, Members of the Committee,

I was chairman of two former committees that acted as the visionaries, lobbyists and catalysts for the Coalition's Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) and the Keating proposal for a "low cost" fast ferry. The Howard Government's BSPVES has been described as the greatest regional development scheme ever. When applied by the introduction of the twin Bass Strait ferries by Paul Lennon, the scheme effectively changed the economic face of Tasmania. With this background I turn to Auslink: Auslink is to offer major interstate corridors.

The only Auslink interstate surface corridor missing is that between the states of Victoria and Tasmania. Auslink corridors are on both sides of the Strait. Without this connection it would be like spreading a hose to water the garden and not connecting it to the tap. All main corridors connecting states are of the highest national importance. The Auslink bills should not pass until proper interstate access is offered to all states and, in particular, over this corridor.

I ask that the Auslink bill include, as an interstate corridor, the Bass Strait sea corridor.

In 1996, John Howard offered a core promise of a Tasmanian Sea Highway which was said by the Coalition be part of the National Highway. In 2001, he enhanced this promise and backed it with further uncapped funding. An unintended consequence of this enhancement was that every part of the ministerial directives governing an equalisation scheme was removed and a passenger vehicle equalisation scheme was turned into a scheme capable of filling ferries and targeting the rich.

The submission I make is not for free travel to and from Tasmania. It is for Auslink to incorporate the Tasmanian Freight Equalisation Scheme (TFES) and the BSPVES. Then to extend them to all that would travel or send goods on an Auslink national corridor on the basis of existing or past equalisation scheme formula.

Auslink's \$11 billion scheme is intended to facilitate trade, commerce and travel connectivity across Australia. The right of interstate corridor travel is critical for the economic, social development and connectivity of all Australia, not just part of it.

Tasmanians should have a right to access Auslink's integrated system without families paying a toll of \$600 or more.(see the Nixon report). Australia belongs to all Australians and they must be guaranteed affordable and consistently priced interstate access to all states, not just some.

The Commonwealth funded equalisation schemes do not provide anywhere near the equivalent of Auslink's interstate connections.

This proposal will require ferry services crossing Bass Strait and/or the Commonwealth funded equalisation schemes to be specifically included in Auslink legislation in the same way as it has incorporated rail. While the Auslink bill includes the definition of a "road" forming a part of a corridor as including "vehicular ferries", this definition is unlikely to be enough to include the Victorian - Tasmanian corridor without being specified in the bill. A similar definition appears under the Australian Land Transport Development Act and is held by Canberra not to apply to interstate ferries, but solely to ferries over inland waters. If Auslink can apply to some ferries why not also to the only interstate ferries on such a critical route.

I ask that you recommend full delivery of what two Australian Prime Ministers have effectively promised and the Coalition has funded with substantial uncapped funding.

Auslink guarantees access between other states why not on this route? If Auslink is good for the nation, why isn't it good for a Victorian / Tasmanian connection?

Under Auslink, the schemes can be administered as a national linkage for all Australians, equally, as with any other interstate route. This South-Eastern strategic corridor should be national responsibility with national objectives.

The Auslink bills, if not adjusted, will not deliver Victoria the geographical advantage it has every right to - three primary interstate corridors.

Auslink will apply to some of the corridor from the Hume Highway from Sydney to the West Gate Bridge but may not cover Webb Dock, the congested Station Pier and the ferries crossing Bass Strait, both freight and passenger. This will leave the funding of a substantial part of this national route to Victorian and Tasmanian taxpayers and customers of the Bass Strait services. The Commonwealth's equalisation scheme payments will fill in some of the gap. The Commonwealth should meet the component representing the equivalent of "bitumen" for all freight and travel to achieve full equivalence.

The Commonwealth intends to fill the whole gap on non-urban interstate routes. Why not here?

Auslink is about facilitation of interstate travel. The BSPVES was not intended to, but seems to encourage and facilitate interstate targeted tourism, not interstate travel. There is a substantial difference. Tasmanian Tourism Minister Ken Bacon is reported as saying, in rejecting claims that Spirit 3 was overpriced, "I don't think it is as we're targeting a niche market here". "If you take the up-market hotel motel chains, that's the type of people they need to get in". This approach, whilst entirely appropriate for tourist targeting, skews surface access in a manner not available on National Highways. It cannot effectively service the needs of the wider community.

What impact would this approach have if implemented on the Hume Highway? As with New South Wales, Tasmania has a broad-based economy, just a smaller one.

Victorians, and in fact, all Australians, are denied low cost access both in price and through limited capacity to Tasmania, but offered low cost access to New South Wales by the Hume. They are effectively discouraged, on an arbitrary basis, from enjoying the attractions of Tasmania at their doorstep because there is a water crossing. They are not offered a "sea change" life style option in Tasmania and, all year, affordable access to family and friends. This access would be available to many at a fraction of the price they currently pay to travel by sea, if part of Auslink. They are told by advertisements that cheap airfares are too "plane" expensive. They have to choose between two costly options.

Fares, higher than highway equivalence, reduce the volume of "through" traffic through Victoria to Tasmania. The BSPVES is also applied on a ferry that bypasses Victoria and the Auslink network. This bypass does not benefit traders in Victoria. In the absence of sea-based competition, the BSPVES discourages much lower sea passenger costs, because the Commonwealth payment may offer enough incentive to fill expected sea capacity. Sea based passenger competition has not entered the market in almost 10 years.

The lack of highway equivalence keeps Tasmania isolated and its population low. This limits the ability to spread overheads over a larger population base keeping the cost of living in Tasmania high, including petrol costs. This also discourages the effectiveness or establishment of critical service industries in Tasmania. Many Victorian businesses have branches in Tasmania. They need access to the now, growing Tasmania.

TFES, when compared to Auslink, also maintains higher consumer prices in Tasmania by limiting fair competition between mainland and Tasmanian suppliers of consumables, including food and building materials. The irony of advocating fair trade internationally, but not delivering it in our own back yard, should not continue.

TFES allows products from Tasmania to be equalised to the cost of road travel but mainland

manufacturers pay a higher non-equalised price to send goods to Tasmania. One may speculate if this runs contrary to Section 92 of the Constitution. A smaller population constrained by Bass Strait also hurts industries that benefit by TFES protection as lower production volumes are needed to service an unnecessarily small population base.

TFES also, when compared with Auslink, does not cover northbound goods sent to Melbourne destined for international markets. This limits the manufacturing of international exports within Tasmania, reduces the freight movement across through the Port of Melbourne in an inequitable way. An Auslink connection cannot be deemed an unacceptable export subsidy and will assist these exporters.

Tasmania is a state, not just another part of regional Australia. It is an interstate connection, not a regional Australia argument. The concept of a "sea highway" or a National Highway connection to Tasmania is supported by Liberal, National and Local Government national resolutions, promises by the Coalition, recommendation by a Senate committee and vote of the people in 1996, followed by uncapped funding. VECCI has also recently supported the Auslink connection. What more is needed?

For those of you who ask what will it cost, do you ask that about other single links between capital cities? Under Auslink you provide for travel over mountains, deserts, rivers and some ferries. In any event, the cheapest way is to move people by water. There is adequate ferry capacity to start changing South-eastern Australia overnight.

It is time to return Australia to a time when full equality connected capital cities through the use of sea-lanes. When the roads took the place of sea access the need for Bass Strait highway equivalence was largely forgotten. The Coalition, to its credit, introduced TFES about 30 years ago and the BSPVES about 10 years ago. Now it introduces Auslink. It has a track record of introducing successful and important schemes.

Regardless of what I have said about TFES and the BSPVES not being comparable with Auslink, these schemes have already served Tasmania and the nation well. But the world has changed. Auslink has been introduced, competition policy, even between states, is the order of the day. Subjective compensation for Tasmania's separation by water should not be the basis of open-ended subsidies called "equalisation". Transport equalisation is about fair objective interstate surface connectivity regardless of the terrain.

I ask that sound policy be applied and the whole nation be connected by Auslink.

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The following attachments to Supplementary Submission 1a will be provided on request to the Committee Secretariat:

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- The Tasmania Package
- Questions and Answers about Bass Strait Passenger Equalisation
- Shadow Minister for Transport, Media release re the Coalition's Bass Strait Passenger Vehicle Equalisation is a real solution - not a quickie fix
- 44th Federal Council, Policy Resolutions, No 40 – Bass Strait
- The National Party of Australia Federal Conference 1994, Record of Decisions, No 118
- Letter from General Manager, Bass Strait Transport Equality Committee
- Letter from Chief Executive, Spirit of Tasmania, dated 21 February 1995
- Shadow Minister for Transport, Media Release, dated 4 August 1998 re Passenger Equalisation
- Sea Highway Committee proposal (extract)
- Bass Strait Visitor Access Study – Strategy report, Executive Summary (annotated extract)
- Letter from Chief Executive Officer, City of Melbourne to Minister for Transport and Communications, dated 15 September 1993 re Bass Strait travel
- Bass Strait Passenger Vehicle Equalisation Scheme, BTCE Monitoring Report No 1 (annotated extract)
- Spirit of Tasmania – advertisement
- Background report – Chapter 10, annotated extract.
- *The Mercury* article "Sydney Ahoy", dated 22 June 2003 (annotated extract)
- Advertisement from *The Mercury*, dated 28 February 1996 – Make a Strait Comparison
- Report of a study by the Joint Working Group on Bass Strait Sea Passenger Access and Infrastructure for the Minister for Infrastructure, Energy and Resources (Tasmania), Minister for Ports (Victoria) and Minister for Regional Services, Territories and Local Government (Commonwealth) – revised 9 November 2001 (annotated extract)
- *The Mercury* article "A fare Go", dated 29 May 2004
- VECCI pre-budget submission to Victorian Government (annotated extract)
- The Howard Government – Putting Australia's Interests first, Election 2001 – A Stronger Tasmania (annotated extract)
- National Sea Highway Committee (website on Bass Strait Passenger Equalisation)
- Spirit of Tasmania – advertising material (annotated).