

POLICY RESOLUTIONS

44th Federal Council

ECONOMIC ISSUES

40. BASS STRAIT

TASMANIA

Groom / Gatenby

That this Federal Council believes that Federal Condition policy should:

- (a) recognise that shipping across Bass Strait is Tasmania's link to the National Highway system;
- (b) have, in the context of national economic and community access objectives, an obligation to provide a more equitable transport situation for Tasmania by increasing financial assistance for sea passenger travel across Bass Strait;
- (c) provide such assistance to Tasmania as an addition to its existing National Highway funding arrangements as it is consistent with the economic and community benefits that this program aims to deliver;
- (d) ensure that the quantum of funding be the equivalent amortised capital cost (over 20 years) and maintenance cost spent per kilometre on present national highways by the Commonwealth for the total distance of Bass Strait (measured) Devonport to Melbourne; and
- (e) ensure that the principal beneficiaries of such funding should be travellers across Bass Strait, and that there should be flexibility in how the funds are deployed to benefit this target group;

CARRIED WITHOUT AMENDMENT

(1A)

TO WHOM IT MAY CONCERN

TT-Line Development
Telephone 024 313 111
Facsimile 024 370 460
Hobart
Telephone 03 30 10
Facsimile 1 800 636 312

In operation of the only passenger and passenger vehicle transport across Bass Strait, TT-Line Company Pty Ltd effectively provides the national highway linkage between Tasmania and Victoria.

The Committee for Bass Strait Transport Equality chaired by Mr Peter Brohier has been actively seeking federal government support for the concept of a subsidised Bass Strait crossing.

The Committee seeks to bring the cost of surface transport across Bass Strait to a level which equates to that of a similar distance over land. It is believed that the achievement of this aim would result in a dramatic increase in tourist numbers across Bass Strait benefiting the economies of many regions in South East Australia.

TT-Line Company Pty Ltd is fully supportive of the aims and objectives of the Committee for Bass Strait Transport Equality.

Any support or assistance that the reader may be able to provide to Mr Brohier and his Committee would be greatly appreciated.

Yours sincerely



For TT Line

for
CHIEF EXECUTIVE

11 February 1995

TT Line Company Pty Ltd
ACN 051 906 174

The Tasmania Package

Tasmania has a unique place in the Commonwealth. The Federal Government has a special responsibility to achieve equality for Tasmanians in developing opportunities for their State. The Coalition accepts this responsibility and in Government will implement the initiatives detailed in the Tasmania Package.

The Tasmania Package financial commitments, which amount to \$67.15 million over 3 years, will be funded over and above the financial assistance grants made by the Commonwealth to the States.

The Tasmanian 'Sea Highway'

The transport disadvantage posed by Bass Strait is the single most serious impediment to growth in jobs, investment and population for Tasmania.

The Coalition first addressed the Bass Strait transport disadvantage in 1976 with the introduction of the Tasmanian Freight Equalisation Scheme by the Fraser Government.

A similar scheme for vehicle movements between the mainland and Tasmania is long overdue. The Coalition in Government will develop the following initiatives for Bass Strait to be treated as Tasmania's 'sea highway'.

- A Coalition Government will introduce a passenger vehicle equalisation scheme for the movement of vehicles across Bass Strait, commencing 1996/97. The value of the rebate will be assessed on a formula determined by the Bureau of Transport Communication Economics (BTCE) on the cost of driving a vehicle over an equivalent distance on a national highway.
- Our belief is that competition for vehicle and passenger traffic across Bass Strait is the most effective means of achieving affordable movement of vehicles and passengers, and therefore the Coalition will work with the Tasmanian Government to promote competitive and efficient daily vehicle and passenger services across Bass Strait.
- The Coalition will maintain a commitment to the Freight Equalisation Scheme on a rolling five-year basis.

Funding \$49.5 million over the next three years for passenger vehicle equalisation - maintain freight equalisation on forward estimates in 1996-96 budget.

89-FEB-96 13

89/82/96

14:32

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Bass Strait Passenger Vehicle Equalisation Scheme

7 February 1996

* This scheme at last recognises that Bass Strait is part of the national highway.

how it works

The rebate is linked to passenger vehicles. A rebate of up to \$150 one way is payable for fares paid for the driver and vehicle where the fare exceeds \$150*. The first \$150 is paid by the driver.

* This is the figure derived from Bureau of Transport and Communications Economics on the equivalent cost of using a road highway, assessed at 35 cents per kilometre. The distance between Melbourne and Devonport is 429 kilometres, therefore the equivalent road highway cost would be \$150.

Cost

\$12m 196/97; \$15m 1997/98; \$22.5m 1998/99

Spent \$15 million

(Based on 80,000 vehicles in 1996/97, increasing to 150,000 vehicles by 1998/99).

Why

- is a measure of long-term benefit for Tasmania, and indeed Australians - it's not a short-term unproven expedient.
- is an extension of the fair and equitable, and proven, freight equalisation scheme which has had bipartisan support since it was introduced by the Coalition 20 years ago.
- it will encourage greater passenger numbers through lower fares.
- it will encourage competition by enabling other operators to provide viable services in an expanded market.
- it directly benefits the driver of the vehicle, not the transport operator.
- it applies to all passenger vehicles and drivers (including motorcycles).
- it is directly tied to the comparative cost of driving a vehicle over the equivalent distance on national highway.
- it will be reviewed annually by the Bureau of Transport and Communications Economics (BTCE) to maintain equity.
- it will increase tourism numbers as well as increasing the attractiveness of Tasmania as a place to live as a result of the reduction of the costs which result from isolation.

Q: What happens if a new ferry service is introduced, perhaps a fast ferry crossing in daylight with no accommodation required?

A: The Coalition is keen to encourage competitive daily passenger services for vehicles across Bass Strait. The BSPES is designed to cater for a growth in vehicle movements over the existing capacity of the 'Spirit of Tasmania'.

Assuming a new service operated between different ports, the rebate would still be calculated using the BTCE formula. But, it will only apply to services which carry passenger vehicles.

Q: What's to stop the rebate amount being absorbed into increased fares?

One of the Coalition's main objectives with the Bass Strait Passenger Equalisation Scheme is to promote competitive and efficient daily vehicle and passenger services across Bass Strait.

The BSPES scheme is designed to achieve this, by being linked to vehicle movements. The TT line estimates it carries 3.3 passengers for every vehicle - therefore attempts to raise fares to absorb the rebate, which is only applied to the fares paid by a driver and vehicle would be counter-productive and would flow on to fares paid by other passengers.

Furthermore, the rebate is capped at a maximum of \$150. It will not be adjusted in line with changes in fares.

Q: Labor has promised \$44 million for a new high-speed passenger ferry service. What's wrong with that?

The offer of funding for a new ferry is of course an attractive one at first glance. However, it does nothing to address the main cause of the Bass Strait transport disadvantage.

Labor has failed to recognise that Tasmanians are disadvantaged by the lack of a national highway link to the mainland. Simply putting up money for a new ferry won't tackle the longer term problem of the extra cost involved in crossing Bass Strait.

In contrast, the Bass Strait Passenger Equalisation Scheme is an economically justifiable solution which will make Bass Strait travel more affordable.

09/02/96 14:32 Pg: 3

Compared with Labor's \$44 million ferry offer

- the Bass Strait Passenger Vehicle Equalisation Scheme will deliver a real out in the cost of travelling across Bass Strait whatever type of ferry is used - there is no guarantee from Labor.
- Bass Strait needs viable and competitive services to deliver lower fares - a new ferry will simply add capacity without any new demand.
- the cost of moving passenger vehicles across Bass Strait is the biggest barrier to growth in passenger numbers.
- Labor's claim of unmet demand on the 'Spirit of Tasmania' is wrong - only five or six sailings each year are full for vehicles.
- Labor's ferry offer is a one-off - it doesn't cover operating costs into the future. Without increased demand, there can be no guarantee of cheaper fares

Committee for Bass Strait Transport Equality (CBSTE)

- the Committee has played a vital role in stimulating awareness of the Bass Strait transport disadvantage and in lobbying government for action.
- it's reports have advocated a different methodology in developing a rebate for Bass Strait passengers - however, the Coalition plan takes into account the importance of proper accountability, transparency and simplicity in applying the rebate, the need to accommodate growth in Bass Strait passenger vehicle movements, and fiscal responsibility.

Questions and Answers about Bass Strait Passenger Equalisation

Q: Why do Tasmanians deserve special treatment for the cost getting across Bass Strait?

A: For a start, the Bass Strait passenger equalisation scheme will apply to all Australians, not just people who live in Tasmania. Anyone who travels to or from Tasmania with a car is eligible for the sea highway rebate.

Tasmania is the only state in the Commonwealth which is not accessible by road. There is an extra cost burden for people who need to take their cars to Tasmania, compared with driving between South Australia and Victoria, or New South Wales and Queensland, on highways which are funded by the federal government.

The Bass Strait Passenger Equalisation Scheme (BSPES) isn't a special hand-out for Tasmania; rather, as the name implies, it seeks to equalise the cost of travelling by 'sea highway' between Tasmania and the mainland, compared with using national highway links between other states.

Q: How does it work?

A: The biggest transport disadvantage is faced by people who travel with their vehicle. People without cars can fly, or walk on-walk off the existing passenger ferry service.

The Bureau of Transport and Communication Economics (BTCE) has estimated the equivalent cost of travelling on road highway between Melbourne and Adelaide at 35 cents per kilometre. This includes depreciation, and an allowance for the accommodation required on overnight ferry crossings.

The distance between Melbourne and Devonport is approximately 430 kilometres - therefore, using the BTCE calculation, the cost of crossing Bass Strait expressed in equivalent road highway terms should be \$150 one-way.

BSPES will provide a maximum rebate of \$150 on the one-way fare paid by the driver of a vehicle to cross Bass Strait where the fare exceeds \$150.

The BSPES rebate will apply to all passenger and vehicle ferry services across Bass Strait, irrespective of their point of origin and termination. Currently, the only service is provided by the 'Spirit of Tasmania'.

"Our contention is that if you lower the passenger fares, there'll be a vast influx of people who will travel to Tasmania. The whole key to Tasmania's future is affordable passenger fares across Bass Strait."

No response has yet been received from the Tasmanian Government to the proposal. When this report was prepared, Tourism Minister Ray Groom was absent in Melbourne and neither the Chairman of TT Line, Mr Nick Evers or the Chief Executive Mr Peter Simmons could be contacted. It is understood that Mr Brohier's Committee's submission is being analysed by the TT-Line and their report has yet to reach the minister.

Officers of Tourism Tasmania take a different view to lowering fares. Whether the fast turn-round of ferries across the Irish Seas or the English Channel lessons for Tasmania, the response is that there is no comparison. The UK has a population of 55 million people and Europe has a population of about twice that. Australia has about 18 million people with 400,000 in Tasmania. The markets cannot be equated and any shipping line which tried to run a volume service would lose money.

*What about
commonwealth
passenger
service?
New?*

"Bring more people here for a holiday," says Steve Voss, "and their spending will boost the state's economy."

"Get more people to Tasmania," says Peter Brohier, "and if the cross-Strait service is good enough they'll open businesses and buy houses and boost the population of the state."

On the other hand, not everyone agrees. Paul Harding, President of Independent Tourism Operators of Tasmania says the answer lies in better promotion of the state rather than cheap fares.

"Cheap fares attract people without funds so what's needed is better promotion so people who can afford to travel will come to the state."

*state
this is a state
border!
not
Hayman
island!*

Peter Brohier says that isn't a valid argument. "Marketing alone will not bring people to Tasmania. The fares must come down. The highway system, or visitors to Melbourne - why aren't they coming to Tasmania? It's too expensive."

Opposition member John White recently travelled on the Devil Cat and met backpackers, students and cyclists. "It's my personal view that they would be using the service for about \$60 to \$70 one way if they could just walk or cycle across the strait. The last time I crossed the Forth Channel, an unaccompanied child could travel for a pound Sterling."

"We really must cater for these people Friday at lunch-time and they'd fill the Cup is the end of a four day weekend."

For the impulse traveller's Tasmania for the weekend. The Cup is the end of a four day weekend. That would be a great time to visit at the moment.

White has been critical of the Independent Media Centre at the moment.

so for their approach to Tasmania and at other times.



Martin Ferguson MP

Shadow Minister for Regional Development, Transport, Infrastructure,
Regional Services and Population

MEDIA RELEASE

16 February 2000

LABOR DEMANDS FEDERAL GOVERNMENT EXPEDITE BASS STRAIT WORKING GROUP

Shadow Transport Minister, Martin Ferguson, today called on the Federal Government to expedite a joint working group with the Tasmanian and Victorian Governments to fully investigate Bass Strait transport issues.

Labor's call came after the National Sea Highway Committee accused the Federal Government of failing to deliver its promise of a Bass Strait National Highway.

"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," Mr Ferguson said.

"I can fully understand the frustration of this Committee because they have been working hard on solutions that have been rejected by the Federal Government.

"They are on a promise from the Government on this issue, and it has not been delivered.

"Various Coalition politicians, including former Minister John Sharp and Tasmanian Senator Jocelyn Newman, have referred to Bass Strait as a National Highway. But this has only been given lip service.

"The joint working group between the Federal, Tasmanian and Victorian Governments, initiated by the Tasmanian Government, should be expedited to come up with lasting solutions.

"It is important that it focus on all Bass Strait transport issues, not just tourism and visitor numbers."

Contact:

Dimitri Serghis

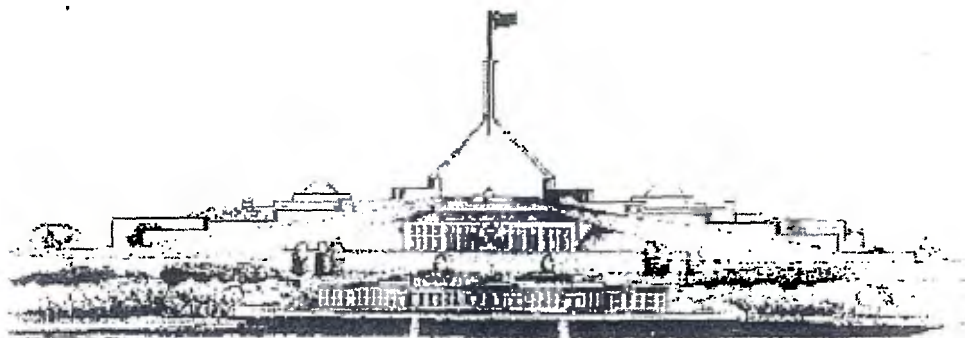
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COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

PROOF

PETITIONS

Bass Strait: Ferry services

PROCEDURAL TEXT

Thursday, 1 December 2016

BY AUTHORITY OF THE SENATE

9

PROCEDURAL TEXT

Date	Thursday, 1 December 2016	Source	Senate
Page	29	Proof	Yes
Questioner		Responder	
Speaker		Question No.	

Bass Strait: Ferry services

Bass Strait: Ferry services

To the Honourable President and members of the Senate in Parliament assembled:

The petition of the undersigned shows:

That the Australian Government has for nearly two decades, been incapable of equitably linking the State of Tasmania to the rest of the nation.

Circumstances relating to this inability are that —

Nearly a quarter of a century ago a citizen led group asked the Federal Government to properly connect Tasmania to the national road transport network. They sought a maritime highway crossing Bass Strait, using ferries - passenger and vehicle movement to be pegged to the cost of road travel.

Business and political support came from across Australia.

The proposal was sensible and justified. It was subsequently agreed to and well funded by the Federal Government from September 1996. The Bass Strait Passenger Vehicle Equalization Scheme was introduced.

Uncapped and adequate demand driven funding continues to this day. The scheme has cost over half a billion dollars and about \$45 million last year.

The aim was to close the only interstate gap in the national highway network and treat access to and from Tasmania equally with other interstate transport connections. Bass Strait was to be part of the National Highway. Sea freight is equalized by Canberra under a parallel arrangement.

Total fares reduced substantially and the scheme was an outstanding success. It was the underlying cause of Tasmanian Premier Jim Bacon's economic revival. Two new ferries were subsequently introduced, each capable of crossing twice a day, with enough sit up or stay up capacity for at least day time equalized crossings.

Then gradually the scheme moved away from highway equalization.

Now, contrary to the positive stance taken by Prime Ministers Keating and Howard to this issue in 1996, and again by John Howard in 2001, under Malcolm Turnbull the funding is confirmed to be no longer about 'equalization'.

It now seems to be about subsidies related to Tasmania. Over time, these could be moved away from Bass Strait altogether.

Subsidies don't drive whole of state economies. They encourage ongoing dependency and skew normality. Tasmania just needs equal transport links to compete with other states, based on its close geographical location, not the nature of the intervening terrain.

Equalization objectives, if met, would give the nation fair access to the rest of Australia by offering all-year, low cost, consistently priced travel between Tasmania and Australia's largest population corridor.

An equalized link would boost state economies, positively changing the very framework of doing business - about 70% of gross state product is generated by people related activities that critically need access to people.

Equalization would also maximize the use of existing and future public and private investment in Tasmania. It would also impact positively on Victoria, increasing the flow of surface travel between the two states and beyond - price and capacity being found to be the major determinants of crossing the Strait by sea. A new market of frequent A to B interstate travelers would open up.

The Hume Highway would extend to Hobart.

Regrettably, the transport barrier of Bass Strait, described by the Coalition in 1996 as, "the single most serious impediment to the growth of jobs, investment and population for Tasmania", seems likely to remain under Malcolm Turnbull.

The intent of federation was to "link the colonies through the movement of both people and freight into a national integrated economy".

Why hasn't the barrier been removed and the full purposes of federation met?

Instead, we have seen the impact of an equalization scheme being progressively eroded and, now finally destroyed by an almost meaningless federal policy vacuum, making a mockery of Coalition equalization promises and federal party endorsement.

Federal monitoring has mainly considered the impact of the scheme on just a limited leisure travel accommodation market in Tasmania. Monitoring, under highway equalization, should have measured the impact of all interstate surface travel connecting two states and updated the scheme to the cost of road travel.

Current parameters encourage the movement of cars, value adding to trips to Tasmania for a few, not more passengers in a car or foot passengers. They do not control, in the absence of sea based competition, the total price of the interstate transport of people as would a road.

The residual public benefit of the scheme, as it is now applied, seems to be very minimal.

Parts of the Tasmanian leisure travel accommodation sector, possibly contribute somewhere under 10% of gross state product. They and a few others seem to clearly benefit instead of the scheme applying equalization principles to meet the wider, two-way needs of the major drivers of the South Eastern Australian economy. These include sectors such as broader tourism and its flow on impact on community activities - also large sectors, such as education, health, retail, transport, and construction and more. These sectors need increased population by reducing Tasmania's remoteness and or volume visitation.

Equalization is about immediate growth and productivity in circumstances where the interests of the major stakeholders and the public are aligned. In such a case, it would seem folly for any Prime Minister to just follow entrenched minority positions.

Scheme expenditure is now far in excess of the cost of a roughly equivalent 1996 Keating proposal. Why is it not now delivering comprehensive equalization?

As the scheme is applied, cars crossing the Strait are funded by the Australian Government, \$220, each way. On top of that, a recent random inquiry for overnight travel resulted in a return fare of \$1163 off peak, \$3088 peak season for a car, including 5 passengers, sit up.

Excluding the federal contribution, these travel costs far exceed the cost of all year, highway travel estimated at 66 cents a km over 427 km each way, or \$563 return.

The uncertainty caused by daily fare variance, advance purchase restrictions and limited availability fares also impacts on and restricts A to B sea highway travel.

In 2001, after our second campaign, Prime Minister John Howard proposed an each-way \$50 passenger fare, on top of what was then a 'car carried free'. This was the second attempt by Howard to achieve a fully equalized link.

The Bass Strait link could not have been better resourced.

This proposal was apparently not wanted by a tourism group in Tasmania. Their wishes were followed.

At the time, the Coalition announced that they intended to enhance the scheme. Scheme funding was moderately increased. Shortly after, the highway equalization indexation formula was removed from Ministerial directives and the scheme, still under the name of equalization, became a subsidy.

This erosion should never have occurred.

In March 2015, the Australian Government said, 'The aim of the BSPVES does not extend to equalizing the cost of inbound and outbound travel across Bass Strait'. They then gave a loose indication that they may, 'after a reasonable length of time', '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'.

Why can't the Bass Strait crossing be fixed now, and the scheme used more efficiently, when regular punts and ferries continue to connect the rest of the world - all this, at a time when far more costly land-based surface links are being strengthened at Canberra's expense.

As with other states, regular air and highway transport options need to be encouraged to compete. Also, all states should be required to compete fairly with other states through both air and equalized surface links. Air services are likely to increase with growing economies.

Competition between air and sea driving and accommodation packages is not enough.

The 2015 Government response is astonishing. To reverse equalization, and then to suggest further consideration of matters already examined and settled two decades ago is untenable.

Under Malcolm Turnbull, are we now to fight the same unfounded policy fears already overcome by us? Is democracy to work in 20 year cycles? In the interim, is it now really Canberra's intention to unnecessarily postpone and limit the vital needs of major stakeholders, the public and state economies?

Having being burnt twice, by Canberra not directing its funding for equalization, how can we enter the arena again with this reversal and vague outcome?

We have lost trust and hope that sound governance will be directed to achieve effective Bass Strait transport equality.

Our case is watertight and already well funded. Shipping infrastructure and other resources are in place.

The express wish of the nation is being ignored and our substantial voluntary efforts, undermined. Benefits from the significant funding we obtained are being largely and unjustifiably gifted to others.

Parts of the leisure travel accommodation sector in Tasmania have every right to look after their patch,⁸ but its Canberra's duty to meet the needs of the rest of the economy

When is the will of the people going to be respected and scheme benefits passed directly to them? Other interstate highways are not destroyed within a decade or two. Why this one? What sort of message does this experience send about the effectiveness of our democracy? Or, is an invisible hand, rather than the needs of the people or market place, controlling it? If so, Canberra should clearly identify the source of and reasons for such control.

The equalization promises were well justified and documented - the current application of the scheme, and justification for its comparatively low flow on impact, is far less transparent.

Encouraging a well justified equalization scheme, to be just another direct or indirect federal subsidy relating to the Apple Isle is inappropriate and wrong.

Large subsidies of the size of this scheme would never have been endorsed by our nation unless warranted on the basis of providing interstate highway equalization.

Bass Strait is a vital national interstate transport corridor and blockages caused by lack of ferry-based equalization on the existing inter-capital highway reduces the use of that highway - also, the effectiveness of Tasmania's

natural and developed strengths and the level of its GST contribution. Billions of dollars in lost revenue across two states is the result.

Following a text book lobby, the case for linking Tasmania gained very rare bipartisan support in 1996.

Fair interstate surface links are as vital today as they were then.

Fixing Bass Strait is the right national solution to many of Tasmania's woes.

If Canberra only made the scheme available to operators who included a range of fares offering highway equivalence, total fares could be highway equalized overnight. An average all-year, each-way passenger fare, with or without a car, of about \$56, with optional ferry-hotel services, could then be expected.

The economy of South Eastern Australia would be transformed in weeks. Transport equity would be restored facilitating comprehensive leisure travel, travel both ways for 'visiting friends and relatives' and for commercial or business travel, as the ferries again equate to a new bridge.

This link is likely to be the greatest infrastructure connection for Victoria and Tasmania since the sea lanes equally connected the colonies.

Clearly history and national priorities have now been forgotten by Canberra.

Will the most vital and simplest of solutions, already well supported, researched, funded and endorsed, be again 'properly considered' by Canberra?

In this case, Canberra's track record doesn't seem to instil confidence and the nation has run out of patience.

Your petitioner asks that the Senate:

Promptly call on her Majesty the Queen to use her royal prerogative to commandeer two passenger and vehicular ferries from somewhere in her realm and to operate them in a way that fairly meets the obligations of the Commonwealth of Australia to the people of Tasmania.

by **Senator Abetz** (from 1 citizen).

17/7/2007

Posted by: Tassie Devil of Tas 2:31pm today
Comment 11 of 13

They should be paying us, to fly into miserable Launceston

Posted by: henry schwab of Port Huon 12:52pm today
Comment 10 of 13

The air discounts are certainly a great help to our tourist industry. When is the TT line going to wake up? Dispense with the frills, install more chairs and price the boat travel for what it is, a method of travel to the mainland that should be at affordable prices. To have this boat running with so many empty seats and cabins is just not on. It has a great advantage of early arrival and late departure- Leaving from City centres at both ends and should be packed with travellers both tourists and commuters. Even the so called winter discounts do not make it competitive with airlines. This ferry service could be competing with the airlines but first it needs the operators of TT line to accept it is a passenger ferry supported by taxpayers and is not a luxury cruise liner. The ferry service is hopelessly overpriced and fares should be reduced by bringing it back to what it should be namely a substitute for road travel between two cities.

Posted by: Gerry Braithwaite 12:14pm today
Comment 9 of 13

Compass was pre impulse and virgin. Impulse joined forces with Qantas and where taken over in the end. Ansett went belly up because of maintenance problems. The LINFOX Ansett venture floped because of the Access fees to Sydney airport. Virgin started off small in Australia and gradually expanded. Qantas had to create a budget airline to compete with Virgin. Perth-Hobart Flight would be interesting. I know Virgin have looked at it and are continually review passenger numbers from Hobart going to Perth via Melb, Syd, Bris or Adel. So that might happen one day. Another budget airline flying in to Tassie will hurt TT-Line on the Tassie to Melb route. As long as there is no duplication of flights with tiger ie. laun-melb at the same time as the others, I reckon it will do really well, and I think they should be considering Hobart also as every classes Tasmania any way as Regional

Posted by: Glenn Towler of hobart 12:12pm today
Comment 8 of 13

edward, the Melbourne-Launceston flight will work, and no doubt expand as more aircraft become available. The current ~~deathstar~~ and virgin flights are generally close to full in my experience. I don't know if Perth-Hobart would work, but am suprised that Tiger haven't started a Melbourne-Hobart. Presumably that will come, and their focus has been on capital to regional rather than capital to capital so far. Maybe they haven't realised that Hobart, while a capital, is a regional city. Surely that won't be far off.

Posted by: Timmuh of - 11:18am today
Comment 7 of 13

At the moment tiger are looking at the 'regional' market with a base in Melbourne and hops into Darwin and Perth for their longer flights to Asia. This move is more strategic than anything to allow them to become established without creating an all-out price war with Qantas, Jetstar and Virgin. You can bet their next move will be into other Capitals and ultimately the lucrative Sydney/Melbourne/Brisbane routes. Other airlines have taken Qantas and Virgin on head to head and lost eg Compass and Impulse. Tiger's approach is a more careful and tactical approach. You can bet that Qantas and Virgin are nervous and watching very closely. I have no doubt that it will put an added strain on TT-Lines, but overall be a bonus for the Tasmanian economy.

Posted by: Ian 10:56am today
Comment 6 of 13

Edward i beg to differ do you know how many people in Launceston who would now be able to afford a trip to melbourne that doesnt cost over \$200 return??? I fly in Launceston every few months and most times the melb-laun flights are always full and the tiger flight is at a great time fo the day too,

Posted by: Dylan of Adelaide 9:37am today
Comment 5 of 13

Edward (comment 1), of course the Melbourne - Launceston route will work. It's only 1 flight a day with fares

Rene Hidding, Minister for Infrastructure

Strong results for TT-Line and TasPorts

The Hodgman Government came to office with a commitment to turn around those state owned companies that were under-performing, and the 2015-16 Annual Reports tabled today for TT-Line and TasPorts confirm we are delivering on that commitment.

The TT-Line 2015-16 Annual Report confirms an extraordinary turnaround in passenger numbers since we came to office, with 418,831 passengers making the journey across Bass Strait in the reporting period.

This is an amazing 27 per cent increase over the last three years, and comes after passenger numbers declined to just 330,000 in the final year of the Labor-Green government.

It's a clear endorsement of the Government's strategy to reinvigorate the Spirits through the complete refurbishment of both vessels, the doubling of day sailings over the three-year period and the 13 per cent reduction in average fare prices.

It shows what can be achieved when a majority Liberal Government has a positive plan for Tasmania's future, and stands in stark contrast to Bryan Green who has opposed our plans from the start.

The increased numbers are resulting in greater cash flow, and TT-Line's after-tax profit for the year was \$18.8 million- the second highest profit after-tax result achieved by the company.

Cash and cash equivalents at the end of the financial year stood at more than \$110 million, an increase of more than \$20 million over the year, which means TT-Line is able to pay a special dividend of \$40 million to be locked away towards the replacement of the Spirits that is required in 2022-23.

The turnaround in fortunes is mirrored at TasPorts, and I am delighted that their 2015-16 Annual Report confirms a return to profit of \$1.5 million and a shareholder dividend of \$1.3 million- the first time TasPorts has achieved a profit since 2010.

Pleasingly, revenue has increased to 9.4 per cent to \$95 million, with the profit being built on increase in freight volumes through Tasmanian ports of 7.7 per cent, largely driven by forestry exports, which increased by 24 per cent.

Underpinning that growth was the Burnie Woodchip Export terminal, which was acquired in 2014 and is being used by TasPorts as a multi-user facility.

Profitable, dividend-paying state owned companies are an unqualified benefit to Tasmania and its people, and I congratulate the Boards, management and employees of both TT-Line and TasPorts for their strong results in 2015-16



PARLIAMENT of AUSTRALIA HOUSE of REPRESENTATIVES

STANDING COMMITTEE ON PETITIONS

PO Box 6021, Parliament House, Canberra ACT 2600 | Phone: (02) 6277 2152 | Fax: (02) 6277 4627 | Email: petitions.committee.rcps@aph.gov.au | www.aph.gov.au/petitions

⑦

22 May 2017

Mr Peter Brohier

143 Kooyong Road

North Caulfield VIC 3161

Dear Mr Brohier,

This is to provide you with an update on the progress of your recent petition on the following terms. Your petition on the following terms was recently referred to Minister for Infrastructure and Transport for response.

Petition number: PN0048 (*Please quote in future correspondence*)

Date received: 16/1/2017

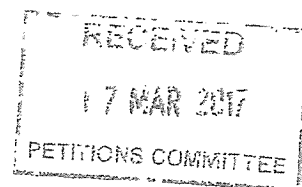
Terms:

- Reasons: To the Honourable the Speaker and Members of the House of Representatives: Australia's Marine Highway This petition, from a Tasmanian, draws to the attention of the House that: Tasmanians are being badly treated. Canberra has given Tasmania twenty years to have Bass Strait ferries integrated into the National Highway. But a well-funded, marine highway equalization scheme has disappointingly been, without mandate, turned into a subsidy benefitting a few. There is now little control over Canberra's uncapped, demand-driven funding. Ferry travel generally far exceeds the cost of road travel. Sea-based competition is opposed. Whilst federal taxpayers needlessly support Tasmania, game changing equalization is being discarded by Canberra and Hobart. Unlike a road, the scheme doesn't even facilitate travel for visiting friends & family, business and significant broader, two-way, tourism. Access is being restricted – also skewed against the interests of major stakeholders.* Consequently economic growth is curtailed across South Eastern Australia. Federation principles of integrating the national economy through the 'movement of people' are ignored leaving a divided nation. Tasmanians are denied surface access, as others, to their home state.
- Request: I therefore ask the House to: — Restore & maintain equalization, integrating the ferry link with the Melbourne – Hobart highway it connects. — Direct Bass Strait funding, mandated and obtained by the people, to deliver full sea – highway access.* — Stop limiting growth in Australia's largest population corridor by treating ferries differently from more costly highways.* — Nationally manage the Marine Highway on a state neutral basis with Infrastructure Australia's involvement. National support was for 'equalization' – not subsidies. *Senate Hansard – Senator Abetz 1/12/2016

✱



The Hon Darren Chester MP
Minister for Infrastructure and Transport
Deputy Leader of the House
Member for Gippsland



PDR ID: MC17-000671

02 MAR 2017

Mr Ross Vasta MP
Chair
Standing Committee on Petitions
Parliament House
CANBERRA ACT 2600

Dear  Mr Vasta

Thank you for your letter of 13 February 2017 regarding Petition PN0048 calling for restoration and equalisation of the Marine Highway between Tasmania and mainland Australia.

The Australian Government currently operates two schemes to address the additional costs involved in transporting goods and people across Bass Strait: the Tasmanian Freight Equalisation Scheme (TFES), and the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES). Both schemes involve a substantial commitment of Government funding in recognition of the unique geographical challenges faced by Tasmania. In 2016-17 the estimated budget for the two schemes totals \$217.9 million.

The Government has been providing assistance to alleviate the sea freight cost disadvantage incurred when certain categories of eligible non-bulk goods are moved by sea between mainland Australia and Tasmania since 1976 when TFES was introduced. In 2015-16, the Government provided \$129.8 million under TFES to offer Tasmanian industries equal opportunities to compete in mainland markets, recognising that, unlike their mainland counterparts, Tasmanian shippers do not have the option of transporting goods by road or rail.

Further, the Government response to the Productivity Commission Inquiry on Tasmanian Shipping and Freight included the decision to extend the TFES to goods going to markets not currently covered by the scheme if the goods are trans-shipped through a port on the mainland. This latest decision provided an additional \$202.9 million over four years to 2018-19 for the TFES. It confirms that the Government is firmly committed to addressing the unique challenges faced by Tasmania and strengthening Tasmanian business.

Sea travel to and from Tasmania is equally important and is supported by the BSPVES, which subsidises the cost of the accompanied eligible passenger vehicle and provides support to Tasmanians travelling to the mainland and to southbound travellers, who are largely visitors. In 2015-16, the Government provided approximately \$44.1 million under the BSPVES, assisting 160,742 eligible passenger vehicles.

Rebates under the BSPVES are reviewed annually to reflect the change to the Consumer Price Index. The latest annual increase took effect from 1 July 2016.

The aim of the BSPVES, which is to reduce the cost of seagoing travel for eligible passengers, has been in place under successive Governments since 2002.

On 13 March 2015, as part of its Response to the Productivity Commission Inquiry on Tasmanian Shipping and Freight, the Government reconfirmed its commitment to the scheme. In so doing, the Government reiterated that the aim of the Scheme does not extend to equalising the cost of inbound and outbound travel across Bass Strait.

Thank you again for taking the time to write to me on this matter.

Yours sincerely

DARREN CHESTER

10

AUSTRALIAN GOVERNMENT RESPONSE TO THE PRODUCTIVITY COMMISSION INQUIRY REPORT: TASMANIAN SHIPPING AND FREIGHT

OVERVIEW

Tasmania as an island state has a heavy reliance on shipping services. The Australian Government recognises the importance of shipping and the efficient transport of goods and passengers across Bass Strait to Tasmania's broader economy.

The Australian Government remains strongly committed to retaining the Tasmanian Freight Equalisation Scheme (TFES) and the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) to help offset shipping costs faced by shippers and passengers across Bass Strait.

For many years Australian Governments have provided significant support to Tasmania by way of the Tasmanian Transport Schemes, including the TFES and the BSPVES. The schemes are designed to reduce the shipping disadvantage faced by Tasmania and assist its producers to compete in markets on the mainland as well as alleviate the cost of sea travel across Bass Strait. Collectively, the TFES and BSPVES have cost more than \$2 billion since their introduction in 1976 and 1996 respectively.

As part of its inquiry into Tasmanian Shipping and Freight, the Productivity Commission examined the competitiveness of Tasmanian business as it relates to shipping, port, road and rail infrastructure and services. It also focussed on the effectiveness of the TFES and BSPVES and assessed whether the schemes are meeting their stated objectives. Noting the intention of the Australian Government to retain the schemes, the Productivity Commission has put forward recommendations to improve their operation.

The Australian Government welcomes the findings of the Productivity Commission's Inquiry Report on Tasmanian Shipping and Freight (the Report).

The Productivity Commission has found that there are a number of broader economic challenges facing Tasmania, including poor accessibility to markets, low income growth and high unemployment. The Productivity Commission has advocated a more strategic approach to address the underlying impediments to Tasmania's competitiveness and growth.

The TFES and BSPVES were introduced to address the higher transport costs faced by Tasmanian producers and passengers in accessing mainland Australia, as result of the need to ship goods across Bass Strait. They were not intended to address broader economic and social challenges.

In its overview, the Productivity Commission considers that simply addressing the issues with the TFES and BSPVES will not meaningfully improve the competitiveness of the Tasmanian economy, which it considers should be the policy imperative. The Report canvasses elements of an economic development approach as a future and better alternative to TFES and BSPVES including reforms that have national and Tasmanian benefits, such as coastal shipping reform and those that directly enhance the competitiveness and productivity of the Tasmanian economy such as rationalising government infrastructure assets and developing a sustainable integrated freight strategy in Tasmania.

Like the Productivity Commission, the Australian Government recognises that the economic challenges facing Tasmania reflect fundamental and broader issues which require immediate action from governments.

The results of the stocktake should contribute to, and inform the development of, an integrated economic development strategy for Tasmania.

Australian Government Response

Noted.

The Australian Government referred the recommendation to the Joint Commonwealth and Tasmanian Economic Council (JCTEC) for its consideration. The Business Members of JCTEC agreed that a stocktake and review would assist in ensuring the effective use of Government funds.

The Tasmanian Government has advised that it is committed to working closely with the Australian Government and is aligning its approach with the Economic Growth Plan for Tasmania.

The Tasmanian Government is progressing a number of initiatives and programmes to grow the economy and tackle unemployment by aggressively pursuing new investment, driving major projects through assessments and approvals processes, reducing red and green tape, addressing barriers to growth, ensuring investment in infrastructure is strategic and supports state growth and engaging with Tasmanian small business and industry to facilitate growth and create jobs.

The Tasmanian Government is also developing a suite of strategies to drive economic growth, including a population strategy, a business and skilled migration strategy, an international education strategy, Antarctic and southern ocean industry development strategy and a defence industry development strategy.

The Australian Government supports the Tasmanian Government's initiative and will supply information where appropriate and practicable.

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.

*This is what the
ASAPES was for
20 years ago.*

why?

*we now the
argument is 1996!*

Need a

*Card
playing
instead
in AR + Sea
land.*

11

AVERAGE COST OF FREEWAY OR NATIONAL HIGHWAY CONSTRUCTION bitpublication/2016/files/003.pdf

\$6.5 million per lane KM

\$ 26 million for 4 lanes

\$12.3 billion for 473 km

Amortized over 20 years

\$655 million a year plus road maintenance

Or half this, \$327.5 million if there is one lane in each direction on the shortest Interstate inter- capital highway in Australia.

Needs to be split half again between Victoria and Tasmania \$163.75 million each

TFES and the BSPVES cost together \$217.9 million including \$44.1 million for the BSPVES a year none of which goes to the people for equalization.

No south bound coverage of consumables.

All funding is notionally allocated to Tasmania but treated as the payment to the driver or shipper and not part of fiscal equalization. This is ok if it mainly advantages both driver passengers and shipper.

Under the BSPVES the only eligible passenger is the driver.

12

The Howard Government Putting Australia's Interests First

ELECTION 2001

certainty · leadership · strength

OUR FUTURE ACTION PLAN

A Stronger Tasmania

After thirteen years of Labor neglect and broken promises, Tasmania is rebuilding. Under the Howard Government, Tasmanians are benefiting from a raft of new initiatives. But more needs to be done. A Stronger Tasmania commits the Coalition Government to an even greater effort - in the interests of all Tasmanians.



www.liberal.gov.au

The Way Forward

Building Tasmania's Future

A re-elected Howard Government will continue to provide real support for Tasmania's future development. Under the Howard Government's leadership, key elements of Tasmania's infrastructure will be developed or redeveloped to create sustainable and meaningful employment.

The initiatives outlined within this policy build on investments such as the Coalition's \$20.45 million funding of the Abt Railway restoration and \$10 million into York Park and Bellerive Oval. We are determined to finish implementing our plan for Tasmania – a plan with realistic, achievable and exciting outcomes for all Tasmanians.

New Projects for Tasmania

The Howard Government is committed to the development and prosperity of Tasmania. In addition to national programmes announced during this election campaign, the following specifically Tasmanian projects will be funded by a re-elected Coalition Government.

Expanding the Bass Strait Passenger Vehicle Equalisation Scheme

Bass Strait has always put Tasmanian industry and commerce at a disadvantage. Successive Liberal Governments have acknowledged this, with the establishment of the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) – which are now worth around \$82 million per annum. These schemes are uncapped and demand driven.

In our second term we recommitted ourselves to both schemes and provided a \$15 million boost to the Freight Equalisation Scheme. Thanks to the sound economic management of the Howard Government, we can announce a further enhancement of the BSPVES.

A third Howard Government will provide an estimated \$15.2 million enhancement of the BSPVES by introducing:

- A flat rebate, irrespective of the tourist season. The current rebate per car is between \$100 and \$150 each way depending on the season. A re-elected Coalition Government will increase the rebate to a flat \$300 per car on a return trip. This will give greater assistance to Tasmania's vital tourism sector by encouraging travel to the island in shoulder and low seasons;
- An increase in the rebate for motorhomes and vehicles towing a caravan to \$300. This initiative recognises the growing trade in extended motoring holidays, particularly by retirees. The economic benefit of this type of tourism cannot be underestimated – these travellers traditionally stay longer within the state and visit many

12

Cheeky

Confessions of a
Ferret Salesman

Lucy
rt.

ne the



BOB CHEEK
HOBART 2005

CONFESSIONS OF A FERRET SALESMAN

to avoid clashing with him. He never uses notes, and never appears to think about what he's going to say before he leaves the table; there's never a stumble or, heaven forbid, a "you know" or "um" or "ah". I once met one of Howard's speechwriters, the one who wrote his address at Gallipoli, which was widely acclaimed at the time; he said he used the book *Language of Leadership* by Winston Churchill for inspiration.

"Howard speaks so well off the cuff that he hardly needs a speechwriter," he lamented. "Quite often he just throws the notes away." I tried to emulate Howard but, let's face it, I was a poor imitation.

The Howards left the dinner early, to conserve energy for the vital last week of the campaign, but on the short 30-minute flight to Launceston next morning I sat next to them as promised.

Beside me was a vastly different PM from the night before. He and Janette looked like a couple of recently retired, middle-class Australians using their hard-won super to go on holiday and see the grandchildren; the giveaway was most ordinary Australians don't travel with a swag of minders and media down the back.

The PM looked tired and Janette fussed over him, bringing the comforts of home to the campaign trail. She scolded him about a mark on his trousers and dabbed at it with a handkerchief.

"I'm so busy early with calls I'm not getting time for my walks," Howard lamented during the trouser cleaning. "I feel much better when I have a walk."

He admitted that the US terrorist attacks had helped his campaign, but most of all he put his resurgence down to Kim Beazley.

"He's our greatest asset," he said. "We call him the newsagency billboard because he changes his story every day."

Howard said he had some good news for me and produced a thick document on Bass Strait ferry subsidies, as part of a Tasmania package, which he intended to announce in Launceston. I'd spoken to the PM at the State Council in August about extending the existing Bass Strait vehicle equalisation subsidy (making cars cheaper to ship across the strait) to passengers; this would allow foot traffic to board the ferries for as low as \$50. At that stage the subsidy was for vehicles only, so you had to take a car to get any benefit; again, it was geared to the all-powerful tourism industry, who wanted mobile passengers. I wanted

a fare to benefit all to cross the strait advisers, in constant was going to come Highway Committee Peter Brohier, who were ecstatic.

I excitedly g

"You've got confident he'd met al

Sorry, PM. T passengers, just a sop to the tourism

"Thank you, asked for. We wa

Howard seer called over his ch he asked.

Arthur assur was sure we did

This was a statesman holding address about his bling, as he scratched it was good to see

I genuinely or he put on a Tasmanian senator wanted the subsidy Howard wasn't National Sea Highway 10 years and this

Howard's o an impromptu Federal Council time all eight of

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existing Bass Strait
to ship across the
to board the ferries
for vehicles only, so
t was geared to the
passengers. I wanted

a fare to benefit all Tasmanian businesses so it was like getting on a bus to cross the strait. Howard had given me a good hearing and my advisers, in constant contact with the PM's office, were convinced he was going to come good. The news was passed on to the National Sea Highway Committee, a business lobby group led by Melbourne lawyer Peter Brohier, who had been pushing this principle for 10 years. They were ecstatic.

I excitedly gripped the PM's offering:

"You've got everything you wanted there," he said smiling, confident he'd met all my expectations.

Sorry, PM. To the contrary, there was nothing in the proposal about passengers, just a further sweetening of the existing vehicle subsidy as a sop to the tourism industry. I was totally confused.

"Thank you, PM, anything is welcome, but this is not what we asked for. We wanted the subsidy on passengers as well as cars."

Howard seemed genuinely shocked. "That's what it is, isn't it?" He called over his chief of staff, Arthur Sinodinos. "Is this the right one?" he asked.

Arthur assured him it was and a perplexed Howard muttered: "I was sure we did what you asked?"

This was a far different Howard from last night's self-assured statesman holding an audience spellbound with a riveting, noteless address about his vision for the country. He looked dithery, almost bumbling, as he scratched his head about our Bass Strait policy. In a way, it was good to see his frailties.

I genuinely believe the PM thought he'd delivered what I sought; or he put on a very good act. I later discovered that a group of Tasmanian senators, acting on behalf of the Tourism Council, who wanted the subsidy kept to vehicles, had stymied the passenger proposal. Howard wasn't aware of it. The tourism boys had won again. The National Sea Highway Committee was devastated: they'd been at it for 10 years and this was their last chance. They disbanded soon afterwards.

Howard's often brusque façade veiled a good sense of humour. At an impromptu meeting of state and territory leaders at the Liberal Federal Council in Canberra in April 2002, unique because for the first time all eight of us were in opposition, Howard joked:

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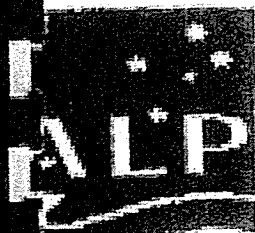
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P.3



AUSTRALIAN
LABOR
PARTY

Labor Media Release

JIM BACON
SHADOW TRANSPORT MINISTER
30 MAY 1996

TT-Line should rethink opposition to no-frills fare plan

The Labor Party today expressed its disappointment over the TT-Line's dismissal of a proposal to introduce a no-frills winter fare on the Spirit of Tasmania.

Shadow Transport Minister Jim Bacon said TT-Line chief executive Peter Simmons had totally missed the point of the plan.

"The aim of the plan is to fill empty berths," Mr Bacon said.

"Anything is better than nothing.

"Instead of dismissing the idea out of hand, the TT-Line should embrace it.

"The TT-Line should sit down with the National Sea Highway Committee and discuss the proposal and how it could benefit the State."

Ref/bacon9.

JIM IS AVAILABLE ON 002 332175

15

peterbrohier@maptag.com.au

From: Ken Williams [kenwilliams301@gmail.com]
Sent: Monday, June 05, 2017 9:45 PM
To: peter brohier
Subject: GST

GST

Horizontal Fiscal Equalisation HFE

\$ received Back		% Share		% Share (Theoretical)
2016-2017	2014-2015	2014-2015	2014-2015	2014-2015
Relativities	Relativities	Relativities	Per Capita	
NSW 0.99	0.98	31.2	32.00	
VIC 0.91	0.89	22.0	24.92	
QLD 1.05	1.08	21.9	20.30	
WA 0.38	0.35	4.2	11.16	
SA 1.20	1.25	9.2	7.14	
TAS 1.76	1.70	3.6	2.20	
ACT 1.28	1.27	2.0	1.62	
NT 5.28	5.47	5.9	1.04	

[REDACTED]

[REDACTED]

16

Submission No:	47.4
Date Received:	12-8-08
Secretary:	<i>[Signature]</i>

Submission

Coastal Shipping Enquiry
Peter Brohier 12th August 2008

The terms of reference of your committee in the clearest possible terms cover Bass Strait, part of Australia's coastal waters.

The following are excerpts from some papers relating to the issue of crossing Australian coastal waters between Victoria and Tasmania for the purpose for tourism and freight.

The full version of these papers are possibly held by Ministers, in the large PM's file, described by Bob Cheek in his book Confessions of a Ferret Salesman and by relevant departments of the states of Tasmania, Victoria and the Commonwealth.

The Melbourne City Council's CEO Elisabeth Proust was the first CEO to support the equitable link. She said:

The Council's Transport Strategy 1992 supports national approaches to major issues and the development of a national transport strategy based on the appropriate role for different modes of transport. The Bass Strait ferry connection provides another link in the national infrastructure and should be assisted as part of a co-ordinated national infrastructure funding strategy.

This was followed by the Victorian Labor Caucus and in the lead article on the front page of the Herald Sun and on the billboards and support from the Kennett Government.

All major industries in Tasmania supported the link, so did TT Line. It's acting CEO said:

The Committee for Bass Strait Transport Equality chaired by Mr Peter Brohier has been actively seeking federal government support for the concept of a subsidised Bass Strait crossing.

The Committee seeks to bring the cost of surface transport across Bass Strait to a level which equates to that of a similar distance over land. It is believed that the achievement of this aim would result in a dramatic increase in tourist numbers across Bass Strait benefiting the economies of both regions in Southern Australia.

TT-Line Company Pty Ltd is fully supportive of the aims and objectives of the Committee for Bass Strait Transport Equality.

Any support or assistance that the reader may be able to provide to Mr Brohier and his Committee would be greatly appreciated.

Keating then offered dramatically low passenger and vehicle fares for the 1996 Federal election.

The Coalition in 1996, at the time of the 1996 Federal election, promised this:

Tasmania has a unique place in the Commonwealth. The Federal Government has a special responsibility to achieve equality for Tasmanians in developing opportunities for their State. The Coalition accepts this responsibility and its Government will implement the initiatives detailed in the Tasmania Package.

The Tasmanian 'Sea Highway'

③ The transport disadvantage posed by Bass Strait is the single most serious impediment to growth in jobs, investment and population in Tasmania.

It expected competition to drive passenger fares down. This did not eventuate possibly because Tasmania introduced large under utilised capacity crossing Bass Strait. The Coalition also recognised Bass Strait as part of the National Highway. They were intent on passenger fares dropping through competition.

Our belief is that competition for vehicle and passenger traffic across Bass Strait is the most effective means of achieving affordable movement of vehicles and passengers, and therefore the Coalition will work with the Tasmanian Government to promote competitive and efficient daily vehicle and passenger services across Bass Strait.

7 February 1996

This scheme at last recognises that Bass Strait is part of the national highway.

In the same document they expected lower fares and a review of the scheme annually for equity to be maintained.
They said:

is a measure of long-term benefit for Tasmania, and indeed
 conditions - it's not a short-term improved expedient.
 1. an extension of the toll and equal to, and proven, freight equalisation
 scheme which has had bipartisan support since it was introduced by the
 Coalition 26 years ago.
 2. It will encourage greater passenger numbers through lower fares.
 3. It encourages competition by enabling ferry operators to provide viable
 prices in different market segments.
 4. It directly benefits the driver of the vehicle, not the ferry operator,
 as to all other passenger vehicles and drivers of motorbikes.
 5. It is directly tied to the comparative cost of driving a vehicle
 a certain distance on national highway.
 6. It will be reviewed annually by the Bureau of Transport
 Economics (BTCE) to maintain equity.
 7. It will increase the numbers as well as increasing the attractiveness of
 Tasmania as a place to live as a result of the reduction of the costs which
 come from isolation.

The BSPES scheme is designed to achieve this, by being linked to
 vehicle movements. The BTCE has estimated it carries 8.3 passengers
 for every vehicle - therefore the toll is paid for by the
 vehicle which is only applicable to the fares paid by a driver and
 vehicle would be counter-productive and would flow on to fares paid by
 other passengers.

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 for every vehicle - therefore the toll is paid for by the
 vehicle which is only applicable to the fares paid by a driver and
 vehicle would be counter-productive and would flow on to fares paid by
 other passengers.

The Coalition went on to say:

The Bass Strait Passenger Equalisation Scheme (BSPES) was a special fare set out for Tasmania, rather as the name implies, it seeks to equalise the cost of travelling by 'sea or airway' between Tasmania and the mainland, compared with using national highway links between other states.

Then three officers, one from Tasmania, Victoria and the Commonwealth estimated the cost of full equalisation, based on the following fares, at \$28 million a year but the estimate made in 1996 by the Coalition for 1998 / 1999 was to be \$22.5 million a year for full equalisation. The two figures are very close and equalisation was very affordable and within the range contemplated by Canberra.

The following fares were assessed to be the basis for the scheme.

2001 EQUALISATION ESTIMATED to cost \$28 million a year

- fares set at \$47.50 for foot passengers and \$1.00 for car including passengers

Cost:

\$12m 1996/97, \$15m 1997/98, \$22.5m 1998/99

(Based on 80,000 vehicles in 1996/97, increasing to 100,000 vehicles by 1998/99)

Handwritten notes: 2001, \$10 with

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\$12m 1996/97, \$15m 1997/98, \$22.5m 1998/99

(Based on 80,000 vehicles in 1996/97, increasing to 100,000 vehicles by 1998/99)

Handwritten notes: 2001, \$10 with

The same report concluded the following, contrary to equalisation promises, destroying equalisation and trying to move away from National Highway promises.

6. Fully equalised fares should not be introduced because the fare structure is unviable for the operator without costly annual rebate increases to the Commonwealth Government under the BSPVES. [Section 7 (a)]
7. The Commonwealth Government consider introducing a flat rebate irrespective of season - \$125 would be cost neutral, \$150 would require an additional \$3million pa. [Section 7 (b)] *now much better than 1*
14. Bass Strait should not be declared part of the National Highway. [Section 8a]

I would expect that the estimate cost far more than the \$3 million suggested.

Then a Tasmanian Minister, Brenton Best of Tasmanian Labor, promised

If Labor wins the election on August 29, we will negotiate with the Federal Government to implement the principle of passenger equalisation as suggested by Peter Brohier.

And I negotiated a trial of highway level fares in winter that brought the following increases as reported in a Federal BTRE report.

April	20000	24591	23.0
May	12235	21478	23.0
June	11970	20253	23.0
Total	215718	259523	20.3
per voyage	731	829	13.4

It should be noted that, during 1996/97, the Tasmanian Government provided \$350,000 for a \$30 discount in the off-peak APRX fare for both Tasmanian and mainland passengers. All 11,666 tickets were sold, which may help explain some of the growth in passenger numbers in the May to June 1997 period.

And Peter Nixon in the Federally funded Nixon Report into Tasmania wrote after the BSPVES was introduced:

Passenger costs, although comparable with discount airfares, create a financial barrier to tourists and Tasmanians seeking to travel on the mainland. Even with the recently introduced vehicle subsidy, the cost to a family of four for return travel across Bass Strait is in excess of \$1,000, if using cabin accommodation.

The impact of the BSPVES was said to:

But it had taken just one year to reach demand the Government had thought would take five years to achieve. Passenger demand for the two Spirits had exceeded all expectations, Mr Bacon said.

Then in a report prepared by a newspaper reporter:

Officers of ~~Tasmania~~ take a different view to lowering fares. In the latter the fast turn-round of ferries across the Irish Seas or the English Channel lessons for Tasmania, the response is that there is no comparison. The UK has a population of 55 million people and Europe has a population of about twice that. Australia has about 18 million people with 400,000 in Tasmania. The markets cannot be equated and any shipping line which tried to run a volume service would lose money.

In the other hand, not everyone agrees. ~~Some~~ says the answer lies in better promotion of the market than cheap fares. Cheap fares attract people without funds, what is needed is better promotion so that the can afford to travel will come to the state.

Then a \$400,000 report substantially funded by the Commonwealth found

Factors with the greatest potential to influence demand for travel to Tasmania are price and capacity. Sea and air transport cater for different travel markets, and are not substitutes for each other. When air or sea demand increases, some of those passengers will have transferred from the other mode but the effect is small. Mostly it is new travel generated by improvements in access arrangements.

When discussing the difficulties with Spirit Three from Sydney to Devonport that duplicated a major part of the national sea highway link and used a limited capped version of the BSPVES.

Tourism Minister Ken Bacon yesterday rejected claims that Spirit III was overpriced. "I don't think it is because we're targeting a niche market here," Mr Bacon said. "If you take the upmarket hotel, motel chains, that's the type of people they need to get into Tasmania."

VECCI urged the Transport Minister of Victoria, who came with me to Canberra some years before, to fight for a highway link

As time goes on, we believe consideration should be given to incorporating the Tasmanian Freight Exemption Scheme (TFES) and the Bass Strait Passenger Vehicle Exemption Scheme (BSPVES) under Auslink, thereby offering a similar connection to Melbourne, Hobart and rail links between Melbourne and Hobart as currently exist between Melbourne and Sydney and Melbourne and Adelaide.

VECCI also believes that the TFES should be extended to include full southbound exemption. The southbound component of the Scheme applies only to persons or businesses engaged in manufacturing, mining and primary production (agriculture, forestry and fishing) in Tasmania.

Exemption when fully applied to passengers and freight could be expected to substantially increase economic activity, population, investment and jobs in both eastern Australia and to significantly increase traffic flows through Victoria to and from Tasmania.

Then ANRA representing the nation's major retailers said

Through Auslink, the Government has demonstrated a major commitment to improving the movement of goods across the nation. If this approach could be expanded to include Bass Strait shipping it would promote the movement of goods and people in both directions and encourage investment in Tasmania and on the mainland. Additionally such an approach would benefit Tasmanian exporters who are currently not eligible for the subsidy. It would help grow the size of the domestic market in Tasmania and in so doing, further reduce retail prices. In exploring such an approach, it would be important to ensure that the original intentions of the scheme were not undermined.

and the Productivity Commission TFES report said

(although expansion of the TFES to explicitly take exports into account could raise WTO issues).

This leaves open an Auslink link and no need to specifically direct TFES to cover exports.

Then John Howard followed somewhat the officer's advice

Then the focus of the BSPVES changed from the first BTRE report to Tasmanian travel packages not "equalisation"

The ONE group has a wide range of services and products available for sale. From the ONE group, you can purchase a wide range of products and services, including:

IN AUGUST 1986, THE

It does not matter what an average of \$250 per person then the full new town of spending would have been \$1.4 million in 2005-06. It is not a visitation by these new visitors is not only only with it, it is a million more people and more people between M... and Devonian — a million more people and more people by M... and Devonian — and other purposes, visitors to the Sydney-Darwin service, or people to Tasmanian residents traveling by sea, are received by people.

The Minister noted that the resulting fairer road users would help to increase the demand for travel across Bessie Street, with direct benefits to the tourist industry and potential growth in jobs, investment and population for Tisbury (Shaw 1996, p. 1).

Significant changes to the Scheme in the Section 82 Ministerial Directions included replacing the previous seasonal structure for allowances by a constant rebate throughout the year, and extending the Scheme to include additional vehicle types.

By reducing the cost of travel to Tasmania, the Scheme would be expected to result in additional visitors to Tasmania. However, the Scheme—by effectively reducing the cost of sea travel—also increases the attractiveness of sea travel as compared to air. When considering air and sea travel options, the proportionately higher cost of sea travel would be considered more than just a cost, but also by the costs of other factors. In order to put the rebate for eligible passengers in context, it is useful to consider the cost of broadly comparable sea and air travel options—taking into account the average length of stay in Tasmania by sea and air visitors, and difference in hotel, catering and airport. The package is seen as a good of two additions and a standard, unimproved passenger vessel, between Melbourne and Devonport.

While the TT line said to the public that

Cheap flights can be plane expensive

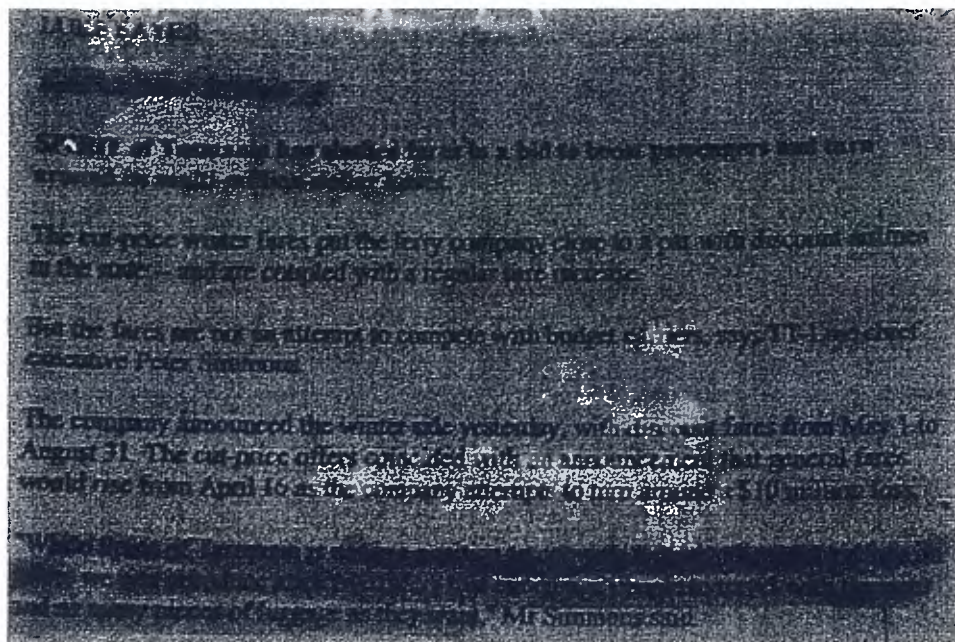
And the Productivity Commission last year in its TFES report referred to the stated Victorian Government position as follows

The Victorian Government also saw an overlap between its air objectives and those being pursued by the Tasmanian freight schemes. It saw scope for pursuing national transport objectives by encouraging improved freight transport connectivity. The Victorian Government suggests that the most effective and equitable way to align the TFES and Auralink policies would be to extend the subsidy to fast goods in the southbound direction (ibid: 60, p. iv)

and Anra said

Australian Bureau of Statistics December quarter report on retail prices indicates Hobart is 2% dearer than Melbourne based on a very small basket of some 50 items. An earlier comparison by an ANRA member of some 2000 items suggests the price differential may be considerably higher. Freight is a significant

Then the CEO of TT Line



And then Federal Labor supported the suggesting of the Tasmanian peak tourism body re the BSPVES accepting the highway link and an aim to move the cost of travel to that of bitumen.

The scheme cannot do that without federal direction and this increase in funding can do the opposite.

Headline: Labor increases Bass Strait Fares per Vehicle Equalised to one and reaffirms support for Tasmania's Transport scheme

Text: The Government will increase the rebate for taking passenger cars across Bass Strait on Tasmania by \$30, reducing the fare from \$79 to \$49 each way.

Text: would cost up to \$10 million per year taking into account the increased number of cars to take advantage of the scheme.

Text: Tasmania is highway to the mainland, linking it by sea instead of by air.

Text: The number of visitors travelling by sea to Tasmania declined by 5,500 - or almost 4 per cent - with the number of Tasmanians travelling by sea to the mainland also declining by 3 per cent.

Text: Mr Ferguson said "The cost of travel across Bass Strait is clearly a major impediment to travel between the mainland and Tasmania."

Text: "Without the passenger vehicle rebate, 4,375 more visitors would not have visited Tasmania in 2005-06 and the State would have missed out on \$7.4 million in extra spending."

Text: "But there has been no rebate for a ferry, under which it was set at \$150 eleven years ago in 1996."

Text: "It is time for it to be increased to more reflect the real cost of driving across distances on the national highway network," he said.

and the new CEO of TT Line then acknowledged the difference between A to B travel

said to be wanted by Tasmanians and packages said to be wanted by mainlanders. But what about ordinary Australians wanting A to B travel interstate to all states of their nation?

Mr Griplas said reigniting the passion of Tasmanians to travel on *Spirit of Tasmania* was a major goal for the company.

"While Tasmanians regard the Spirits as icons of the State, they also view the ships as a means to get from point A to point B, rather than a travel option that provides a unique travel experience," he said.

"We need to take advantage of the icon status and encourage more Tasmanians to travel on our ships rather than the low cost budget airlines.

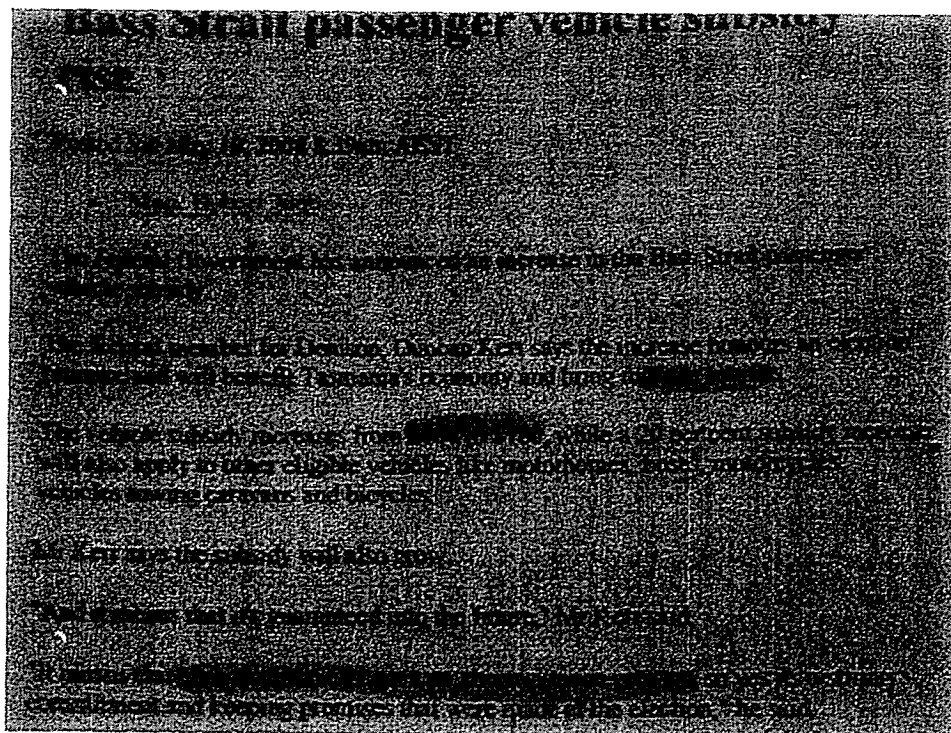
"We know that our mainland passengers travel with us because they want an end to end travel experience that starts and ends on the Spirit.

"That experience provides passengers with a comfortable cabin, the convenience of travelling with a vehicle and the opportunity to enjoy fresh Tasmanian produce onboard."

The Tasmanian Leader of the Opposition said last year:

Instead, *TF Line* fares have steadily increased on the back of massive subsidies from the Commonwealth Government. The *BSPVES* was not designed to prop up a government enterprise but provide a fair and equitable access to the national highway for Tasmanians.

Then Federal Labor acted, but there was still no mechanism for passenger fares to reduce, rather the opposite without any national mandate for just an assistance scheme save in the context of "equalisation" a basis used by the peak Tasmanian tourism group to obtain Federal Labor's commitment at the last election.



Then in a submission to the current Coastal Shipping enquiry TT Line said

TT-Line is involved in two very competitive markets in freight and passenger transport. In freight, TT-Line offers its freight services against Toll Shipping, Searoad Holdings and ANL.

In the tourist / travel market, TT-Line competes with Qantas, Jetstar, Virgin and most recently Tiger Airways as well as the various international airlines.

But are the competitive markets re passenger transport that of "end to end" sea versus air, end to end, air packages as previous comments in this submission suggest that such competition is not that of direct discount air fare verses sea fare competition.

Bob Cheek said in his book said

Howard said he had some good news for me and produced a thick report on Bass Strait ferry subsidies, as part of a Tasmania package, he intended to announce in Launceston. I'd spoken to the PM's State Council in August about extending the existing Bass Strait equalisation subsidy (making cars cheaper to ship across the strait) to passengers; this would allow foot traffic to board the ferries as low as \$10. At that stage the subsidy was for vehicles only, so I had to take a car to get any benefit; again, it was geared to the powerful tourism industry, who wanted mobile passengers. I wanted

a fare to benefit all Tasmanian businesses so it's like getting a... as to... the... Howard had given me a good hearing and my... to... contact with the PM's office, were... he was going to... the good. The news was passed on to the National Sea Highway Committee, a business lobby group led by Melbourne lawyer Peter Brohier, who had been pushing this principle for 10 years. They were ecstatic.

I excitedly gripped the PM's offering.

"You've got everything you wanted there," he said smiling, confident he'd met all my expectations.

Sorry, PM. To the contrary, there was nothing in the proposal about passengers, just a further sweetening of the existing vehicle subsidy as a sop to the tourism industry. I was totally confused.

"Thank you, PM. Anything is welcome, but this is not what we asked for. We wanted the subsidy on passengers as well as cars."

Howard seemed genuinely shocked. "That's what it is, isn't it?" He called over his chief of staff, Arthur Sinodinos. "Is this the right one?" he asked.

Arthur assured him it was and a perplexed Howard muttered: "I was sure we did what you asked?"

This was a far different Howard from last night's self-assured statesman holding an audience spellbound with a riveting, noteless address about his vision for the country. He looked dithering, almost bumbling, as he scratched his head about our Bass Strait policy. In a way, it was good to see his frailties.

I genuinely believe the PM thought he'd delivered what I sought; or he put on a very good act. I later discovered that a group of Tasmanian senators, acting on behalf of the Joint In Council, who wanted the subsidy kept to vehicles, had tyrod the passenger proposal. Howard wasn't aware of it. The tourism boys had won again. The National Sea Highway Committee was devastated; they'd been at it for 10 years and this was their last chance. They disappeared soon afterwards.

Howard's often become friends...

But the Cheek comments about a business lobby. It was a lobby for the people as well as business and the in 1996 offer was not just for a car.

Then Minister Albanese called the BSPVES a transport subsidy and said

DOUBLE BOOST FOR TASMANIAN TRANSPORT SUBSIDIES

Federal Infrastructure and Transport Minister Anthony Albanese today confirmed that two programs to encourage growth and development in Tasmania will be increased and extended as part of the Rudd Labor Government's first Budget.

An allocation of \$34.4 million will be provided to the **Bass Strait Passenger Vehicle Equalisation Scheme**, enabling the subsidy for standard passenger vehicles to be increased from \$168 to \$180 – honouring a election pledge.

Assistance to other eligible vehicles (including motor homes, buses, motor cycles, vehicles towing caravans and bicycles) will also be increased by 20 per cent.

"The subsidies, which will now be indexed to the Consumer Price Index, will benefit all Australians who take their cars across Bass Strait," said Mr Albanese.

"They will provide a significant stimulus to Tasmania's tourism industry by creating more affordable transport links to the mainland."

"The subsidy's ongoing indexation also provides tourism operators with the confidence to further invest and grow their businesses."

As total prices for passengers and cars increased numbers crossing dropped

Premier Lennon said of Peter Brohier

MR LENNON: That is probably appropriately addressed to me. Mr Brohier has been a very strong advocate for a better deal for people on Bass Strait. I think he has done a terrific job over the last few years. Through his efforts he is probably more responsible than anybody else in the production of the vehicle subsidy. I would think. He continues to lobby Federal politicians about that matter, and my department continues to support him in those efforts. Essentially that is an issue that needs to be taken up at a government level, rather than with T.T. Line management. What we have provided for here is the closest thing to a highway we will probably ever see on Bass Strait frankly, with a daily monohull service and operating all year round with a massive increase in the number of cars that we bring across Bass Strait in a year compared to the current service. Mr Brohier now has much more ammunition for his ongoing campaign with Federal politicians of both political persuasions because we have the road now and we will continue to support him in his efforts to get the cost down of travelling on that road for that car.

And Reuters ran the headline a few months ago

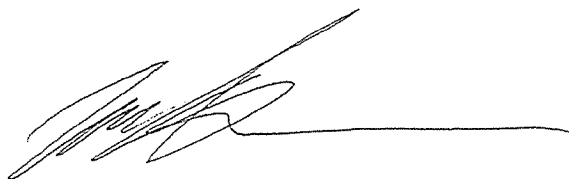
"Australia Islanders say they are modern convicts"

So I call on this Committee to turn Bass Strait into a fair transport link and not primarily a one-sided upper level assistance scheme, so that through it all may benefit not just some.

This is an issue about Australia's most substantially used shipping route in coastal waters and directly relates to tourism and falls clearly within your terms of reference.

Peter Brohier

12th August 2008

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

1. Excerpt from a letter from Elizabeth Proust to Bob Collins, 15th September 1993.
2. Excerpt from a letter from Mr Brand, Acting CEO, TT Line given to Peter Brohier. 21st February 1995.
3. Excerpts from the Federal Coalition election papers 1996 (5), 7th February 1996.
4. Excerpt from document supplied to the Federal minister for Regional Services, Victorian Minister for Ports and the Tasmanian Minister for Infrastructure, Joint Working Group on Bass Strait Sea Passenger Access and Infrastructure, Revised 9th November 2001.
5. Media release, Brenton Best MP, 4th August 1998.
6. BTRE - BSPVES Monitoring Report No1, 1996 /1997, 27th April 1998.
7. The Hon Peter Nixon, Background Report 1997, p. 269.
8. Hobart Mercury, *The Tasmanian*, 22 June 2003.
9. Unpublished article, 20 February 1998.
10. Bass Strait Visitor Access Study, 12 October 2001, p. v.
11. Hobart Mercury, *A fare go*, 29 May 2004.
12. Neil Coulson, CEO, VECCL, correspondence to Peter Brohier, 9 August 2004.
13. Margy Osmond, letter from ANRA to Senator Fergusson, 1 March 2007.
14. Productivity Commission, Tasmanian Freight Subsidy Arrangements, 14 December 2006, p. 98.
15. The Coalition election papers, 2 November 2000.
16. Media release, John Howard, 7 September 2006.
17. Media release, Tourism Industry Council of Tasmania, 29 October 2007.
18. BTRE monitoring report 2005-2006 & BSPVES Monitoring Report 2005-2006.
19. TT Line Pty. Ltd. media advertisement, 2 October 2004.
20. Productivity Commission, TFES Tasmanian Freight Subsidy Arrangements, 14 December 2006, p. 98.
21. Margy Osmond, letter from ANRA to Senator Fergusson, 1 March 2007.
22. Hobart Mercury, 12 April 2007.
23. Media release, Martin Ferguson, 9 September 2007.
24. Media release, TT Line Pty. Ltd., 6 May 2008.
25. Will Hodgman, 7 August 2007.
26. Media release, Duncan Kerr, 10 May 2008.
27. TT Line Pty. Ltd., Submission No. 41, Standing Committee on Infrastructure Transport, Regional Development and Local Government inquiry into coastal shipping, 20 October, 2008.
28. Bob Cheek, *Confessions of a ferret salesman*.
29. Media release, Anthony Albanese, 14 May 2008.
30. Paul Lennon, Parliament of Tasmania Hansard, 12 April 2002.

FARE SNAPSHOT Tasmanian route v European route

Ferry travel cost overnight in a shared 4 berth cabin - one way October 2017 –
base grade crossing

Hull to Zee Brugge -

13 hour trip – possibly unsubsidized

Melbourne to Devonport 10 hour trip

One in a car A\$260	TT Line \$262 - \$486 including BSPVES payment
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Two in a car A\$215	TT Line \$435 - \$659 including BSPVES payment
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Three in a car A\$269	TT Line \$608 - \$883 including BSPVES payment
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Four in a car A\$459	TT Line \$771 - \$995 including BSPVES payment
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BSPVES taxpayer funded payment of \$224 each way for trips with a car

TT Line sit up fares– no equivalent on European route

Sit up fare TT Line \$140 recliner plus car \$89 paid by driver, plus \$224 BSPVES payment

Day crossing recliner \$128 plus car \$89 paid by driver, plus \$224 BSPVES payment

Day ticket stay up run of ship \$99, plus possibly car \$89 paid by driver, plus \$224 BSPVES payment

TT Line - day sailings are available a few days a year – guess- say under 10 % of total sailings.

Based on one inquiry made on the 7th June 2017 for one day- night sailing.

TT Line and Direct Ferries London

Fares vary substantially over the course of the year. Suspect TT Line upside fare variance may be much greater than the European route. See respective web sites for more detail. Based on entirely different markets but may give some guide.

State Accounts (ABS Cat No 5220.0)

2015-16

Table 5: Gross State Product, Tasmania, production method, 2015-16

	2014-15	2015-16	% change	Share of GVA	Share of GSP	pp cont to GSP growth
<i>GSP(P) - Gross Value Added, chain volume measures, \$m</i>						
Agriculture, Forestry & Fishing	2 409	2 312	-4.0	9.5	8.9	-0.4
Mining	282	286	1.4	1.2	1.1	0.0
Manufacturing	1 878	1 847	-1.7	7.6	7.1	-0.1
Electricity, Gas, Water & Waste Services	1 333	1 224	-8.2	5.0	4.7	-0.4
Construction	1 629	1 710	5.0	7.0	6.6	0.3
Wholesale Trade	761	798	4.9	3.3	3.1	0.1
Retail Trade	1 411	1 490	5.6	6.1	5.7	0.3
Accommodation & Food Services	710	723	1.8	3.0	2.8	0.1
Transport, Postal & Warehousing	1 649	1 680	1.9	6.9	6.5	0.1
Information Media & Telecommunications	623	669	7.4	2.7	2.6	0.2
Financial & Insurance Services	1 455	1 475	1.4	6.1	5.7	0.1
Rental Hiring & Real Estate Services	511	560	9.6	2.3	2.2	0.2
Professional, Scientific & Technical Services	858	863	0.6	3.5	3.3	0.0
Administrative & Support Services	457	458	0.2	1.9	1.8	0.0
Public Administration & Safety	1 559	1 582	1.5	6.5	6.1	0.1
Education & Training	1 688	1 710	1.3	7.0	6.6	0.1
Healthcare & Social Assistance	2 182	2 243	2.8	9.2	8.6	0.2
Arts & Recreation Services	161	166	3.1	0.7	0.6	0.0
Other Services	531	549	3.4	2.3	2.1	0.1
Ownership of Dwellings	2 007	2 033	1.3	8.3	7.8	0.1
Gross Value Added at basic prices	24 095	24 379	1.2	100.0	93.6	1.1
Taxes less subsidies on products	1 705	1 729	1.4		6.6	0.1
Statistical Discrepancy	- 105	- 68	na		-0.3	0.1
Gross State Product (A)	25 695	26 039	1.3		100.0	1.3

SOURCE: AUSTRALIAN NATIONAL ACCOUNTS: STATE ACCOUNTS, ABS CAT NO 5220.0: TABLE 7