



Australian Government

Department of Infrastructure and Transport

Bureau of Infrastructure, Transport and Regional Economics

STATISTICAL REPORT



bitre
Maritime

**Bass Strait Passenger Vehicle
Equalisation Scheme
Monitoring Report No. 13**

Bureau of Infrastructure, Transport and Regional Economics

Bass Strait Passenger Vehicle Equalisation Scheme Monitoring Report No. 13

Department of Infrastructure and Transport
Canberra, Australia

© Commonwealth of Australia 2012

ISSN: 1440-9569

ISBN: 978-1-921769-63-4

May 2012/INFRA1354

Ownership of intellectual property rights in this publication

Unless otherwise noted, copyright (and any other intellectual property rights, if any) in this publication is owned by the Commonwealth of Australia (referred to below as the Commonwealth).

Disclaimer

The material contained in this publication is made available on the understanding that the Commonwealth is not providing professional advice, and that users exercise their own skill and care with respect to its use, and seek independent advice if necessary.

The Commonwealth makes no representations or warranties as to the contents or accuracy of the information contained in this publication. To the extent permitted by law, the Commonwealth disclaims liability to any person or organisation in respect of anything done, or omitted to be done, in reliance upon information contained in this publication.

Creative Commons licence

With the exception of (a) the Coat of Arms; and (b) the Department of Infrastructure's photos and graphics, copyright in this publication is licensed under a Creative Commons Attribution 3.0 Australia Licence.

Creative Commons Attribution 3.0 Australia Licence is a standard form licence agreement that allows you to copy, communicate and adapt this publication provided that you attribute the work to the Commonwealth and abide by the other licence terms. A summary of the licence terms is available from <http://creativecommons.org/licenses/by/3.0/au/deed.en>. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.

Use of the Coat of Arms

The Department of the Prime Minister and Cabinet sets the terms under which the Coat of Arms is used. Please refer to the Department's Commonwealth Coat of Arms and Government branding web page <http://www.dpmc.gov.au/guidelines/index.cfm#brand> and, in particular, the Guidelines on the use of the Commonwealth Coat of Arms publication.

An appropriate citation for this report is:

Bureau of Infrastructure, Transport and Regional Economics (BITRE), 2012, Bass Strait Passenger Vehicle Equalisation Scheme, Monitoring Report No. 13, Canberra ACT.

Contact us

This publication is available in PDF format. All other rights are reserved, including in relation to any Departmental logos or trade marks which may exist. For enquiries regarding the licence and any use of this publication, please contact:

Bureau of Infrastructure, Transport and Regional Economics (BITRE)
Department of Infrastructure and Transport
GPO Box 501, Canberra ACT 2601, Australia

Telephone: (international) +61 2 6274 7210
Fax: (international) +61 2 6274 6855
Email: bitre@infrastructure.gov.au
Website: www.bitre.gov.au

Foreword

This report presents the results of the Bureau of Infrastructure, Transport and Regional Economics' (BITRE) thirteenth review of the Bass Strait Passenger Vehicle Equalisation Scheme.

The Ministerial Directions governing the Bass Strait Passenger Vehicle Equalisation Scheme were amended in June 2008. Clause 17 requires the Bureau to produce this report every two years.

This report covers the operation and impact of the Bass Strait Passenger Vehicle Equalisation Scheme for the period 1 July 2009 to 30 June 2011.

The report was undertaken by Mark Cregan and Tim Risbey.

Gary Dolman
Head of Bureau
Bureau of Infrastructure, Transport and Regional Economics
May 2012

Acknowledgements

BITRE gratefully acknowledges the assistance provided by TT-Line, Tourism Tasmania, the Tasmanian Transport Programs team at Department of Human Services, and the Surface Transport Policy Division of the Department of Infrastructure and Transport.

At a glance

- The Australian Government spent \$36.8 million (up 1 per cent) in 2010–11 on the Bass Strait Passenger Vehicle Equalisation Scheme (the Scheme) and \$36.4 million in 2009–10 (up 5 per cent on 2008–09).
- Passengers travelling with a vehicle across Bass Strait can receive a rebate applied against the fare charged by a ferry operator to transport an accompanied passenger vehicle across Bass Strait.
- The Scheme is intended to increase demand for travel across Bass Strait, with direct benefits to the tourist industry and potential growth in jobs, investment and population for Tasmania.
- The Ministerial Directions governing the Scheme include a biannual review by BITRE and a separate annual review of the level of the rebate.
- Rebates were increased for all vehicle types by 1.6 per cent on 1 July 2009 and 2.7 per cent on 1 July 2010. As of 1 July 2010 one-way rebates were \$188 for a car, \$93 for a motorbike, \$26 for a bicycle and up to \$374 for an eligible motor home.
- Three operators provided ferry services between 1 July 2009 and 30 June 2011. TT-Line carried almost all sea passengers.
- BITRE's benchmark TT-Line peak sea fare package with the rebate decreased 4.4 per cent between June 2009 and June 2010, then increased 2.8 per cent between June 2010 and June 2011.
- The number of people travelling by sea increased by 5.0 per cent in 2009–10 then decreased by 1.1 per cent in 2010–11.
- BITRE's econometric modelling estimates motor vehicle passengers may have been 30 per cent higher than without the Scheme.
- An estimated 15 000 new leisure visitors travelled by sea due to the Scheme in 2010–11, and 14 700 in 2009–10, spending an estimated \$36.0 million in Tasmania (\$35.3 million in 2009–10).

T E.I Key facts: 2009–10 and 2010–11¹

	2010–11 (% change)	2009–10 (% change)	Reference
Expenditure (millions) 2	\$36.84 (+1.1)	\$36.43 (+4.9)	p.5
Reimbursements (millions)	\$36.82 (+1.1)	\$36.41 (+4.9)	T1.3 p.5
Eligible vehicles	184 492 (-7.3)	199 018 (+1.4)	T1.1 p.3
Sea passengers 3	201 280 (-0.5)	202 270 (+4.4)	TC.1,TC.2,TC.3
Air passengers 3	1 650 488 (+2.1)	1 616 478 (-1.2)	TC.1,TC.2,TC.3
Estimated extra motor vehicle passengers 4	81 831 (-2.2)	83 715 (+6.5)	T3.1 p.26
Estimated spending by extra visitors to Tasmania (million) 5	\$36.04 (+2.0)	\$35.32 (+20.7)	p.29

1 Data in brackets gives percentage change from previous year.

2 Total expenditure includes rebates paid, payments for bookings in future time periods and administration fees for the claims made by SeaRoad Shipping.

3 Return passengers including visitors to Tasmania, Tasmanian residents, minors and day-trippers.

4 BITRE estimate of the number of additional motor vehicle passenger who would not have travelled to Tasmania without the Scheme.

5 BITRE estimate of spending in Tasmania by the additional visitors' attributed to the Scheme.

Contents

Foreword	iii
Acknowledgements	iv
At a glance	v
Executive summary	xi
Chapter 1	
The Scheme.....	1
Administration.....	1
Operators.....	2
Rebates paid.....	4
Chapter 2	
Bass Strait sea and air travel.....	9
Sea services and related fares	9
Air services and related fares.....	16
Air and sea passenger trends.....	18
Visitor travel.....	18
Motor vehicle passenger and berth only passengers.....	20
Types of motor vehicles	21
Air and sea traffic	23
Chapter 3	
Effectiveness of the Scheme.....	25
Modelling the change in sea passenger numbers.....	25
Estimated impact on sea passenger numbers.....	26
Reliability of the estimates	27
Impact on tourism.....	28
Appendix A	
Sea passenger traffic model.....	31
The Melbourne-Devonport Model.....	31
Results of the Melbourne-Devonport Model	33
Appendix B	
TT-Line financial indicators.....	35
Appendix C	
Bass Strait travel 2009–2011	37
References	39

Tables

T E.1	Key facts: 2009–10 and 2010–11 ¹	vi
T 1.1	Total eligible vehicles carried by operator 2009–10 and 2010–11	3
T 1.2	One way rebates for eligible vehicles on the main Bass Strait and King Island route.....	5
T 1.3	Rebates paid to Bass Strait and King Island service providers for vehicles carried, 2009–10 and 2010–11 (nominal dollars)	5
T 1.4	TT-Line's average reimbursement per motor vehicle passenger, 1996–97 to 2010–11	6
T 2.1	TT-Line one-way voyages by vessel, 1995–96 to 2010–11	10
T 2.2	TT-Line average traffic per voyage by service, 1995–96 to 2010–11 ^d	11
T 2.3	TT-Line net vehicle fares as at the 30th June 2011	13
T 2.4	Benchmark one-way passenger fares Melbourne-Devonport (\$), as at end of 2009–10 and 2010–11	14
T 2.5	Motor vehicle fares for SeaRoad Shipping	16
T 2.6	Motor vehicle fares for Southern Shipping	16
T 2.7	Number of adult visitors travelling to Tasmania, by purpose and mode, 1996–97 to 2010–11 ^{a, b}	19
T 2.8	Eligible vehicles for which reimbursements paid, 2001–02 to 2010–11	22
T 3.1	Impact of the Bass Strait Passenger Vehicle Equalisation Scheme on Melbourne- Devonport motor vehicle passenger numbers, one-way trips, 1996–97 to 2010–11	26
T A.1	Time series data used to re-estimate the Melbourne-Devonport econometric model	32
T A.2	Regression results for the Melbourne-Devonport sea model 2010–11	33
T B.1	Selected financial information for TT-Line, 1996–97 to 2010–11 (\$'000).....	35
T B.2	Financial indicators (adjusted) for TT-Line, 1996–97 to 2010–11	36
T B.3	TT-line reimbursements and (adjusted) operating revenue, 1996–97 to 2010–11	36

T C.1	Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2009–10 ^a and 2010–11 ^a ('000).....	37
T C.2	Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2009–10 ('000) ^a	38
T C.3	Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2010–11 ('000) ^a	38

Figures

F 1.1	TT-Line operating revenue, expenses and number of voyages, 1992–93 to 2010–11	4
F 1.2	TT-Line rebate reimbursements under the Scheme, 1996–97 to 2010–11	6
F 1.3	Adjusted TT-Line revenue and revenue net of scheme rebates, 1992–93 to 2010–11	7
F 2.1	Real sea package prices for the peak season as at the end of June, with and without the standard rebate.....	15
F 2.2	Air passengers between Tasmania and the mainland—one-way trips, 1985–86 to 2010–11	17
F 2.3	Melbourne–Hobart airfare indices, January 2002 to July 2011	18
F 2.4	Number of sea passengers carried across Bass Strait, one-way trips, 1983–84 to 2010–11 ^{a, b}	20
F 2.5	Sea and air passengers carried across Bass Strait, return journeys, 1993–94 to 2010–11	23

Executive summary

The Australian Government spent \$36.8 million (up 1 per cent) in 2010–11 on the Bass Strait Passenger Vehicle Equalisation Scheme (the Scheme) and \$36.4 million in 2009–10 (up 5 per cent on 2008–09).

The Scheme is intended to reduce the cost of sea travel. Passengers travelling with a vehicle across Bass Strait can receive a rebate funded by the Australian Government under the Scheme. The rebate is applied against the fare charged by a ferry operator to transport an accompanied passenger vehicle across Bass Strait.

These vehicle fare reductions are intended to increase the demand for travel across Bass Strait, with direct benefits to the tourist industry and potential growth in jobs, investment and population for Tasmania (Sharp 1996, p. 1).

The Ministerial Directions governing the Scheme were amended in June 2008, affected its operation and administration between 1 July 2009 and June 2011. Under the changes:

- the Scheme is now reviewed by BITRE every two years, and there is a separate annual review of the level of the rebate.
- Drivers with a medical condition who are unable to travel by sea may now be eligible for a reduced passenger vehicle fare when shipping their vehicle and flying across Bass Strait.
- Drivers who fly across Bass Strait between the Australian mainland and either King Island or the islands in the Furneaux Group, but ship their vehicles, may also be eligible for a rebate.

Over the two year period of this review rebates for eligible vehicles increased due to the annual indexing:

- on 1 July 2009 rebates increased by 1.6 per cent. One-way rebates increased to up to \$183 for a car, \$91 for a motorbike, \$25 for a bicycle and up to \$366 for an eligible motor home.
- on 1 July 2010 rebates increased by 2.7 per cent. One-way rebates increased to up to \$188 for a car, \$93 for a motorbike, \$26 for a bicycle and up to \$374 for an eligible motor home.

Three operators provided Bass Strait services between 1 July 2009 and June 2011: TT-Line, Southern Shipping and SeaRoad Shipping. TT-Line carried over 99 per cent of eligible passengers.

Southern Shipping went into receivership in January 2010. In December of 2009 a new shipping company Furneaux Freight Pty Ltd was formed by the former owners of Southern Shipping Pty Ltd to replace the Southern Shipping service.

TT-Line – wholly owned by the Tasmanian Government – reported an after-tax profit of \$0.5 million in 2010–11 and an after-tax profit of \$20.2 million in 2009–10 (primarily due to a one-off tax benefit). The company made a loss of \$2.43 million in 2008–09.

After adjusting for capital items, TT-Line's:

- average revenue per voyage increased by 1.3 per cent in 2009–10 and decreased 1.4 per cent in 2010–11
- average voyage operating expenses decreased by 3.6 per cent in 2009–10 and a further 0.2 per cent in 2010–11
- average cost per passenger decreased by 4.6 per cent in 2009–10 and a further 0.1 per cent in 2010–11.

TT-Line achieved its plan to be debt-free by the end of 2010–11 with the final debt payment of \$25 million in June 2011 (TT-Line 2011).

Sea fares increased through the two year period.

TT-Line made a number of significant changes to passenger fare structures in the period July 2009 to June 2011. During 2009–10 TT-Line introduced a number of promotional fares, and in 2010–11 the TT-Line passenger fare system was significantly restructured.

Southern Shipping fares increased in-line with the Consumer Price Index.

SeaRoad Shipping fares increased by approximately 8 per cent over the period, with a fuel surcharge that varied month to month.

BITRE's benchmark net sea fare—based on selected TT-Line peak season fares inclusive of the rebate—was \$651 one-way at the end of June 2011. This benchmark net sea fare was \$614 at the end of June 2010 and \$627 at end June 2009. However, BITRE cautions that TT-Line fare structure changes since June 2009 limit the ability to directly compare packages before and after the changes.

The real value of this benchmark sea package:

1. decreased 4.4 per cent between June 2009 and June 2010, and
2. increased 2.8 per cent between June 2010 and June 2011

In real terms, the cost of BITRE's sea package decreased 1.6 per cent between June 2009 and June 2011.

Air fares also varied over the two year period. BITRE's air fare indices indicate significant volatility:

- The internet discount fare index decreased by 23 per cent between June 2009 and June 2011.
- The restricted economy index increased by 4 per cent between June 2009 and May 2011, before falling by 34 per cent in the month of June 2011.
- The internet full economy index increased steadily until June 2011, at which point it decreased 22 per cent.

Trends in travel across Bass Strait in 2009–10 and 2010–11 included:

- Total adult air and sea passenger numbers remained relatively stable around 1.7 million adult passengers.
- Air travel's modal share remained at nearly 90 per cent in 2009–10 and 2010–11.
- The number of people travelling by sea increased by 5.0 per cent in 2009–10 then decreased by 1.1 per cent in 2010–11 but still remained above 2008–09 levels.
- Sea travel by Tasmanians travelling for business purposes to the mainland increased in 2009–10 to an estimated 26 700, then declined over 15 per cent in 2010–11.
- Air travel by visitors travelling for business purposes to Tasmania grew by over 9 per cent to an estimated 228 500 in 2009–10, then decreased by 1.7 per cent in 2010–11.
- Sea travel by visitors travelling for business purposes to Tasmania increased by nearly 30 per cent to an estimated 27 800 passengers in 2009–10, then declined by over 9 per cent to an estimated 25 200 passengers in 2010–11.

BITRE's econometric modelling indicates that the number of motor vehicle passengers may have been 30.0 per cent higher than without the Scheme. However, the analysis also indicates that up to 25 per cent of these additional motor vehicle passengers may have travelled anyway as berth-only sea passengers without the Scheme.

BITRE estimates that 15 000 new leisure visitors travelled by sea between Melbourne and Devonport in 2010–11 as a result of the Scheme (14,700 in 2009–10). These additional visitors spent an estimated \$36.0 million in 2010–11 (\$35.3 million in 2009–10).

These estimates exclude spending by visitors travelling for business, visiting friends/relatives or other purposes, and benefits to Tasmanians who travelled by sea.

CHAPTER I

The Scheme

In August 1996, the Commonwealth Minister for Transport and Regional Development announced the introduction of the Bass Strait Passenger Vehicle Equalisation Scheme (the Scheme) from 1 September 1996.

The aim of the Scheme is 'to reduce the cost of sea travel across Bass Strait for passengers' accompanying an eligible vehicle.

Passengers travelling with a vehicle across Bass Strait can receive a rebate funded by the Australian Government under the Scheme. This rebate is applied against the fare charged by a ferry operator to transport an accompanied passenger vehicle across Bass Strait.

The Minister noted that the resulting fare reductions would help to increase the demand for travel across Bass Strait, with direct benefits to the tourist industry and potential growth in jobs, investment and population for Tasmania (Sharp 1996, p. 1).

On 1 March 2001, the Scheme was extended to cover the carriage of vehicles between King Island and mainland Australia. As sea passenger services were not provided on the King Island route, the rebate is available for passenger vehicles carried by sea where the driver travelled by commercial air service on or about the same day.

Administration

The Scheme operates under a set of Ministerial Directions. These Directions were issued in June 2008 and amended on 30 September 2010. There is now an annual review of the rebate allowing for indexing of the rebate if deemed appropriate. The Ministerial Directions are administered by Tasmanian Transport Programs, a business unit within Department of Human Services.

Policy direction and funding for the Scheme is provided by the Surface Transport Policy Division of the Department of Infrastructure and Transport.

The Bureau of Infrastructure, Transport and Regional Economics is required to monitor the effectiveness of the Scheme every two years. Clause 17 of the Ministerial Directions state that:

- 17.1 A Service Operator who claims reimbursement under the Scheme shall be subject to monitoring by the Bureau.

17.2 The Bureau shall, every two years, monitor the effectiveness of the Scheme over the previous two year period (the first such period being from 1 July 2007 to 30 June 2009). The monitoring shall be done with specific regard to:

- a) movement in fare prices in the relevant two year period; and
- b) movement in the number of eligible passengers, eligible passenger vehicles and passengers travelling under related bookings, carried in the relevant two year period.

17.3 A Service Operator shall comply with all reasonable requests by the Bureau for information or access to documentation, in relation to the Bureau's monitoring function.

BITRE has prepared twelve previous reports on the Scheme, the most recent covering 2007–2009.

Operators

Three companies—TT-Line Company Pty Ltd (TT-Line), SeaRoad Shipping¹ and Southern Shipping—provided Bass Strait sea services in 2009–10 and 2010–11.

Southern Shipping was placed into receivership in January 2010, at which point the Tasmanian Government moved to terminate Southern Shippings Flinders Island service contract (Lloyds list DCN Newswire, 21-Jan-2010). Furneaux Freight replaced the Southern Shippings service. As quoted by Furneaux Freight:

“In December of 2009, a new shipping company ‘Furneaux Freight Pty Ltd’ was formed by the former owners of Southern Shipping Pty Ltd with the aim to provide a reliable service the Furneaux Group of Islands.” (Source: http://www.furneauxfreight.com.au/index.php?option=com_content&view=article&id=2&Itemid=4).

TT-Line carried 407 636 one-way passengers and 184 110 eligible vehicles in 2010–11, up from 405 554 one-way passengers and down on 198 677 eligible vehicles in 2009–10.

Spirit of Tasmania I and *Spirit of Tasmania II* operated the Melbourne–Devonport route.² Each ship can carry up to 1400 passengers, with a maximum passenger capacity of 1040 passengers on night crossings, with a vehicle capacity for each vessel being 660 per sailing.

SeaRoad Shipping operated a once-a-week freight-only service using the *Searoad Mersey* between Port Melbourne and Grassy Port, King Island. Sea passenger services are not available on the SeaRoad Shipping service. Under the Scheme, a rebate is available for eligible passenger vehicles on the King Island route where the driver travels by commercial air service on or about the same day.

The *Searoad Mersey* carried 382 eligible vehicles in 2010–11, up from 340 eligible motor vehicles in 2009–10.

¹ Formerly Patrick Shipping. The Chas Kelly Transport Group acquired Patrick Bass Strait Shipping from the Toll group on 1 April 2008. The new operation is known as SeaRoad Shipping.

² *Spirit of Tasmania I* and *II* have operated the Melbourne–Devonport route since 1 September 2002 when they replaced the *Spirit of Tasmania*. These two new vessels increased the passenger capacity by 212 per cent and the available motor vehicle capacity by 185 per cent (BTRE 2004).

Southern Shipping operated a service using the *Matthew Flinders* between the Tasmanian ports of Bridport, Bell Bay and Lady Barron, Flinders Island, before going into receivership in January 2010. Southern Shipping allowed passengers to travel with their cars as they are not eligible for assistance if they travel by air.

The *Matthew Flinders* carried one eligible vehicle in 2009–10.

T 1.1 Total eligible vehicles carried by operator 2009–10 and 2010–11

Operator	2009–10		2010–11	
	Motor vehicles carried	Share of total (per cent)	Motor vehicles carried	Share of total (per cent)
TT-Line	198 677	99.8	184 110	99.8
SeaRoad Shipping	340	0.2	382	0.2
Southern Shipping a	1	0.0	na	na
Furneaux Freight b	-	-	-	-
Total Vehicles	199 018	100	184 492	100

a. Southern Shipping was placed into receivership in January 2010.

b. No claims were lodged by Furneaux Freight for 2009–10 and 2010–11.

Source Tasmanian Transport Programs team, Centrelink—personal communications 2011.

This section presents financial indicators for TT-Line, which accounts for over 99 per cent of payments under the Scheme.

TT-Line reported for 2010–11:

- an underlying operating profit of \$12.3 million, compared with \$13.7 million in 2009–10 and \$6.7 million in 2008–09
- an after-tax profit of \$0.5 million, compared with an after tax profit of \$20.2 million in 2009–10 (primarily due to a one-off tax benefit) and loss of \$2.43 million in 2008–09
- operating revenues of \$181.2 million, compared with \$182.6 million in 2009–10 (a 0.7 per cent decrease)
- operating expenses of \$168.8 million, compared with \$168.0 million (0.4 per cent increase) in 2009–10.

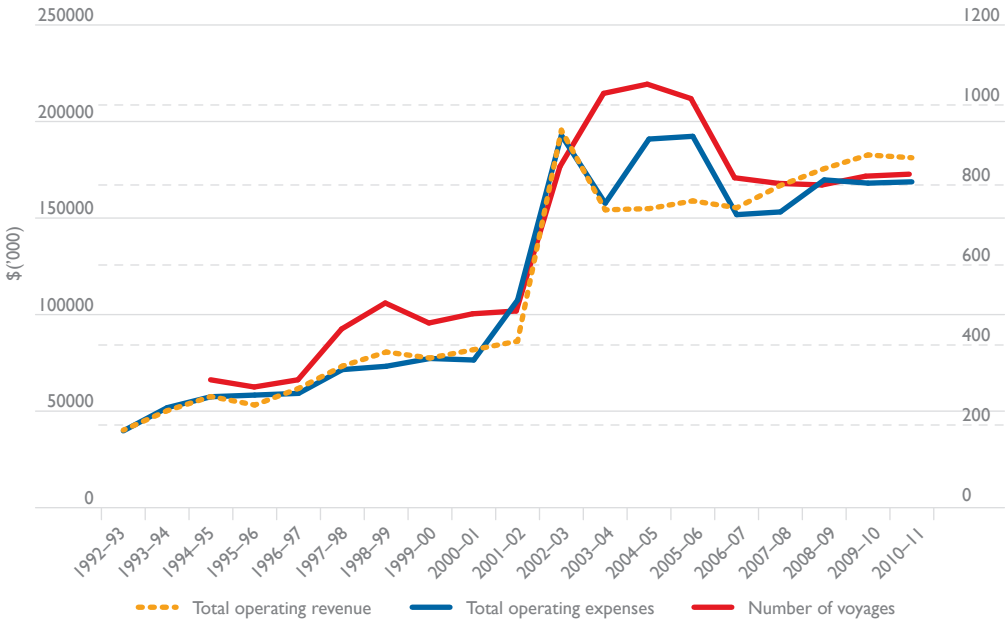
The after-tax profit in 2009–10 was primarily due to a one-off tax benefit in its Statement of Comprehensive Income (a non-cash item).

After adjusting for capital items, TT-Line's:

- average revenue per voyage increased by 1.3 per cent in 2009–10 and decreased 1.4 per cent in 2010–11
- average voyage operating expenses decreased by 3.6 per cent in 2009–10 and a further 0.2 per cent in 2010–11
- average cost per passenger decreased by 4.6 per cent in 2009–10 and a further 0.1 per cent in 2010–11.

Figure 1.1 shows the gap between operating revenue and operating costs and the change in the number of TT-Line voyages.

F 1.1 TT-Line operating revenue, expenses and number of voyages, 1992–93 to 2010–11



Note: 2004–05 operating expenses exclude asset devaluation, and 2005–06 operating expenses exclude asset revaluation.
Source: TT-Line (2011) and previous annual reports.

Rebates paid

Vehicle rebates changed in July 2009 and July 2010. Table 1.2 summarises the one-way rebates for eligible vehicles as at 30 June 2010 and 30 June 2011.

TT-Line continues to apply a seasonal fare structure and the constant rebate reduces the aggregate sea fare for passengers with an eligible accompanying vehicle.

The TT-Line seasonal fare structure changed to a two season (peak and off-peak) in September 2009 from the previous three season structure (peak, shoulder and off-peak periods). Rebates on the King Island route are constant throughout the year.

T 1.2 One way rebates for eligible vehicles on the main Bass Strait and King Island route

	June 2010	June 2011
<i>Eligible vehicle class</i>	<i>Rebate (\$)</i>	<i>Rebate (\$)</i>
Motor car or bus	Up to 183	Up to 188
Motor home	Up to 366	Up to 374
Eligible passenger vehicle towing a caravan	Up to 366	Up to 374
Motorcycle	Up to 91	Up to 93
Bicycle	Up to 25	Up to 26

Note: The round trip rebate is exactly double the one-way trip rebate.

Sources: Department of Transport and Regional Services (2002, pp. 10–11). TT-Line – personal communications (2011).

In 2010–11, the Australian Government spent \$36.8 million under the Scheme—an increase of 1 per cent over 2009–10.

Expenditure in 2009–10 was \$36.4 million, up 5 per cent over 2008–09.

Total expenditure includes rebates paid, payments for bookings in future time periods, and administration fees for the claims made by SeaRoad Shipping.

The Scheme is demand driven and uncapped, with funding varying with the number and mix of eligible vehicles carried across Bass Strait.

Three service providers were paid rebates in 2009–10 and two service providers in 2010–11 (Table 1.3).

T 1.3 Rebates paid to Bass Strait and King Island service providers for vehicles carried, 2009–10 and 2010–11 (nominal dollars)

<i>Service Provider</i>	<i>2009–10</i>	<i>2010–11</i>
TT-Line	36 348 243	36 751 700
SeaRoad Shipping	62 109	71 661
Southern Shipping	183	0
Total rebates paid	36 410 535	36 823 361

Source: Tasmanian Transport Programs, Centrelink—personal communications 2011.

In 2010–11, rebates paid \$36.82 million under the Scheme—an increase of 1.1 per cent over 2009–10, whereas rebates paid in 2009–10 increased by 5.0 per cent over 2008–09. Over 99 per cent of rebates under the Scheme went to eligible passengers with an accompanying vehicle travelling on TT-Line services.

Table 1.4 presents TT-Line nominal payments and the average reimbursement per motor vehicle passenger. Reimbursements almost doubled in 2002–03 due to the combined effect of the increase in capacity with the introduction of Spirit of Tasmania I and II and the 1 September 2002 changes to the Ministerial Directions (Table 1.4 and Figure 1.2).

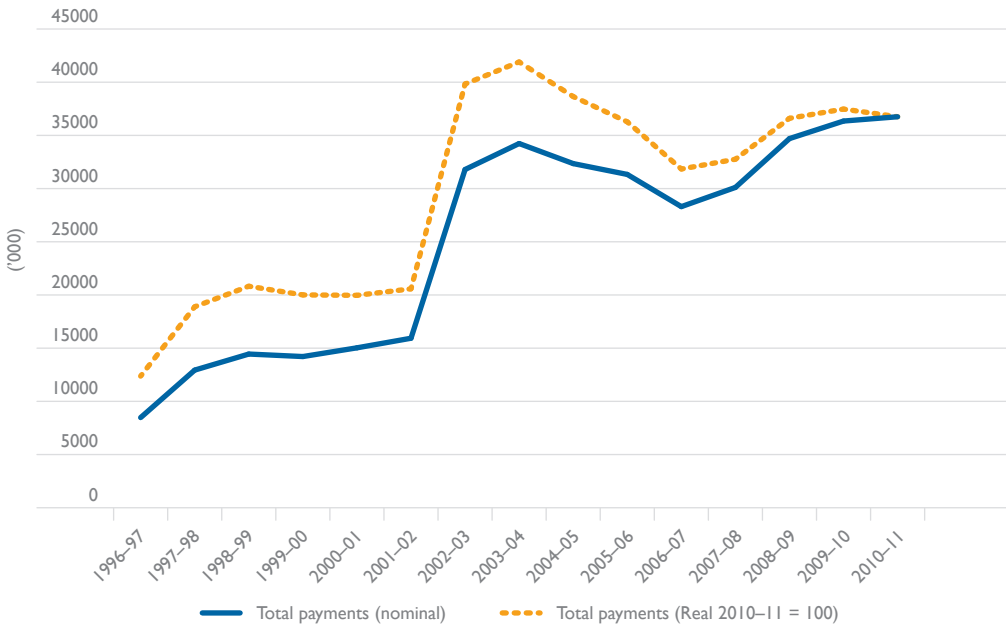
T 1.4 TT-Line's average reimbursement per motor vehicle passenger, 1996–97 to 2010–11

	Reimbursements paid to TT-Line (\$)		Motor vehicle passengers (one-way trips)	Average reimbursement per motor vehicle passenger (\$)	
	Nominal	Real ^a		Nominal	Real ^a
1996–97	8 474 915	12,371,509	153 045	55.4	80.8
1997–98	12 938 565	18,891,381	231 098	56.0	81.7
1998–99	14 446 755	20,820,759	261 487	55.2	79.6
1999–00	14 211 445	20,005,408	248 745	57.1	80.4
2000–01	15 030 670	19,966,029	259 438	57.9	77.0
2001–02	15 932 170	20,575,879	272 922	58.4	75.4
2002–03	31 793 065	39,829,236	432 498	73.5	92.1
2003–04	34 235 612	41,902,528	438 841	78.0	95.5
2004–05	32 349 808	38,651,361	395 928	81.7	97.6
2005–06	31 331 361	36,274,340	384 974	81.4	94.2
2006–07	28 304 136	31,840,453	340 273	83.2	93.6
2007–08	30 109 449	32,758,894	335 881	89.6	97.5
2008–09	34 699 147	36,606,896	342 099	101.4	107.0
2009–10	36 348 243	37 474 121	356 125	102.1	105.2
2010–11	36 751 700	36 751 700	354 864	103.6	103.6

a. Real 2010–11 dollars

Source Tasmanian Transport Programs, Centrelink—personal communications (2011 and earlier); TT-Line—personal communications (2011 and earlier).

F 1.2 TT-Line rebate reimbursements under the Scheme, 1996–97 to 2010–11



Note: Data relates to vehicles shipped and excludes advanced payment numbers for scheduled bookings.
Source Tasmanian Transport Programs, Centrelink—personal communications 2011

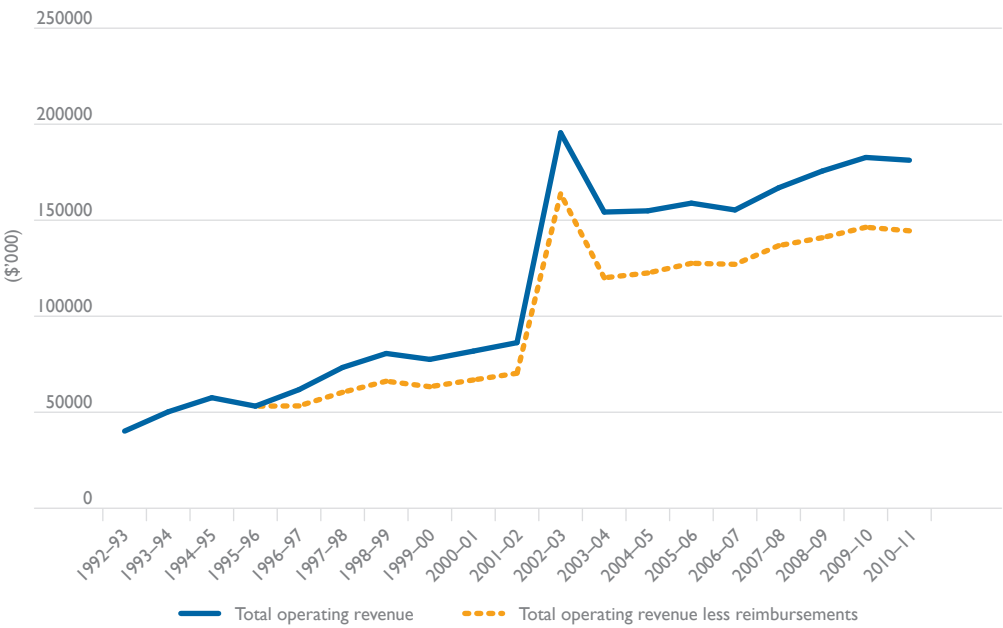
Total nominal rebate payments have increased each year since 2006–07.

The average nominal rebate for each TT-Line per motor vehicle passenger has increased from \$83.20 in 2006–07 to \$103.60 in 2010–11, a real increase of 10.6 per cent over four years (Table 1.4).

The average rebate per motor vehicle passenger has increased in nominal terms but decreased in real terms due to an increase in the average number of people per eligible vehicle (from 1.75 in 2008–09 to 1.93 in 2010–11) and the increase in vehicle rebates on 1 July 2009 and 1 July 2010.

Figure 1.3 shows reimbursements to TT-Line and TT-Line’s operating revenue. Reimbursements represented 20.3 per cent of TT-Line operating revenue in 2010–11.

F 1.3 Adjusted TT-Line revenue and revenue net of scheme rebates, 1992–93 to 2010–11



Note: Excludes gross proceeds (\$61.2 million) in 2002–03 from the sale of the *Spirit of Tasmania*.
Source: TT-Line (2011) and previous annual reports.

CHAPTER 2

Bass Strait sea and air travel

An estimated 1.73 million adult passengers travelled by air and sea across Bass Strait in 2010–11 (1.71 million in 2009–10). This was an additional 18 000 passengers compared to 2009–10, representing a 1.1 per cent increase (see Appendix C).³

The 1.71 million adult passengers in 2009–10 represents a decrease of over 17 000 passengers on 2008–09, or a decrease of 1.0 per cent. The last three years has seen the number of adult passengers remain around 1.7 million passengers.

Some of the more significant changes in travel across Bass Strait in 2009–10 and 2010–11 were:

- total adult air and sea passenger numbers remained relatively stable around 1.7 million adult passengers
- air travel's modal share has decreased slightly to 89 per cent in 2009–10 and 2010–11
- the number of people travelling by sea increased by 5.0 per cent in 2009–10 then decreased by 1.1 per cent in 2010–11.
- sea travel by Tasmanians travelling for business purposes to the mainland continued to grow in 2009–10 to an estimated 26 700, then declined over 15 per cent in 2010–11
- air travel by visitors travelling for business purposes to Tasmania grew by over 9 per cent to an estimated 228 500 in 2009–10, then decreased by 1.7 per cent in 2010–11
- sea travel by visitors travelling for business purposes to Tasmania increased by nearly 30 per cent to an estimated 27 800 passengers in 2009–10, then declined by over 9 per cent to an estimated 25 200 passengers in 2010–11.

Sea services and related fares

The annual number of TT-Line voyages increased from 295 in 1995–96 to 1052 in 2004–05 (Table 2.1).

Total voyages increased significantly with the introduction of the Sydney–Devonport service on 13 January 2004, before declining with the termination of Sydney service in August 2006.

The number of Melbourne–Devonport voyages increased in 2009–10 and increased again in 2010–11.

³ Tourism Tasmania 'Tasmanian Visitor Survey'—personal communications (2001; 2007; 2011).

T 2.1 TT-Line one-way voyages by vessel, 1995–96 to 2010–11

Year	<i>Spirit of Tasmania</i>	<i>Devil Cat</i>	<i>Spirit of Tasmania IIII</i>	<i>Spirit of Tasmania III c</i>	Total voyages
1995–96	295	na	na	na	295
1996–97	313	na	na	na	313
1997–98	323	117	na	na	440
1998–99	334	171	na	na	505
1999–00	347	108	na	na	455
2000–01	379	99	na	na	478
2001–02	367	118	na	na	485
2002–03	(a)	na	846	na	846
2003–04	na	na	894	135 b	1029
2004–05	na	na	832	220	1052
2005–06	na	na	812	204	1016
2006–07	na	na	805	13	818
2007–08	na	na	804	na	804
2008–09	na	na	800	na	800
2009–10	na	na	822	na	822
2010–11	na	na	827	na	827

na not applicable

a. Voyages made by *Spirit of Tasmania* in 2002–03 before its replacement in September 2002 are included in the number of voyages made by *Spirit of Tasmania I* and *Spirit of Tasmania II*.

b. *Spirit of Tasmania III* began operating the Sydney–Devonport route on 13 January 2004. Voyage total for 2003–04 therefore reflects approximately six months data.

c. *Spirit of Tasmania III* operated an extra Melbourne–Devonport service on 15 December 2004 and replaced its sister ships during their biannual dry-dockings from 17 July to 7 August.

Source TT-Line (2011) and previous Annual Reports.

The average number of passengers per voyage increased to 493 in 2009–10, and remained stable in 2010–11.

While the average number of vehicles per voyage was 228 in 2009–10, the same as the previous year, it decreased marginally to 221 in 2010–11 (Table 2.2).

T 2.2 TT-Line average traffic per voyage by service, 1995–96 to 2010–11^d

Year	Passengers a per voyage		Vehicles per voyage	
	Melbourne	Sydney	Melbourne	Sydney
1995–96	732	na	214	na
1996–97	828	na	258	na
1997–98	714	na	253	na
1998–99	680	na	246	na
1999–00	710	na	264	na
2000–01	692	na	266	na
2001–02	718	na	278	na
2002–03	596	na	248	na
2003–04 b	528	249	238	116
2004–05	472	271	226	131
2005–06	443	396	212	188
2006–07 c	482	439	230	240
2007–08	479	na	220	na
2008–09	488	na	228	na
2009–10	493	na	228	na
2010–11	493	na	221	na

na not applicable.

a. Includes passengers with an accompanying motor vehicle and berth-only passengers.

b. The eligible vehicles per voyage figures for 2003–04 are derived by vehicles per claim period which may not correspond exactly to TT-Line figures.

c. The Sydney–Devonport route represents two months of traffic data.

d. The average vessel size increased substantially with the introduction of the *Spirit of Tasmania I* and *Spirit of Tasmania II* in September 2002, increasing available capacity. TT-Line further increased the capacity of its ships by 60 vehicles per sailing in 2006–07 (TT-Line 2007).

Source TT-Line (20011) and previous Annual Reports.

The effect of the rebate for an eligible motor vehicle passenger varies according to the passenger fare type (full fare or concession), season of travel, any TT-Line promotional fare deals, the passenger's choice of accommodation and their vehicle type.

TT-Line's passenger fares vary during the year reflecting seasonal patterns in demand.

TT-Line has a flat fare year round for standard cars, motor bikes and bicycles and vehicles less than six metres long and two metres wide, fares for larger vehicles vary depending on the season.

TT-Line made a number of changes to passenger fares in the period July 2009 to June 2011.

During 2009–10 TT-Line introduced a number of promotional fares. Over the two year period there were 21 different passenger fare types. These include the standard passenger "FLEXX" and "Spirit" fares and a variety of promotional or campaign deals.

Some of the key points for passenger fares are:

1. the fuel surcharge was dropped from all passenger fares from 1 February 2009
2. between 1 July 2009 and 14 September 2009 the three season fare structure was utilised
3. from the 14 September 2009 a two season fare structure was introduced, this effectively shifted the previous shoulder season into the new off-peak season and opened up a new addition to the traditional peak season around April (22 March 2010 to 9 April 2010)
4. from 14 September 2009, passenger fares were split between day and night sailings, with day sailing fares heavily discounted
5. Day sailings operate during the peak season around the summer months and for a period around April
6. limited numbers of certain promotional fares are made available. Generally full payment is required at time of booking. Payment may be 100 per cent non-refundable and may not permit date or time changes or name changes
7. a tier fare structure was introduced from 17 May 2010 with base passenger fares and additional costs for cabin upgrades.

In addition to their own fare, TT-Line passengers pay a fare for their accompanied passenger motor vehicle. Table 2.3 gives vehicle fares as at 30 June 2011.

As at 1 July 2009 the net fare for a standard passenger car was \$72 per vehicle (a gross vehicle fare of \$255 less a rebate of \$183 per vehicle).

Melbourne–Devonport vehicle fares changed three times during the period 1 July 2009 to 30 June 2011, including fare changes by TT-Line and changes in rebates. The changes were:

1. From 14 September 2009 vehicle fares increased by about 2.75 per cent, giving a standard car fare as \$79.
2. On 1 July 2010 vehicle fares dropped due to the annual indexing of the rebate, giving a standard car fare of \$74 with a \$188 rebate.
3. From 3 September 2010 vehicle fares increased by approximately 6.7 per cent giving the fare for a standard car of \$79 (with a rebate of \$188).

As at 1 July 2011 the net fare for a standard passenger car was \$73 per vehicle (a gross vehicle fare of \$267 less a rebate of \$194 per vehicle).

T 2.3 TT-Line net vehicle fares as at the 30th June 2011

Vehicle type – length	Off-peak	Peak
Standard cars/vehicles and vehicles towing trailers less than 2.0 metres wide		
0.1 –5.0 metres	79	79
5.1–6.0 metres	89	89
Campervans/motor homes less than 2 metres wide		
0.1 –5.0 metres	79	79
5.1–6.0 metres	89	89
Motor homes/campervans and vehicles towing caravans		
0.1–7.0 metres	93	134
7.1–8.0 metres	161	213
8.1–9.0 metres	229	292
9.1–10.0 metres	297	371
10.1–11.0 metres	365	450
Over 11.0m + \$/per metre	68	79
Vehicles towing trailers or vehicles other than motor homes/campervans ^a and buses		
0.1–6.0 metres	89	128
6.1–7.0 metres	276	317
7.1–8.0 metres	344	396
8.1–9.0 metres	412	475
9.1–10.0 metres	480	554
10.1–11.0 metres	548	633
Over 11.0m + \$/per metre	68	79
Motor bikes	53	53
Motor bike with side car or trailer	79	79
Push bikes	7	7

Note: Where total length is greater than 6 metres or width greater than 2 metres. Maximum height is 4.2 metres. Maximum width is 2.4 metres.

Source TT-Line personal communications (2011)

BITRE has constructed a benchmark one-way sea fare in order to better understand changes in sea fares over time.

This benchmark for the Melbourne–Devonport route for a TT-Line sea travel package for two adults with an inside three to four berth cabin, a motor car and two meals purchased on board. The benchmark sea fare for 2009–10 is based upon the generally available passenger rates and not campaign or promotional fares. The latter fare types – while considerably cheaper – may not be generally available. For 2010–11 the benchmark sea fare is based upon a night sailing fare representative of peak season fares (Tier 1). Other fare types (Tier 2 to Tier 5) may be significantly lower but not necessarily available in the peak period. For example, Tier 5 fares for a night sailing would be expected to be available during off-peak (low demand) periods.

The passenger component of BITRE’s benchmark fare is for an adult in the peak season. BITRE has modified its methodology to take account of changes in TT-Line passenger fare structures in both 2010 and 2011. While the fare series is broadly indicative of changes in fare levels, the benchmark fare values for 2011 and 2010 are not directly comparable with previous years. The benchmark passenger fares are illustrated in Table 2.4.

T 2.4 Benchmark one-way passenger fares Melbourne-Devonport (\$), as at end of 2009–10 and 2010–11

Passenger type	June 2010		June 2011	
	Off-Peak	Peak	Off-Peak	Peak
Adult	186	247	232 (97)	332 (197)
Pensioner	130	172	193 (58)	253 (118)
Child	74	148	169 (34)	204 (69)

Notes: June 2010 fares calculated using TT-Line fares are for an inside cabin (3-4 berth), the benchmark accommodation for calculating the rebate.
 June 2011 fares are base per person fares with an additional cabin upgrade price of \$135 for an inside 3 berth cabin.
 June 2011 fares in brackets are the base per person fare.
 June 2010 and June 2011 fares are not directly comparable.
 Melbourne-Devonport fares exclude meals.
 Calculated using unpublished TT-Line fare information applicable at 30 June of the relevant year.
 Actual fare levels during respective seasons may have differed.

Source TT-Line personal communications (2011)

BITRE’s benchmark net peak season sea fare (with the rebate) at the end of June 2011 was \$651 one-way. This compares with \$614 at the end of June 2010 and \$627 at end June 2009. However, BITRE cautions that there have been significant changes in TT-Line fare structures since June 2009.

The effect of the Scheme on sea travel costs is illustrated in the following example.

- During the off-peak (or low demand) season—April to December—BITRE’s package sea fare, including the passenger fare, the cabin upgrade, net vehicle fare (with the rebate) and meals, would have been \$452 one-way.
- For a return journey and average sixteen night stay in Tasmania (with a \$22 per day spend on transport for people taking their own vehicle), the cost of the off-peak sea package would have been \$1256. The cost of this off-peak package would have increased by \$376 to \$1632 without the rebate—the Scheme reduced the cost of an off-peak sea package by 23.0 per cent.
- If it were an eight night stay, then the cost of this off-peak sea package would have been \$1080, \$1456 without the rebate—a 25.8 per cent reduction.

Figure 2.1 illustrates the effect of the standard rebate on the real (consumer price index adjusted) cost of the BITRE’s peak season sea package for two adults with a standard vehicle at the end of June each year.

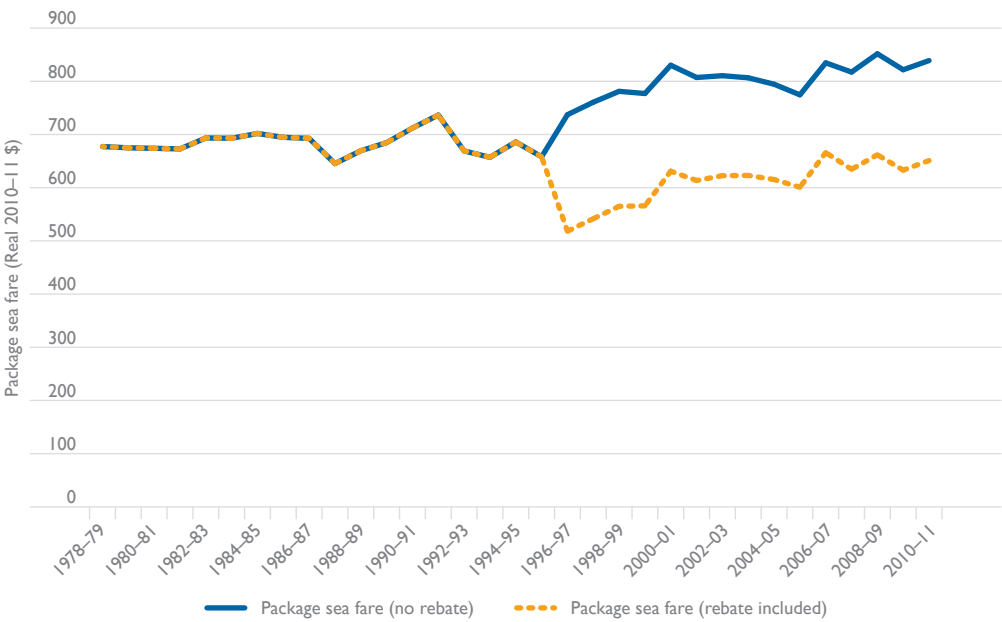
In real terms, the cost of BITRE’s sea package decreased 1.6 per cent between June 2009 and June 2011.

The real value of this sea package decreased 4.4 per cent between June 2009 and June 2010, then increased 2.8 per cent between June 2010 and June 2011.

It also indicates that the cost of a peak season sea package at the end of June 2011 was just below, in real terms, prices prior to the introduction of the Scheme.

This analysis should be treated with caution given major improvements in the ships used to provide the service, changes in the on-board service offerings, that this comparison is for the peak season only, and that passengers can choose different standards and prices of accommodation.

F 2.1 Real sea package prices for the peak season as at the end of June, with and without the standard rebate



Note: This fare series is indicative and should be treated with caution given changes in the characteristics of the ships used to provide the service, and the fact that passengers can choose different standards and prices of accommodation.

Source BITRE analysis.

Motor vehicle fares for the SeaRoad Shipping service (operated using the *Searoad Mersey*) are shown in Table 2.5. Eligible tourist vehicles on the SeaRoad Shipping service receive a free return trip, effectively halving the cost of a return trip. In order to receive the tourist vehicle rate the vehicle shipper must present air tickets, and return with the vehicle within three months.

Southern Shipping increased its motor vehicle fares in line with CPI. The fares applicable to June 2010 are shown in Table 2.6. Southern Shipping was not operating at June 2011.

T 2.5 Motor vehicle fares for SeaRoad Shipping

	June 2010	June 2011
Vehicle category	Cost one-way a	Cost one-way a
Vehicle up to 4.3m in length	\$362 + fuel surcharge + GST	\$371 + fuel surcharge + GST
Vehicle 4.3 to 5.5 m in length	\$483 + fuel + GST	\$494 + fuel surcharge + GST

a. Bona fide tourist vehicles receive a free return trip, effectively halving the cost of a return trip. Conditions apply to tourist rate include: shipper must present air tickets, return trip within three months and same vehicle must be shipped both ways. King Island also charges some direct wharfage charges and the fuel surcharge varies month-by-month.

Source: SeaRoad Shipping personal communications (2011)

T 2.6 Motor vehicle fares for Southern Shipping

	June 2010
Vehicle category	Cost one-way
Vehicle up to 4.2 m long	\$348 + wharfage costs
Vehicle 4.2 m to 4.5 m long	\$476 + wharfage costs
Vehicle 4.5 m to 4.8 m long	\$569 + wharfage costs
Vehicle 4.8 m to 5.9 m long	\$718 + wharfage costs

Source: Southern Shipping personal communications (2006), BITRE estimates

Air services and related fares

One-way trips by domestic air passengers to and from Tasmania decreased to just under 3.2 million in 2009–10, then increased to over 3.2 million in 2010–11.

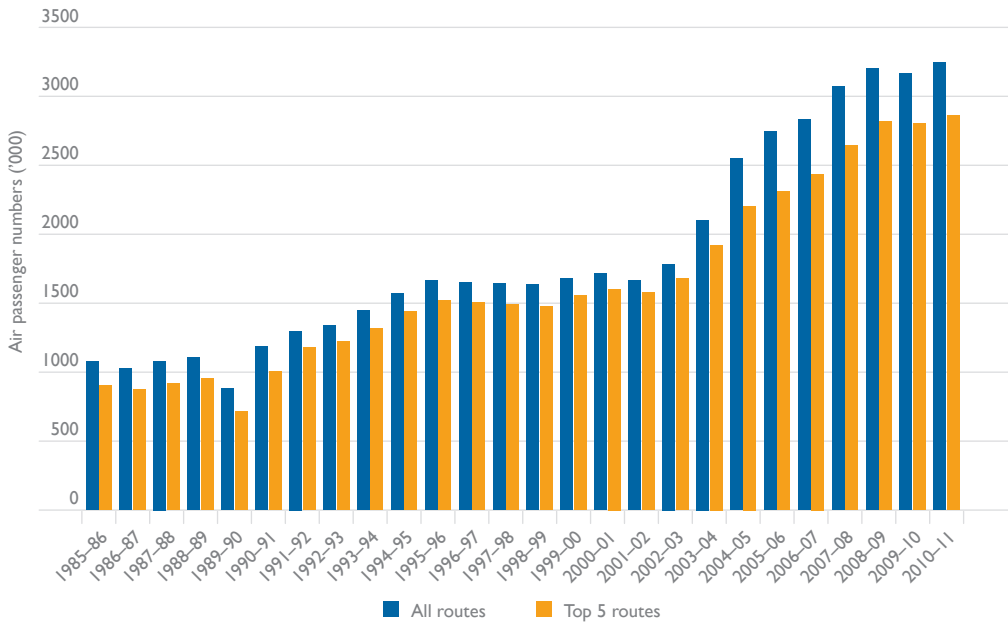
The top five routes accounted for just over 2.8 million one-way trips (88 per cent) of all air passengers on Tasmanian interstate routes (Figure 2.2). Brisbane – Hobart has replaced Melbourne – Devonport as a top five route.

Low cost carriers started operations to Tasmania in 2001:

- Virgin Blue began operating between Melbourne and Launceston on the 8 November 2001 (Virgin Blue, 2001).
- Jetstar—a low fares airline wholly owned by Qantas—commenced operations to Tasmania on 25 May 2004 (Jetstar, 2004). New routes between Adelaide and Hobart, and Brisbane and Launceston began in November 2004 and December 2004 respectively.
- Tiger Airways began services between Tasmania and the Australian mainland during November 2007.

The introduction of new routes has substantially increased the total number of air passengers.

F 2.2 Air passengers between Tasmania and the mainland—one-way trips, 1985–86 to 2010–11



Note: Passenger numbers are one-way trips by revenue passengers—those passengers paying any level of fare on scheduled domestic regular public transport services. Top five routes are Hobart–Melbourne, Launceston–Melbourne, Hobart–Sydney, Devonport–Melbourne (Brisbane–Hobart from 2009–10), and Launceston–Sydney.

Source: BITRE domestic air passenger data

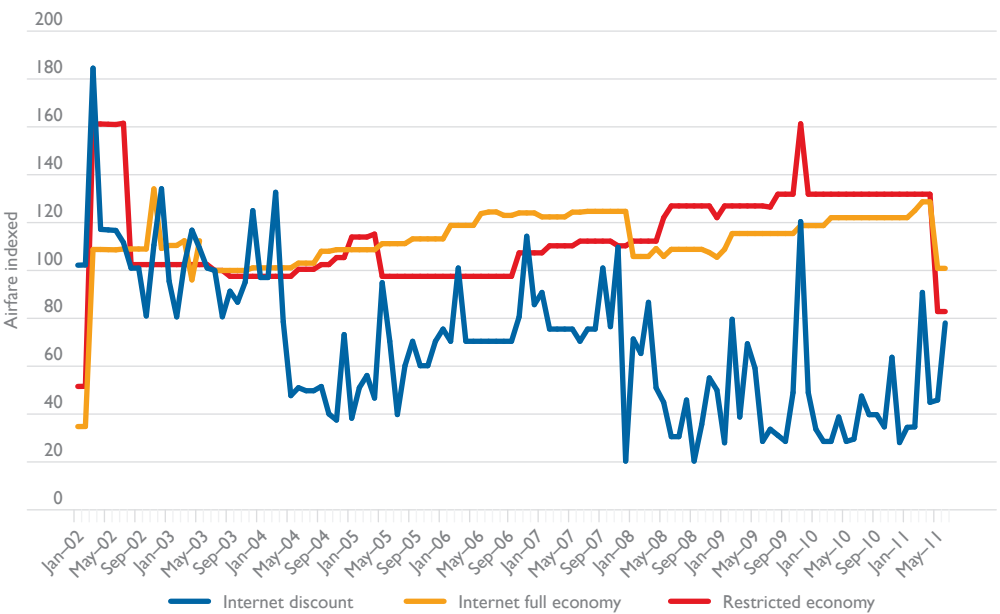
The entry of low cost airlines into the Tasmanian market has resulted in substantial falls in discount air fares (Figure 2.3). These falls in discount air fares have driven the rapid growth in the number of air passengers between the mainland and Tasmania since 2003–04.

BITRE's discount air fares index remained relatively stable between June 2006 and June 2007 after an increase of 26 per cent in the previous year. Between June 2007 and June 2009 there was no clear trend with the Internet Discount Fare index fluctuating significantly over this two year period. From June 2009 to June 2011 the Internet Discount Fare index decreased by 23 per cent.

BITRE's restricted Economy index increased by 4 per cent between June 2009 and May 2011, falling by 34 per cent in the month of June 2011, and the Internet Full Economy index increased steadily until June 2011, at which point it decreased 22 per cent⁴.

⁴ In June 2011 Virgin and Jetstar introduced a simplified fare structure which resulted in substantially lower fares used in the BITRE's indexing. Qantas also lowered their flexi saver fares on competing routes. These changes produced the sharp drop in the airfare indexes.

F 2.3 Melbourne–Hobart airfare indices, January 2002 to July 2011



Note: a. Base Index July 2003 = 100
Source: BITRE domestic air passenger data

Air and sea passenger trends

This section looks at trends in travel to Tasmania for visitors, motor vehicle and berth only passengers, types of vehicles, and sea and air passenger numbers.

Visitor travel

Table 2.7 gives the number of adult⁵ visitors to Tasmania (return trips) by purpose of travel and mode over the fifteen years to 2010–11. It includes sea passengers on the Sydney–Devonport service between January 2004 and August 2006.

⁵ Tourism Tasmania visitor data are for adult visitors only, and are not directly comparable with TT-Line data which are expressed in terms of one-way trips and include children.

T 2.7 Number of adult visitors travelling to Tasmania, by purpose and mode, 1996–97 to 2010–11 ^{a,b}

Purposel mode	Visitor numbers ('000)														
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Holiday/leisure															
Sea	49.5	71.7	85.2	86	77.9	79.1	120.2	120.1	102.7	102.4	92.3	88.4	90.4	82.6	89.6
Air	171.8	187.5	191.3	204.5	192.9	180.2	222.7	271.4	267.1	285.2	291.1	308.1	346.1	310.8	289.5
Visiting friends and relatives															
Sea	12.8	16.2	18.3	17.5	17.2	17.6	33.7	22.7	18.6	16.1	15.8	15.7	15.4	20.3	19.2
Air	113.5	102.1	106.9	95.8	114.7	102.7	113.6	149	172.9	212.5	206.1	218.9	224.9	240.2	239.3
Business															
Sea	4.0	4.1	4.9	4.8	5.2	5.5	13.3	15.5	14.6	11.3	13.6	13.3	15.0	15.1	15.1
Air	75.8	71.4	70.3	80.3	63.8	85.3	96.9	103.3	122.2	123.0	123.0	139.5	126.3	158.4	147.3
Other ^c															
Sea	7.3	4.4	5.5	3.9	9.2	8.4	11.5	7.7	10.4	11.1	6.1	5.3	6.5	12.7	10.2
Air	47.9	43.6	41.3	38.8	39	40.6	39.8	49.7	49.1	51.1	79.5	60.6	82.7	70.1	85.2
Total															
Sea	73.9	96.6	114.1	112.2	109.7	110.8	179	166.2	146.3	140.8	127.8	122.6	127.3	130.7	134.1
Air	409.2	404.8	409.8	419.4	410.5	409	473.2	573.5	611.2	671.7	699.3	727.1	779.9	779.5	761.3

Note: Data collected by survey and subject to sampling error.

^{a.} Excludes minors and day trippers.

^{b.} Includes passengers carried on the Sydney–Devonport services between January 2004 and August 2006.

^{c.} Includes attendance at conferences, other purposes and not specified.

Sources: Tourism Tasmania 'Tasmanian Visitor Survey'—personal communications (2001; 2007; 2011).

Tasmania experienced growth in the number of adult visitors travelling by sea for holiday and leisure purposes between 1996–97 and 2000–01.

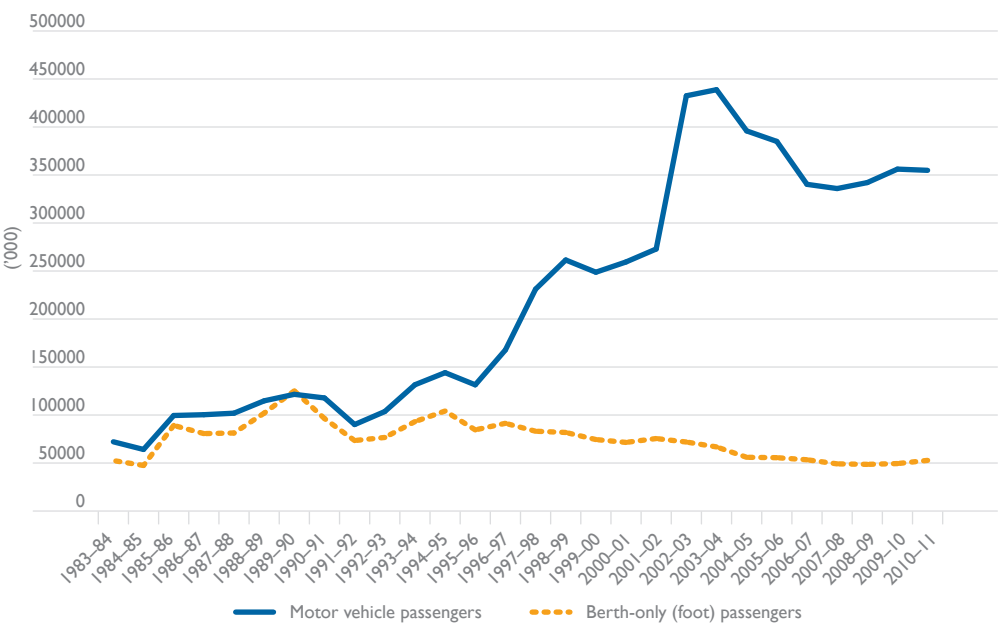
An increase in holiday and leisure sea visitors in 2002–03 was largely due to the upgrading of the TT-Line service. At the same time, the Scheme was changed by extending eligibility to other vehicle types and raising off-peak and shoulder rebates—changes that would have further stimulated growth in sea passenger numbers.

Since 2003–04 the number of adult sea passengers travelling for holiday/leisure purposes declined until an increase in 2008–09. A decrease occurred again in 2009–10 and a further increase in 2010–11.

Motor vehicle passenger and berth only passengers

Figure 2.4 presents data on the number of one-way motor vehicle sea passengers and berth-only sea passengers since 1995–96, including Sydney–Devonport passengers carried between January 2004 and August 2006.

F 2.4 Number of sea passengers carried across Bass Strait, one-way trips, 1983–84 to 2010–11 ^{a, b}



a. Includes both visitors and Tasmanian residents.
b. Sydney–Devonport data included for 2003–04, 2004–05, 2005–06 and 2006–07. The Sydney–Devonport services commenced 13 January 2004 and the final service departed Sydney on 27 August 2007.
Source TT-Line—personal communications 2011 and earlier.

The average number of motor vehicle passengers per eligible vehicle has remained around 2.0 (1.8 in 2009–10 and 1.9 in 2010–11) since the introduction of the Scheme, with changes in the number of motor vehicle passengers mirroring changes in the number of eligible vehicles.

The number of one-way berth-only passengers has declined by 37.6 per cent between 1995–96 (before the start of the Scheme) and 2010–11, while the number of one-way motor vehicle passengers has increased by 170 per cent over the same period.

This indicates that the Scheme caused substitution between these types of sea travel—that is, it encouraged sea passengers to take their own motor vehicle. One-way berth-only passenger numbers declined each year between 2001–02 and 2008–09, only recently showing an increase.

Figure 2.4 also shows a very large increase in total passenger numbers carried by TT-Line in 2002–03 associated with the introduction of the new ships. This net increase in passengers was due to a large increase in the number of motor vehicle passengers, while the number of berth-only passengers fell by 3661 (4.8 per cent).

Between 2003–04 and 2007–08, total one-way motor vehicle passenger numbers declined significantly.

In 2008–09, the number of one-way motor vehicle passengers increased by 6218 (1.8 per cent) and the number of berth-only passengers decreased 504 (1 per cent), resulting in a net increase of 5714 sea passengers (1.4 per cent). In 2009–10 and 2010–11 total passengers increased each year. Motor vehicle passengers increased in 2009–10 and then decreased slightly in 2010–11. Berth only passengers increased in both 2009–10 and 2010–11 probably due to the new fare structure and the discounted day sailing fares.

Since the peak in 2003–04 of 505 639 one-way passengers, sea passenger numbers have fallen by 98 003 (19.4 per cent), with the number of motor vehicle passengers falling 19.1 per cent and the number of berth-only passengers down 21.0 per cent.

Types of motor vehicles

A breakdown of eligible vehicles for which reimbursements were paid from 2001–02 to 2010–11 (Table 2.8) shows cars have declined as a proportion of all eligible vehicles since the Scheme was broadened in September 2002.

Other vehicle types increased from 5 per cent of all eligible vehicles in 2001–02 to 17.7 per cent in 2010–11 (17.5 per cent in 2009–10).

In 2010–11 'car' numbers reached their lowest level since 2001–02 in 2010–11.

T 2.8 Eligible vehicles for which reimbursements paid, 2001–02 to 2010–11

Eligible vehicles	Number of eligible vehicles										Change from 2008–09 to 2010–11
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
Motor cars	128353	196871	199902	188757	179955	160823	161139	164890	164287	151505	-8.1%
Eligible vehicles + caravan	0	7359	9648	10186	10798	10969	11307	11562	12138	12121	4.8%
Motorcycles	6303	7023	8699	8791	11402	7720	8917	10373	12384	9650	-7.0%
Motor homes	0	5991	9023	7870	7891	8177	8048	8306	9353	9714	17.0%
Pushbikes	0	1188	431	992	692	692	556	877	654	771	-12.1%
Buses	324	474	791	365	370	311	294	247	202	225	-8.9%
Total	134980	218906	228494	216961	211108	188692	190261	196255	199018	183986	-6.3%

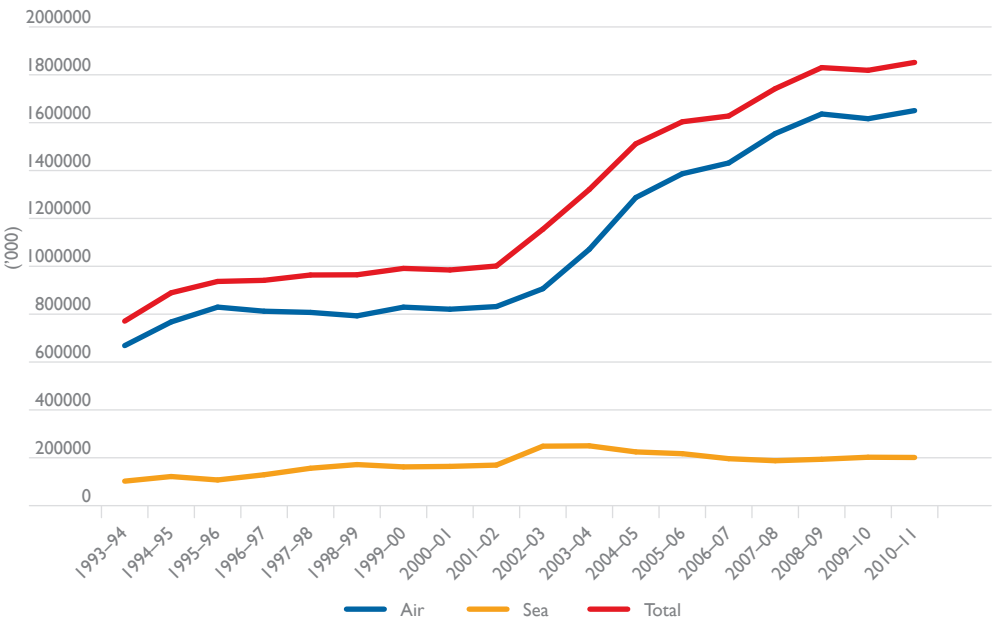
Sources Tasmanian Transport Programs, Centrelink—personal communications 2003–2011.

Air and sea traffic

Figure 2.5 shows the number of sea passengers and air passengers carried between the mainland and Tasmania since 1993–94.

The Scheme applied to travel from 1 September 1996. In the period from 1995–96 to 1998–99, sea traffic grew 60 per cent while air traffic declined four per cent.

F 2.5 Sea and air passengers carried across Bass Strait, return journeys, 1993–94 to 2010–11



Note: Data includes day trippers and minors.
Source: Tourism Tasmania Tasmanian Visitor Survey—personal communications.

There was a decline in sea traffic of one per cent between 1998–99 to 2001–02, partly due to the breakdown of the *Spirit of Tasmania*, while air traffic increased by five per cent.

Sea traffic grew 47 per cent and air traffic grew nine per cent between 2001–02 to 2002–03, reflecting in large part the introduction in September 2002 of the larger *Spirit of Tasmania I and II*.

This growth pattern reversed between 2002–03 and 2003–04. The number of air passengers grew by 18 per cent while sea passenger numbers grew less than one per cent—this was despite the start of the Sydney–Devonport service in January 2004.

In 2004–05 air passenger numbers continued to grow whereas sea passenger numbers declined. This reduction in the number of sea passengers was associated with significant falls in discount air fares. This trend continued in 2005–06 and 2006–07 with growth in air passenger numbers and declines in sea passenger numbers.

Sea passenger numbers declined further in 2007–08 before increasing in 2008–09. This increase continued into 2009–10 but declined slightly in 2010–11. Air passenger numbers declined in 2009–10 (the first decline since 2000–01) but then increased in 2010–11 to a new high of 1.65 million.

The period since 2002 has seen major changes in both the air market (entry and expansion of both Virgin Blue and Jetstar) and sea market (the replacement of the Spirit of Tasmania with the *Spirit of Tasmania I and II* in September 2002, the introduction of the Sydney–Devonport service in January 2004 and subsequent cessation in August 2006).

While low cost carriers and reductions in air fares helps explain the drop in sea passenger numbers since 2003–04, the reduction in 2006–07 sea passenger numbers may be explained by a combination of increasing sea fares and the cessation of the Sydney–Devonport service. Since 2006–07 total sea passenger numbers have remained relatively flat around 190 000 to 200 000 return passengers.

CHAPTER 3

Effectiveness of the Scheme

The rebate substantially reduces the cost of freighting an accompanying vehicle for eligible passengers.

In 2010–11, the \$188 rebate on a standard car represented 22.4 per cent of BITRE's benchmark one-way Melbourne–Devonport sea fare for a couple travelling with an eligible passenger car. This compares with 22.9 per cent of the sea package fare as at the end of June 2010 (with a \$183 rebate).

These reductions in vehicle fares due to the Scheme would be expected to stimulate an increase in sea travel across Bass Strait.

Lower fares would be expected to attract new travellers as well as travellers from other markets—including other destinations in Australia.

Lower vehicle sea fares may also encourage some travellers, notably fly-drive tourists, to switch from air to sea transport. It would also be expected that some berth-only sea passengers may choose to travel with their motor vehicle rather than hire a car.

Some of these factors are evident in the traffic trend comparisons. However, changes in the number of sea travellers since the introduction of the Scheme also reflect other factors such as population changes and income growth.

BITRE has therefore constructed econometric models to help identify the impact of the Scheme on the number of motor vehicle sea passengers and the number of air passengers.

Modelling the change in sea passenger numbers

The econometric model used to assess the impact of the Scheme estimates the relationship between the number of motor vehicle passengers—that is, sea passengers with an accompanying motor vehicle—and changes in population, real household disposable income, the sea package fare and the full economy air fare.

The sea model used in this monitoring report is the same model used in BITRE's Monitoring Report 12 (covering 2007–08 to 2008–09).

The model includes two dummy variables; the first to account for the increase in capacity resulting from the introduction of the *Spirit of Tasmania I* and *Spirit of Tasmania II* from September 2002, and the second to account for the Sydney–Devonport service which commenced in January 2004 and ceased in August 2006.

The revised model replaces the nominal fare series with real (CPI-adjusted) fare series to remove general price inflation as an implicit variable in the growth in motor vehicle passenger numbers.

BITRE has used the real sea fare (own-price) elasticity from the revised model to calculate the net impact of the Scheme on one-way motor vehicle passenger numbers on the Melbourne–Devonport route.

Appendix A outlines the model and data, and further discusses issues related to the modelling of the Bass Strait sea service.

Estimated impact on sea passenger numbers

Table 3.1 presents estimates of the Scheme's impact on the number of one-way trips by motor vehicle passengers based on a re-estimated model for 2010–11—this produces a marginal increase in the estimated number of motor vehicle passenger trips for previous years.

The estimated real sea fare (own-price) elasticity of -1.34 obtained from the model indicates that a 1 per cent reduction in the sea fare leads to a 1.34 per cent increase in the number of one-way motor vehicle passengers (Table A.2).

T 3.1 Impact of the Bass Strait Passenger Vehicle Equalisation Scheme on Melbourne–Devonport motor vehicle passenger numbers, one-way trips, 1996–97 to 2010–11

Motor vehicle passenger one-way trips: Melbourne–Devonport				
Year	Without Scheme (estimates) ^c	With Scheme (actual)	Difference ^c	Per cent change
1996–97 ^a	109504	153 045	43541	39.8
1997–98	166808	231 098	64290	38.5
1998–99	190800	261 487	70687	37.0
1999–00	182395	248 745	66350	36.4
2000–01	196354	259 438	63084	32.1
2001–02	206559	272 922	66363	32.1
2002–03 ^d	330062	432 498	102436	31.0
2003–04 ^b	313569	409 115	95546	30.5
2004–05 ^b	263644	343 252	79608	30.2
2005–06 ^b	240206	312 304	72098	30.0
2006–07	263984	335 423	71439	27.1
2007–08	258498	335 881	77383	29.9
2008–09	263463	342 099	78636	29.8
2009–10	272410	356125	83715	30.7
2010–11	273033	354864	81831	30.0
All years	2985844	3937307	951463	31.9

^{a.} Data cover ten months only in 1996–97 as the Scheme commenced on 1 September 1996. Actual traffic (that is, with the Scheme) in the full year 1996–97 was 167 788 persons.

^{b.} Excludes Sydney–Devonport data for 2003–04, 2004–05, 2005–06 and 2006–07.

- c. Passenger numbers without the Scheme are estimated using the revised model for 2010–11, and values will vary from previous monitoring reports.
- d. The substantial increase in passenger numbers in 2002–03 was due to a substantial increase in TT-Line capacity (the *Spirit of Tasmania I/II* together provided more than twice the passenger capacity and over three times the car capacity of the *Spirit of Tasmania*) and changes to the Scheme that extended eligibility for the rebate to more vehicle types and increased off-peak and shoulder season rebates (Ministerial Directions 2002).

Sources TT-Line data and BITRE analysis.

On the basis of this own-price elasticity, BITRE estimates that in 2010–11 the Scheme resulted in approximately 81 800 additional one-way trips by motor vehicle passengers between Melbourne and Devonport. This is an increase of 30.0 per cent relative to the likely situation without the Scheme (Table 3.1).

As can be seen from Table 3.1, the number of one-way motor vehicle passengers attributable to the Scheme increased until 1998–99, then stayed around an estimated 65 000 motor vehicle passengers per annum until September 2002.

Following the September 2002 changes to the TT-Line service and rebate structure, the number of one-way trips by motor vehicle passengers increased to an estimated 102 000 in 2002–03. This declined to an estimated 71 400 in 2006–07 (revised), then increased to approximately 83 700 in 2009–10, declining slightly to 81 800 in 2010–11.

The 2008–09 model results indicate that proportion of motor vehicle passengers on the Melbourne–Devonport route attributable to the Scheme has increased from 29.8 per cent in 2008–09 to 30.7 per cent in 2009–10 and 30.0 per cent in 2010–11 (Table 3.1).

The (revised) proportion of motor vehicle passengers attributed to the Scheme has declined from 38.5 per cent of Melbourne–Devonport motor vehicle passengers in 1997–98 (the first full year after the introduction of the Scheme) to 30.0 per cent in 2010–11.

Reliability of the estimates

The revised econometric model for Melbourne–Devonport performs well in terms of standard statistical tests. The variables included in the model explain 93 per cent of the variation in motor vehicle passenger numbers on the Bass Strait route between Melbourne and Devonport over the period 1985–86 to 2010–11. In addition, all of the estimated coefficients are significant and of the expected sign.

This econometric model is affected by data limitations and detailed analysis should be interpreted with caution.⁶ For example, the model uses annual data, covers a relatively short time period, and does not include some potentially relevant variables.

Despite these limitations, the results provide empirical support for the view that the Scheme has contributed to increased sea passenger travel between Melbourne and Devonport.

⁶ For example, prior to 2002–03 the model's sea fare (own-price) variable included peak-period fares only—that is it did not incorporate the higher or lower off-peak and shoulder rebates. The model may therefore have under or over estimated the impact of the Scheme in those years.

Impact on tourism

When the Scheme was introduced in 1996 the tourism industry was cited as an area where there would be direct benefits of increased demand for sea travel (Chapter 1).

The number of new leisure or holiday visitors who travelled because of the rebate, and their additional spending in Tasmania, is an important—albeit partial—indicator of the impact of the Scheme.

The number of motor vehicle passengers grew substantially between 1996 and 2003–04. Other trends indicate that some of this growth has been at the expense of other travel demands—notably the decline in berth-only passengers, but also potentially reduced air traffic demand.

While lower sea fares may have had an impact on some categories of air travel, BITRE has not adjusted for any reduction in air travel demand as the econometric model of the Melbourne–Tasmania air market found no statistically significant relationship between air travel demand and the price of sea travel (BITRE 2006b, Appendix A).⁷

Berth-only passenger numbers have generally declined since the introduction of the Scheme in 1996.

In order to assess the effectiveness of the Scheme in increasing the demand for travel, it is necessary to make assumptions about the level of berth-only passengers who would have travelled without the Scheme.

Before the introduction of the Scheme, the ratio of berth-only to total sea passengers remained fairly steady, with a small peak in 1989–90 at the time of the Pilots Dispute.

The trend between 1990–91 and 1995–96 was for a steady overall growth in the number of berth-only passengers of approximately 1.5 per cent.

Sea passenger numbers peaked in 2003–04 then declined at an average rate of 5 per cent per annum between 2004–05 and 2008–09. However the first increase in berth only passengers occurred in 2009–10 and then again in 2010–11. The increase in berth only passengers may be due to the restructure of the TT-Line passenger fares and the discounted 'day' sailings that operate through 'peak' times.

The entry of low fare airlines into the Tasmania–mainland air market has resulted in a significant reduction in BITRE's discount fare series from 2004 (see Figure 2.3). While this reduction has stimulated growth in the air travel market (see Figure 2.2), this has also had a negative impact on the sea travel market.

BITRE has therefore reduced the growth rate for berth-only passengers in the counter-factual case (that is, without the Scheme) since 2004–05 to reflect the decline in the total number of sea passengers.

⁷ Possible explanations include data limitations and limited substitutability of sea travel for most air passengers.

BITRE has extrapolated the growth in berth only passenger numbers for the counter-factual case using a three step process:

4. increasing by 1.5 per cent per annum between 1996–97 and 2003–04
5. decreasing by 5 per cent per annum between 2004–05 and 2008–09
6. Stabilising in 2009–10 and 2010–11.

BITRE's analysis indicates that the rebate may have reduced the number of berth-only sea passenger movements in 2010–11 by approximately 21 000 compared to the level that would have been expected without the Scheme.

BITRE has assumed that the Scheme, by reducing vehicle fares, induced these berth-only sea passengers to take their motor vehicle. BITRE has therefore subtracted this estimate of 21 000 fewer berth-only passenger movements from the econometric estimate of just under 81 800 additional motor vehicle passenger movements in 2010–11 (83 700 in 2009–10 and 28 600 in 2008–09). This implies that nearly 25 per cent of the additional motor vehicle sea passengers may have travelled anyway as berth-only sea passengers.

The net effect of the Scheme is an estimated 60 000 increase in one-way motor vehicle sea passengers between Melbourne and Devonport in 2010–11. Assuming each passenger made a return trip with their vehicle, this equates to an estimated 30 000 return motor vehicle passengers.

Tourism Tasmania visitor survey data indicates that approximately half of these new passengers are likely to have been travelling for holiday or leisure purposes (Table C.1).⁸ Therefore, BITRE estimates that 15 000 new leisure visitors travelled by sea between Melbourne and Devonport in 2010–11 as a result of the Scheme. This compares with an estimate of 14 700 in 2009–10 and 12 250 in 2008–09.

If each of these new visitors spent an average of \$2403 per person,⁹ then the total additional new tourism spending would have been \$36.0 million. This compares with an estimated \$35.3 million in 2009–10 and \$30.1 million in 2008–09.

BITRE's estimate is indicative as it is based on assumptions about the number of berth-only passengers that would have travelled without the Scheme.

Further, it does not include:

- benefits to Tasmanian residents who travelled by sea who may have been eligible, or benefits to eligible visitors travelling for non-leisure purposes
- benefits to passengers using the Sydney–Devonport ferry service
- any incremental spending related to longer stays by berth-only visitors who decide to take a car, or by visitors switching from air to sea transport who decide to stay longer in Tasmania as a result.

⁸ That is, sea passenger numbers minus the estimated number of Tasmanian residents and visitors travelling for non-leisure reasons (including visiting friends/relatives and business reasons).

⁹ The average spending by sea passengers (for all journey purposes) was estimated at \$2403 per trip in 2010–11 (BITRE trend estimate based on Tourism Tasmania, personal communication 2011).

Assuming an average visitor spending of \$2403 per person, the Scheme would have needed to have increased the number of additional visitors to Tasmania by 15 300 in 2010–11 for the increase in spending to equal the total rebate paid.

APPENDIX A

Sea passenger traffic model

This appendix outlines the revised model that was used to assess the impact of the Scheme on the Melbourne–Devonport sea route. The model has been revised by removing one of the dummy variables and shifting from nominal fare series to real fare series.

The Melbourne-Devonport Model

The model is specified in terms of population, income, own-price and cross-price variables in the following equation:

$$\ln V_t = \ln Y_t * \ln P_t * \ln Q_t * \text{DSP}_t * \text{DSY}_t * u_t$$

where

V = Per capita number of motor vehicle passenger movements;

Y = Per capita real household disposable income of motor vehicle passengers;

P = One-way real package sea fare (including reductions due to the Scheme rebate from 1996–97);

Q = One-way real economy air fare from Melbourne to Hobart;

DSP = Dummy Spirit of Tasmania – Dummy variable to take account of the influence of an increase in the passenger capacity of TT-Line following the introduction of the *Spirit of Tasmania I* and *Spirit of Tasmania II*;

DSYD = Dummy Sydney service – A new dummy variable to account for changes in 2004–05, 2005–06 and 2006–07 including the new Sydney service;

u = Error term;

t = Time period.

The influence of population on the number of motor vehicle passenger movements is included by specifying the model on a per capita basis using the population of Australia. BITRE re-estimated the model using annual time-series data from 1985–86 to 2010–11. The time-series data are contained in Table A.1.

T.A.1 Time series data used to re-estimate the Melbourne-Devonport econometric model

Year	Motor vehicle passengers (one-way) a (’000)	Air Fare Index b,d	Sea Fare c,d (\$/package)	Real Income e (\$ billion)	Population f (million)
1985–86	99 509	84.5	658	375.9	16.0
1986–87	100 335	83.9	657	377.0	16.3
1987–88	101 915	83.0	612	388.7	16.5
1988–89	114 783	81.7	635	410.6	16.8
1989–90	121 559	83.6	649	432.0	17.1
1990–91	117 785	87.0	675	430.6	17.3
1991–92	90 070	91.3	698	434.7	17.5
1992–93	103 642	83.7	634	444.6	17.7
1993–94	131 542	83.2	623	456.0	17.9
1994–95	144 134	86.4	650	472.1	18.1
1995–96	131 455	85.8	624	489.7	18.3
1996–97	167 788	90.1	491	503.8	18.5
1997–98	231 098	94.8	513	518.9	18.7
1998–99	261 487	97.3	536	534.4	18.9
1999–00	248 745	95.6	536	559.8	19.2
2000–01	259 438	99.7	598	586.8	19.4
2001–02	272 922	106.0	581	602.5	19.7
2002–03	432 498	105.3	590	613.6	19.9
2003–04	409 115	104.1	591	646.8	20.1
2004–05	343 252	105.1	583	678.7	20.4
2005–06	312 304	104.1	570	704.3	20.7
2006–07	335 423	108.3	631	750.2	21.1
2007–08	335 881	100.4	602	793.0	21.4
2008–09	342 099	92.0	627	850.9	21.9
2009–10	356 125	99.5	614	870.0	22.3
2010–11	354 864	100.0	651	905.9	22.7

Notes:

- a.** Motor vehicle passengers carried across Bass Strait between Melbourne and Devonport.
b. Average one-way real economy air fare index from Melbourne to Hobart (real 2010–11 dollars).
c. Average one-way real package net fare during peak season (real 2010–11 dollars). The package net fare includes two adults, two meals and a standard vehicle.
d. The air fare and sea package fare indices are in real dollars—taking account of real movements in fare prices.
e. Real household disposable income of Australians at current (2010–11) prices.
f. Population of Australia.
- Source TT-Line (2011) and previous Annual Reports, TT-Line—personal communications (2011 and previous years), ABS (2011), BTRE (2006a; 2006b).

Results of the Melbourne-Devonport Model

The estimated regression results are presented in Table A.2. The adjusted R^2 value of 0.91 (previously 0.92) suggests that the model is a good fit. It indicates that 91 per cent of the variation in motor vehicle passenger numbers over the period is explained by the variables included in the model (population, income, sea fare, air fare, the Sydney–Devonport service dummy and increased ship capacity). Around 9 per cent of the traffic variation is therefore attributable to factors not specified in the model, such as:

- Movements in Australian dollar exchange rates (affecting relative costs of Australian overseas travel and travel by foreign tourists to Australia);
- Changes in community perceptions of Australian and overseas security risks;
- Expenditure on tourism promotion activities for Tasmania and other parts of Australia; and
- Aspects of local and overseas economic conditions such as unemployment, interest rates and fuel prices.

All of the estimated coefficients are of the expected sign and are significant at the 95 per cent confidence level, other than real income which is significant at the 80 per cent level. Real income has, in the past, been a major driver of motor vehicle passenger numbers (BITRE 2008). The change from nominal fare series to real fare series may have reduced the significance previously placed on the income variable.

Despite this, BITRE has retained the real income variable in the 2010–11 model as it is a priori a key driver of sea travel demand and including it improves the overall model.

T A.2 Regression results for the Melbourne-Devonport sea model 2010–11

<i>Variable</i>	<i>Estimated Coefficient</i>	<i>T-Statistics</i>
Y – Real Income	0.31	0.84
P – Real Sea Fare	-1.34	-3.56
Q – Real Full Economy Air fare	2.49	4.81
Introduction of the Spirit of Tasmania I/II 2001–02 onwards (DSP)	0.34	2.72
Sydney-Devonport service dummy (DSYD)	-0.23	-2.25
Intercept	-11.93	-3.38
Adjusted R^2	0.91	

Source BITRE analysis

In terms of the total impact on the number of motor vehicle passenger movements, the most important variable in the 2010–11 model remains the full economy real air fare.

The full economy real air fare has an estimated elasticity of 2.5 meaning that a 1 per cent increase (decrease) in the level of the full economy air fare will result in a 2.5 per cent increase (decrease) in the number of motor vehicle passenger movements. Full economy fares have been used because of the lack of discount fare data series prior to October 1992.

Full economy fares have increased since budget airlines entered the Tasmanian market, rather than decreased. A priori, an increase in competition would be expected to reduce average air fares, thereby increasing motor vehicle passenger numbers. While discount air fares have fallen substantially, the discount air fare series is generally not significant¹⁰ in explaining sea passenger movements.

The second most important variable is the real sea fare (own-price), with an estimated elasticity of -1.34. The own-price elasticity indicates that a 1 per cent decrease (increase) in the price of sea travel will result in a 1.34 per cent increase (decrease) in the number of motor vehicle passenger movements.

The coefficient of the per capita real household income is of the expected sign and is significant at the 80 per cent confidence level.

The estimated coefficient of the dummy variable DSP indicates the increased ship capacity provided by TT-Line's new ships positively affected the number of motor vehicle passengers on the Melbourne–Devonport route.

The dummy variable for the Sydney–Devonport service (DSYD) was significant and negative in sign, indicating that the Sydney service resulted in a small but significant reduction in Melbourne–Devonport passenger numbers.

The detailed results on the Melbourne–Devonport econometric model should be interpreted with some caution, as the analysis is constrained by data limitations and other factors.

For example, the time-series annual data cover a period of only 24 years, with the Scheme operating for just fifteen of these years.

In addition, the data are annual rather than monthly or quarterly, and the sea fare and air fare data are based on a specific season and ticket category.

Despite these limitations, the model provides empirical support for the view that the Scheme has contributed to the number of motor vehicle passengers travelling by sea on the Melbourne–Devonport route since 1995–96.

¹⁰ As already noted, the discount air fare series is only available from October 1992. When this discount fare series was used in the model the resulting air fare coefficient was not significant. This appears to reflect limitations in the fare data—the discount air fare series is volatile with large month to month variations, and may not capture the underlying relationships in an annual model. Consequently, the sea model reported here uses the full economy real air fare series.

APPENDIX B

TT-Line financial indicators

T B.1 Selected financial information for TT-Line, 1996–97 to 2010–11 (\$'000)

	96–97	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05 ^c	05–06 ^d	06–07	07–08	08–09	09–10	10–11
Total operating revenue	61766	73325 ^a	80607	77511	81842	86236	195518 ^b	154250	154874	158882	155336	166863	175587	182677	181233
Operating Expenses															
Operations-general	22357	22724 ^a	33932	40865	42864	42402	69454	90900	118603	120798	93187	95246	112786	112815	112356
Operations-write down	0	0	0	0	0	30887	0	0	43237	-43237	0	0	0	0	0
Ship sale carrying value	0	0	0	0	0	0	62732	0	0	0	0	0	0	0	0
Hotel services	15296	15464	17783	16924	17782	18130	27708	33878	34306	34575	26634	29354	29490	23577	21700
Customer acquisition	4893	4698	6015	5900	6261	6680	11437	10574	13222	16234	16466	15674	14379	8598	7685
Administration	6098	6219	5707	4889	6871	7462	8902	8340	8593	8478	8665	7735	9061	7840	10526
Other	10556	22406	9793	8697	2696	1958	12673	13954	16192	12245	6809	5161	4049	15252	16486
Total operating expense	59200	71511	73230	77275	76474	107519	192906	157646	234153	149093	151761	153170	169765	168082	168753
Operating profit/loss	2566	1814	7377	236	5368	-21283	2612	-3396	-79279	9789	3575	13693	5822	14595	12480
Abnormals/extraordinaries	0	780	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit/loss	2566	1034	7377	236	5368	-21283	2612	-3396	-79279	9789	3575	13693	5822	14595	12480

a. Ferry revenue and operations-general expenses in 1997–98 include the impact of the Devil Cat/catamaran trial.

b. Total operating revenue in 2002–03 included gross proceeds of \$61.2 million from the sale of the *Spirit of Tasmania*.

c. The 2004–05 write down in ship values reflected the change from a 'cost' to a 'valuation' accounting method.

d. In 2005–06, the ships were re-valued based on market values for similar vessels in Europe—the major market for this type of roll-on roll-off ferry—and converted from Euros to Australian dollars using the exchange rates as at 30 June 2006. TT-Line (2006d, pp 1–2) states that—while the underlying value of the ships did not change—the translation into Australian dollars increased the value of the ships in the company accounts.

Source TT-Line (2011) and previous Annual Reports; TT-Line (2006d, pp 1–2); TT-Line (personal communication [January 2001]).

T B.2 Financial indicators (adjusted) for TT-Line, 1996–97 to 2010–11

Indicator	96–97	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05	05–06	06–07	07–08	08–09	09–10	10–11
Operating revenue per voyage a	197 335	166 648	159 618	170 354	171 218	177 806	158 710 c	149 903	147 219	156 380	189 897	207 541	219 484	222 235	219 145
Operating expenses b															
- per passenger	228	228	213	239	231	220 d	258 d	312	422 e	437 f	385	398	434	414	414
- per voyage	189 137	162 525	145 010	169 835	159 987	158 004 d	153 870 d	153 203	181 479 e	189 301 f	185 527	190 510	212 206	204 479	204 054

- a.** Total revenue divided by the number of voyages.
b. Incorporates expenses for passengers, vehicles and freight.
c. Revenue adjusted to exclude gross proceeds from the sale of the *Spirit of Tasmania* in 2002–03.
d. Expenses adjusted to exclude write-down in carrying value of the *Spirit of Tasmania* in 2001–02 and carrying value of this ship in 2002–03.
e. Expenses adjusted to exclude write-down of \$43.24 million in the total value of all three ships.
f. Expenses adjusted to exclude asset revaluation of \$43.2 million.
Source: TT-Line (2011) and previous Annual Reports; BITRE estimates.

T B.3 TT-line reimbursements and (adjusted) operating revenue, 1996–97 to 2010–11

Year	96–97	97–98	98–99	99–00	00–01	01–02	02–03	03–04	04–05	05–06	06–07	07–08	08–09	09–10	10–11
Reimbursements paid (\$'000)	8 475	12 939	14 447	14 211	15 031	15 932	31 793	34 236	32 350	31 331	28 304	30 109	34 699	36 348	36 751
Operating revenue (\$'000)	61 766	73 325	80 607	77 511	81 842	86 236	134 269	154 250 a	154 874	158 882	155 336	166 863	175 587	182 677	181 233
Reimbursements as a proportion operating revenue	13.7	17.6	17.9	18.3	18.4	18.5	23.7	22.2	20.9	19.7	18.2	18.0	19.8	19.9	20.3

- a.** Excludes gross proceeds (\$61.2 million) from the sale of the *Spirit of Tasmania* in 2002–03.
Source: TT-Line (2011) and previous Annual Reports.

APPENDIX C

Bass Strait travel 2009–2011

T C.1 Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2009–10^a and 2010–11^a ('000)

Purpose of travel	2009–10			2010–11		
	Air	Sea	Total	Air	Sea	Total
Visitors to Tasmania						
Holiday/leisure	310.8	82.6	393.4	289.5	89.6	379.1
Visiting friends/relatives	240.2	20.3	260.4	239.3	19.2	258.6
Business	158.4	15.1	173.6	147.3	15.1	162.4
Conference	25.6	4.2	29.8	32.3	1.5	33.8
Other/not specified	44.5	8.5	53.0	52.9	8.7	61.6
Total visitors	779.5	130.7	910.2	761.3	134.1	895.4
Tasmanian residents						
Holiday/leisure	219.6	20.1	239.7	223.8	17.9	241.7
Visiting friends/relatives	229.8	16.0	245.9	234.1	17.0	251.0
Business	169.9	9.4	179.3	181.3	8.2	189.5
Conference	26.0	0.5	26.5	27.5	0.2	27.7
Other/not specified	na	na	na	na	na	na
Total Tasmanians	89.8	16.8	106.6	106.7	14.1	120.8
Total passengers	735.1	62.8	797.9	773.4	57.3	830.7

a. Excludes minors and day trippers. Data collected by survey and subject to sampling error.
Source Tourism Tasmania Tasmanian Visitor Survey–personal communications (2011).

T C.2 Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2009–10 ('000)^a

	Air		Sea		Total	
	Number ('000)	Percent change on 08–09	Number ('000)	Percent change on 08–09	Number ('000)	Percent change on 08–09
Visitors						
Holiday, leisure, or visiting friend and relatives	551.0	-3.5%	102.9	-2.8%	653.9	-3.4%
Business/other	228.5	9.4%	27.8	29.7%	256.4	11.3%
Total visitors	779.5	-0.1%	130.7	2.7%	910.2	0.3%
Tasmanian residents						
Holiday, leisure, or visiting friend and relatives	449.5	-9.7%	36.1	6.8%	485.6	-8.7%
Business/other	285.6	8.4%	26.7	14.7%	312.3	8.9%
Total Tasmanians	735.1	-3.5%	62.8	10.0%	797.9	-2.5%
Total passengers	1514.6	-1.7%	193.5	5.0%	1708.1	-1.0%

a. Excludes minors and day trippers. Data collected by survey and subject to sampling error.
Source Tourism Tasmania Tasmanian Visitor Survey—personal communications (2011).

T C.3 Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2010–11 ('000)^a

	Air		Sea		Total	
	Number ('000)	Percent change on 09–10	Number ('000)	Percent change on 09–10	Number ('000)	Percent change on 09–10
Visitors						
Holiday, leisure, or visiting friend and relatives	528.9	-4.0%	108.8	5.8%	637.7	-2.5%
Business/other	232.5	1.7%	25.2	-9.3%	257.7	0.5%
Total visitors	761.3	-2.3%	134.1	2.6%	895.4	-1.6%
Tasmanian residents						
Holiday, leisure, or visiting friend and relatives	457.9	1.9%	34.9	-3.5%	492.7	1.5%
Business/other	315.5	10.5%	22.5	-15.7%	338.0	8.2%
Total Tasmanians	773.4	5.2%	57.3	-8.7%	830.7	4.1%
Total passengers	1534.7	1.3%	191.4	-1.1%	1726.1	1.1%

a. Excludes minors and day trippers. Data collected by survey and subject to sampling error.
Source Tourism Tasmania Tasmanian Visitor Survey—personal communications (2011).

References

Australian Bureau of Statistics 2007, Austats – various series (<http://www.abs.gov.au/ausstats/abs@.nsf/web+pages/statistics?opendocument>, accessed 24 November 2011).

Bureau of Infrastructure, Transport and Regional Economics 2008, *Bass Strait Passenger Vehicle Equalisation Scheme—Monitoring Report No. 11 2006–07*.

Bureau of Infrastructure, Transport and Regional Economics 2009, *Bass Strait Passenger Vehicle Equalisation Scheme—Monitoring Report 2007–09*.

Bureau of Transport and Regional Economics 2004, *Bass Strait Passenger Vehicle Equalisation Scheme—BTRE Monitoring Report No. 7 2002–2003*.

Bureau of Transport and Regional Economics 2006a, *Bass Strait Passenger Vehicle Equalisation Scheme—BTRE Monitoring Report No.8 2003–2004*.

Bureau of Transport and Regional Economics 2006b, *Bass Strait Passenger Vehicle Equalisation Scheme—BTRE Monitoring Report No.9 2004–2005*.

Bureau of Transport and Regional Economics 2007, *Bass Strait Passenger Vehicle Equalisation Scheme—BTRE Monitoring Report No.10 2005–2006*.

Department of Infrastructure, Transport, Regional Services and Local Government 2011, *Ministerial Directions for the operation of the Bass Strait Passenger Vehicle Equalisation Scheme*, May (http://www.infrastructure.gov.au/transport/programs/maritime/bass/pdf/BSPVES_Min_Directions_Amended_May2011.pdf), accessed November 2011).

Department of Transport and Regional Services 2002, *Directions by The Minister For Transport and Regional Services for the operation of the Bass Strait Passenger Vehicle Equalisation Scheme*, 1 September.

Department of Transport and Regional Services undated, Sea programs (<http://www.dotars.gov.au/transprog/maritime/bspves.aspx>, accessed 14 December 2005).

Jetstar 2004, Jetstar will shine brightly for Tasmanian tourism, Media Release 29 April.

Sharp, J. 1996, Bass Strait Passenger Vehicle Equalisation Scheme, media statement by Minister for Transport and Regional Development, 23 August.

Sydney Port Corporation 2004, Sydney welcomes a new dimension to the working harbour, Press Release 7 January.

TT-Line Company Pty Ltd 2002, Increase in security costs, December.

TT-Line Company Pty Ltd 2003, Fare increase question and answer document, August.

TT-Line Company Pty Ltd 2004, TT-Line fare changes, July.

TT-Line Company Pty Ltd 2005a, Sydney Spirit Sails into 2005 with New Fares, January.

TT-Line Company Pty Ltd 2005b, Spirit fare changes, June.

TT-Line Company Pty Ltd 2005c, *Annual Report 2004–05* (<http://www.spiritoftasmania.com.au/mediaroom/documents/annrpt0405.pdf> accessed 13 February 2006).

TT-Line Company Pty Ltd 2006a, Spirit III to be sold, 5 June.

TT-Line Company Pty Ltd 2006b, Final Spirit of Tasmania III sailing, 27 August 2006

TT-Line Company Pty Ltd 2006c, *Annual Report 2005–06* (<http://www.spiritoftasmania.com.au/mediaroom/documents/AnnualReport2006.pdf>, accessed 1 March 2007).

TT-Line Company Pty Ltd 2006d, Technical paper explaining accounting adjustments year ended 30 June 2006 (http://www.spiritoftasmania.com.au/mediaroom/documents/AnnualReport2006_TechPaper.pdf, accessed 1 March 2007).

TT-Line Company Pty Ltd 2007, *Annual Report 2006–07* (http://www.spiritoftasmania.com.au/mediaroom/documents/annual_report0607.pdf accessed December 2007).

TT-Line Company Pty Ltd 2008, *Annual Report 2007–08* (<http://www.spiritoftasmania.com.au/dms/sot/untitled/annual-report-0708.pdf>, accessed September 2009)

TT-Line Company Pty Ltd 2009, *Annual Report 2008–09* ([http://www.spiritoftasmania.com.au/dms/sot/documents/annua-report-0809/Annual%20Report%2008–09.pdf](http://www.spiritoftasmania.com.au/dms/sot/documents/annua-report-0809/Annual%20Report%2008-09.pdf), accessed October 2009)

TT-Line Company Pty Ltd 2010, *Annual Report 2009–10* (<http://www.spiritoftasmania.com.au/media/244854/annual-report-0910.pdf>, accessed November 2011)

TT-Line Company Pty Ltd 2011, *Annual Report 2010–11* (<http://www.spiritoftasmania.com.au/media/439094/tt-lineannualreport2011.pdf>, accessed November 2011)

TT-Line undated, About the ship, <http://www.spiritoftasmania.com.au/experience-the-ship/about-the-ship>, accessed 10 November 2009).

Virgin Blue 2001, Virgin Blue fast forwards flights to Tassie direct Melbourne-Launceston Service from Nov 8, Media release 18 October (<http://www.virginblue.com.au>, accessed 15 December 2005).



www.bitre.gov.au

ISBN 978-1-921769-63-4