

Submission

Senate AFL Inquiry

11th November 2008

Football is a great leveller. Regardless of who we are, Prime Minister or janitor, we can attend. It's affordable, just take the kids, and buy a pie.

Interstate transport corridors should also be great levellers between states.

The following question was asked publicly of the Prime Minister on the 5th November 2008, and privately he agreed to personally respond to it.

The next day a media release relating to Bass Strait freight subsidies was issued by Minister Albanese's office.

The word "equalisation" was not included in the release, despite the Tasmanian Freight Equalisation Scheme being in place for over three decades.

Under the heading,

FREIGHT SUBSIDY SCHEMES TO CONTINUE: ONGOING FINANCIAL ASSISTANCE FOR TASMANIAN INDUSTRY

the release said, "The schemes subsidise Tasmanian industry for the disadvantage caused by having to move cargo across Bass Strait by sea, compared to road transport."

Use of the word "subsidy" seems to introduce uncertainty and seems to undermine the status of an equal state in the federation. Tasmania does not need assistance, or subsidies, it needs "equalisation" through equal transport links.

About half the cargo crossing Bass Strait is not covered by freight equalisation.

But, if the equalisation schemes are changed to "subsidies", then the quantum of the subsidy can be changed to any amount, at any time, whether resulting in "equalisation" or not.

The public campaign for filling the gaps in, schemes formerly called "equalisation", could become irrelevant.

As a result of the Minister's office approach, to focus on subsidies and to not prefer an Auslink or equalised link, when combined with WTO obligations, northbound exports may now never be covered. They would if "equalisation" applied.

As all Bass Strait equalisation schemes were regarded as parallel schemes, then the BSPVES can be treated similarly, as a tourism industry subsidy scheme. Gaps in its "equalisation", for passengers in a car, foot passengers and the total cost of crossing for groups may never be brought to the cost of bitumen under "equalisation".

Fair access for people attending AFL football interstate, and for other purposes can be denied. "Equalisation" will be no more.

But will Tasmania now need even more targeted subsidies, for say the AFL? How will people access their own country? How are service industries to obtain access to people?

With subsidies, the Commonwealth will not need to enhance equalisation schemes but to just offer economic largess, through subsidy, in accordance with the political whim of the day.

The following comment was made by the Minister's office,

"Adjustments to the parameters would significantly reduce overall assistance levels resulting in a significant negative impact on Tasmanian businesses at a time of global financial uncertainty."

If this means that the Minister will confine TFES to existing goods, and not agree to cover southbound consumables and international exports, then the following comment is relevant.

The nation is moving significantly to a service industry base. This includes AFL football. These industries need people, in volume, and they should benefit, just as much as manufacturers under TFES. People are just as much a production input for service industries as raw material for manufacturers.

Also people need low priced consumables. Southbound consumables, including even football pies, are not covered whilst the same goods are covered northbound. Why deny this assistance to Tasmania and all its industries, in favour of some? For Victorian industry, why deny fair access to a growing Tasmanian market and deny Tasmanians access to fair competition policy. The nation advocates free trade internationally. Interstate highways provide equalisation to all other states, but not to Victoria and Tasmania.

Some currently benefiting from TFES may fear a reduction in the amount for TFES if it is spread over more types of freight, including consumables. With this fear, they may question an extension of the TFES.

But why should the Commonwealth need to just spread existing funding? It improves every other interstate surface transport link, with further amounts of billions of federal dollars, to give effective "equalisation" to all other interstate transport links? Why not for Bass Strait freight?

Canberra doesn't say to transport companies, remove trucks from the Hume Highway, or pay an extra toll, if you carry southbound consumables. Would transport companies accept the uncertainty of the Hume being closed on the basis of a subsidy being modified or withdrawn, or tell supporters in a car, apart from the driver, to get out of the car or each pay a large toll when travelling to attend AFL matches.

The fears of a reduction in TFES, per container, can be real if the scheme is to provide just “subsidies” because, over time, there can be no objective and fair measure that can apply to this source of funding.

To be “equalisation”, Canberra needs to fund to the level to deliver equalised movement of goods. This applies also to goods already covered by TFES. If existing funding were spread, under the principle of “equalisation”, then TFES must be increased by Canberra to provide that equalisation to goods already covered. Those currently benefiting should have no fear of a reduction in TFES.

If equalisation was to apply, and parameters changed to include, say, southbound consumables, including football pies, the Commonwealth would just need to allow greater draw-down on the uncapped TFES. It’s simple and justified.

The question is, will equal transport links be provided to Tasmania and the nation, or will they be denied? Is there a better way?

In the end, federal mechanisms for delivering equal transport links can vary between political parties. Regardless of this, we seek prompt, ongoing interstate transport equity for all offering certainty of access, regardless of the mechanism.

The Prime Minister agreed to answer our question and we look forward to his response.

Peter Brohier

Public Question for the Prime Minister

The Hon. Kevin Rudd MP
Community Cabinet Meeting
5th November 2008 – Launceston, Tasmania

Prime Minister,

There seems to be evidence that Tasmania’s National Sea Highway is being blocked, denying Tasmanians fair access to the national transport grid.

Tasmania is entitled to open and fair interstate transport links, as all other states.

Federal application of Bass Strait equalisation schemes discriminates against Tasmania. One scheme, equalises the cost of car travel at 70 cents a km and then ignores passengers in the car, and offers no bus fare equivalent, the other, excludes southbound consumables and northbound international exports.

Families and businesses in Tasmania, and across Australia, are incurring unnecessary separation and financial loss, as a result.

The people obtained federal funding for interstate transport equality. Both Keating and Howard tried to fulfil this federal responsibility and national mandate.

When will you, Prime Minister, remove the blockage and bring the total cost of crossing Bass Strait to the cost of bitumen travel, by just effectively directing and monitoring, existing and adequate, equalisation funding?

“This issue is more than tourism. It is a basic transport and access issue about the entire Tasmanian community and its relationship and access to other states”

1.

1. Martin Ferguson - Media Release, dated 16th February 2000

Peter Brohier is an Australian lawyer, and was described by Premier Lennon as the person most responsible for the introduction of the Bass Strait Passenger Vehicle Equalisation Scheme. Mr Brohier and his committees were also behind the Keating proposal for a fast ferry, offering low passenger and vehicle fares.

It is reported that, on the 2nd of November 2001, John Howard intended to offer \$50 passenger fares, on top of a federally subsidised “free” car. An industry group apparently had “wanted the subsidy kept to vehicles”, not passengers. On that occasion, John Howard said, “I’m sorry, the senators voted”.

Peter Brohier can be contacted on mob 0415 941 314

Also inquiry into matters relating to the establishment of an Australian Football League team for Tasmania Submissions number 1 and 1A Senate AFL Tasmanian team inquiry
http://www.aph.gov.au/Senate/committee/rrat_ctte/afl_tasmania/submissions/sublist.htm

FREIGHT SUBSIDY SCHEMES TO CONTINUE: ONGOING FINANCIAL ASSISTANCE FOR TASMANIAN INDUSTRY

The Rudd Labor Government has moved to provide long-term certainty to Tasmanian industry by deciding to retain the Tasmanian Freight Scheme and Tasmanian Wheat Freight Scheme in their current forms.

This decision was reached after careful consideration of both the 2006 Productivity Commission Inquiry Report and the *Tasmanian Freight scheme parameter review draft report* (September 2008) prepared by the Bureau of Infrastructure, Transport and Regional Economics (BITRE).

The schemes subsidise Tasmanian industry for the disadvantage caused by having to move cargo across Bass Strait by sea, compared to road transport. The BITRE analysis indicates that road freight costs have increased significantly more than sea freight costs over the past decade.

Adjustments to the parameters would significantly reduce overall assistance levels resulting in a significant negative impact on Tasmanian businesses at a time of global financial uncertainty.

The Tasmanian Freight Scheme is critical to Tasmanian industry. Accordingly the Government has agreed to maintain current levels of assistance and use the

parameters which have been in place for the past 10 years.

In 2008/09, the Government has made available more than \$101 million in funding - assistance which is contributing to the continued development of Tasmania.

A range of administrative changes designed to improve and strengthen the accountability of the schemes will continue including better auditing and compliance arrangements and upgraded IT systems.

These changes are important to safeguarding the integrity of the Tasmanian Freight Scheme and Tasmanian Wheat Freight Scheme.

The Schemes will be reviewed again in 2011/2012.

The BITRE report is now available at www.bitre.gov.au and the Productivity Commission report is available at www.pc.gov.au.

Media Contacts

Jeff Singleton (Mr Albanese's Office) 0410 476 070
