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Bureau of Infrastructure, Transport and Regional Economics

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Maritime

**Bass Strait Passenger Vehicle
Equalisation Scheme**

Bureau of Infrastructure, Transport and Regional Economics

Bass Strait Passenger Vehicle Equalisation Scheme

Monitoring Report No. 14

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Foreword

This report presents the results of the Bureau of Infrastructure, Transport and Regional Economics' (BITRE) fourteenth 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 a monitoring report every two years.

This report covers the operation and impact of the Bass Strait Passenger Vehicle Equalisation Scheme for the period 1 July 2011 to 30 June 2013.

The report was prepared by Mark Cregan and Tim Risbey.

Gary Dolman
Head of Bureau
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January 2014

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 Regional Development.

At a glance

- The Australian Government spent \$32.8 million (down 3.4 per cent from 2011-12) in 2012-13 on the Bass Strait Passenger Vehicle Equalisation Scheme (the Scheme) and \$34.3 million in 2011-12 (down 6.5 per cent on 2010-11).
- Under the Scheme, passengers travelling with a vehicle across Bass Strait can receive a rebate applied against the vehicle fare charged by a ferry operator.
- 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 require that the effectiveness of the Scheme be monitored every two years and that there be a separate annual review of the level of the rebate.
- Rebates were increased for all vehicle types by 3.1 per cent on 1 July 2011 and 2.5 per cent on 1 July 2012. As of 1 July 2013, one-way rebates increased up to \$204 for a car, \$103 for a motorbike, \$29 for a bicycle and up to \$408 for an eligible motorhome.
- Two operators provided ferry services between 1 July 2011 and 30 June 2013: TT-Line and Sea Road Shipping. TT-Line carried almost all sea passengers with an accompanied eligible vehicle under the Scheme.
- BITRE's benchmark TT-Line peak sea fare package with the rebate decreased by 1.6 per cent between June 2011 and June 2012, then increased by 10.1 per cent between June 2012 and June 2013.
- The number of people travelling by sea decreased by 1.1 per cent in 2011-12, then decreased by 17.8 per cent in 2012-13.
- BITRE's econometric modelling estimates that the number of sea passengers with a motor vehicle may have been 35 per cent higher than without the Scheme.
- An estimated 14 400 new leisure visitors travelled by sea due to the Scheme in 2012-13, spending an estimated \$42 million in Tasmania (this was down from 17 400 new leisure visitors in 2011-12, who spent an estimated \$46 million).

T E I Key facts: 2011–12 and 2012–13¹

	2012–13	(% change)	2011–12	(% change)	Reference
Expenditure (millions) ²	\$32.8	(-3.4)	\$34.3	(-6.5)	p.5
Reimbursements (millions)	\$32.8	(-4.3)	\$34.3	(-6.5)	T1.3 p.5
Eligible vehicles	151 901	(-7.7)	164 613	(-10.7)	T1.1 p.3
Sea passengers ³	164 750	(-8.0)	179 268	(-12.2)	TC.1,TC.2,TC.3
Air passengers ³	1 798 662	(+13.2)	1 588 621	(-3.9)	TC.1,TC.2,TC.3
Estimated extra motor vehicle passengers ⁴	77 230	(-10.1)	85 933	(-7.4)	T3.1 p.27
Estimated spending by extra visitors to Tasmania (million) ⁵	\$42	(-8.6)	\$46	(+27.7)	p.30

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
List of figures	.....	ix
List of tables	.....	xi
Executive summary	.....	xiii
Chapter 1	The Scheme	1
	Administration	1
	Operators	2
	Rebates paid	4
Chapter 2	Bass Strait sea and air travel	9
	Sea services	9
	Sea fares	11
	Air services and related fares	17
	Air and sea passenger trends	18
Chapter 3	Effectiveness of the Scheme	25
	Modelling the change in sea passenger numbers	25
	Impact on tourism	28
Appendix A	Sea passenger traffic model	31
Appendix B	TT-Line financial indicators	35
Appendix C	Bass Strait travel 2011–2013	37
References	.....	39

List of figures

F 1.1	TT-Line operating revenue, expenses and number of voyages, 1992–93 to 2012–13	4
F 1.2	TT-Line rebate reimbursements under the Scheme, 1996–97 to 2012–13	7
F 1.3	Adjusted TT-Line revenue and revenue net of scheme rebates, 1992–93 to 2012–13	8
F 2.1	Real sea package prices for the peak season as at the end of June, with and without the standard rebate	16
F 2.2	Air passengers between Tasmania and the mainland—one-way trips, 1985–86 to 2012–13	17
F 2.3	Melbourne–Hobart airfare indices, Jan 2002 to July 2013	18
F 2.4	Number of sea passengers carried across Bass Strait, one-way trips, 1995–96 to 2012–13	20
F 2.5	Sea and air passengers carried across Bass Strait, return journeys, 1993–94 to 2012–13	23

List of tables

T E.1	Key facts: 2011–12 and 2012–13	vi
T I.1	Total eligible vehicles carried by operator, 2011–12 and 2012–13	3
T I.2	One way rebates for eligible vehicles on the main Bass Strait and King Island route	5
T I.3	Rebates paid to Bass Strait and King Island service providers for vehicles carried, 2011–12 and 2012–13 (nominal dollars)	5
T I.4	TT-Line's average reimbursement per eligible vehicle passenger, 1996–97 to 2012–13	6
T 2.1	TT-Line one-way voyages by vessel, 1995–96 to 2012–13	10
T 2.2	TT-Line average traffic per voyage by service, 1995–96 to 2012–13	11
T 2.3	TT-Line net vehicle fares as at the 30 June 2013	13
T 2.4	Motor vehicle fares for SeaRoad Shipping	14
T 2.5	Benchmark one-way passenger fares Melbourne-Devonport (\$), as at end of 2011–12 and 2012–13	15
T 2.6	Number of adult visitors travelling to Tasmania, by purpose and mode, 1996–97 to 2012–13	19
T 2.7	Eligible vehicles for which reimbursements paid, 2001–02 to 2012–13	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 2012–13	27
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 2012–13	33
T B.1	Selected financial information for TT-Line, 1996–97 to 2012–13 (\$'000)	35
T B.2	Financial indicators (adjusted) for TT-Line, 1996–97 to 2012–13	36
T B.3	TT-line reimbursements and (adjusted) operating revenue, 1996–97 to 2012–13	36

T C.1	Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2011–12a and 2012–13a ('000).....	37
T C.2	Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2011–12 ('000).....	38
T C.3	Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2012–13 ('000).....	38

Executive summary

The Australian Government spent \$32.8 million in 2012–13 (down 3.4 per cent from 2011–12) on the Bass Strait Passenger Vehicle Equalisation Scheme (the Scheme), and \$34.3 million in 2011–12 (down 6.5 per cent on 2010–11).

The Scheme is intended to reduce the cost of sea travel across Bass Strait. 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.

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. Under the changes:

- the Scheme is now monitored 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 2011, rebates increased by 3.1 per cent. One-way rebates increased to up to \$194 for a car; \$96 for a motorbike, \$27 for a bicycle and up to \$386 for an eligible motor home.
- on 1 July 2012, rebates increased by 2.5 per cent. One-way rebates increased to up to \$199 for a car; \$100 for a motorbike, \$28 for a bicycle and up to \$398 for an eligible motor home.

Two operators provided Bass Strait ferry services between 1 July 2011 and June 2013: TT-Line and SeaRoad Shipping. TT-Line carried over 99 per cent of passengers with an accompanied eligible vehicle under the Scheme.

TT-Line — wholly owned by the Tasmanian Government — reported an after-tax profit of \$12.7 million in 2012–13 and an after-tax profit of \$1.1 million in 2011–12. (TT-Line reported after-tax profit of \$0.5 million in 2010–11).

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

- average revenue per voyage increased by 11.4 per cent in 2011–12, and increased another 2.2 per cent in 2012–13 (the number of voyages reduced by 68 or 8.2 per cent in 2011–12 and by 11 voyages or 1.4 per cent in 2012–13).
- average voyage operating expenses increased by 5.8 per cent in 2011–12 and a further 7.4 per cent in 2012–13.
- average cost per passenger increased by 10.4 per cent in 2011–12 and a further 14.7 per cent in 2012–13.

TT-Line passenger fares were unchanged in 2010–11, then increased on three occasions in 2011–12. Fare structures were basically unchanged, however TT-Line did introduce several new promotional fares. Vehicle fares changed throughout the two year period.

SeaRoad Shipping fares were unchanged over the two year period, except for a fuel surcharge that varied month to month.

BITRE's benchmark net peak season sea fare (with the rebate) at the end of June 2013 was \$738 one-way. This compares with \$656 at the end of June 2012 and \$651 at the end of June 2011.

In real terms, BITRE's benchmark sea package increased a total of 8.4 per cent between June 2011 and June 2013:

- A decrease of 1.6 per cent between June 2011 and June 2012.
- An increase of 10.1 per cent between June 2012 and June 2013.

Air fares also varied over the two years. BITRE's air fare indices indicate gradual changes:

- The internet discount fare index declined steadily between June 2011 and June 2013.
- The restricted economy fare index declined after May 2011 then increased steadily but remained below the levels seen in 2009 and 2010.
- The internet full economy fare index increased steadily since June 2011.

Trends in travel across Bass Strait in 2011–12 and 2012–13 included:

- Total adult air and sea passenger numbers dropped to around 1.6 million in 2011–12, then rebounded to 1.8 million in 2012–13.
- Air travel's modal share remained at 90 per cent in 2011–12, then increased to over 92 per cent in 2012–13.
- The number of people travelling by sea decreased by over 17 per cent in 2011–12, then decreased by a further 9.3 per cent in 2012–13 to reach levels not seen since 2000–01.
- The number of Tasmanians travelling by sea for business purposes to the mainland nearly halved in 2011–12, then declined by a further 11.5 per cent in 2012–13.
- The number of visitors travelling by air for business purposes to Tasmania grew by 1.6 per cent in 2011–12 (the only air category not to have fallen), then increased by over 10 per cent in 2012–13.
- Every category of sea travel declined by at least 5.8 per cent in both 2011–12, and again in 2012–13. All air travel categories increased in 2012–13 by at least 8.1 per cent.

BITRE's econometric modelling indicates that the number of motor vehicle passengers may have been 35.1 per cent higher than without the Scheme.

The analysis also indicates that up to 38 per cent of these additional motor vehicle passengers may have travelled anyway as berth-only sea passengers without the Scheme.

BITRE estimates that 14 400 new leisure visitors travelled by sea in 2012–13 as a result of the Scheme (down from 17 400 in 2011–12), and that these additional visitors spent an estimated \$42 million in 2012–13 (down from \$46 million in 2011–12).

These passenger numbers and spending estimates exclude visitors travelling for business, visiting friends and relatives, or for 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 accompanied by 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 eligible 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 approved on 1 September 2002 and amended in June 2008 and 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 the 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 Regional Development.

The Bureau of Infrastructure, Transport and Regional Economics (BITRE) 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 thirteen previous reports on the Scheme, the most recent covering 2009–2011.

Operators

Two companies—TT-Line Company Pty Ltd (TT-Line) and SeaRoad Shipping—provided Bass Strait sea services in 2011–12 and 2012–13 and lodged claims under the BSPVES.

Southern Shipping was placed into receivership in January 2010, at which point the Tasmanian Government moved to terminate Southern Shipping Flinders Island service contract (Lloyds list DCN Newswire, 21-Jan-2010). Furneaux Freight replaced the Southern Shipping service. TT-Line carried 330 698 one-way passengers and 151 594 eligible vehicles in 2012–13, down from 358 432 one-way passengers and 164 236 eligible vehicles in 2011–12.

Spirit of Tasmania I and *Spirit of Tasmania II* of TT-Line operated the Melbourne–Devonport route.¹ 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 Port of Melbourne–King Island route where the driver travels by commercial air service on or about the same day.

The *Searoad Mersey* carried 306 eligible vehicles in 2012–13, down from 377 eligible vehicles in 2011–12.

Furneaux Freight operates a service using the *Matthew Flinders* between the Tasmanian ports of Bridport, Bell Bay and Lady Barron, Flinders Island. No claims for eligible vehicles were lodged by Furneaux Freight.

¹ *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).

T 1.1 Total eligible vehicles carried by operator, 2011–12 and 2012–13

Operator	2011–12		2012–13	
	Motor vehicles carried	Share of total (per cent)	Motor vehicles carried	Share of total (per cent)
TT-Line	164 236	99.8	151 594	99.8
SeaRoad Shipping	377	0.2	306	0.2
Southern Shipping a	na	na	na	na
Furneaux Freight b	0	0	0	0
Private Claims c	0	0	1	0
Total Vehicles	164 613	100	151 901	100

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

b. No claims were lodged by Furneaux Freight for 2011–12 and 2012–13.

c. One Private claim was lodged in 2012–13.

Source: Tasmanian Transport Programs team, Department of Human Services—personal communications 2013.

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

TT-Line reported a 2012–13 after-tax profit of \$12.7 million, compared with \$1.1 million in 2011–12 and \$0.5 million in 2010–11.

BITRE also estimates TT-Line's operating profit excluding ship re-valuations, non-operating and abnormal items (Appendix B, Table B.1).

For 2012–13 the BITRE estimates that TT-Line had:

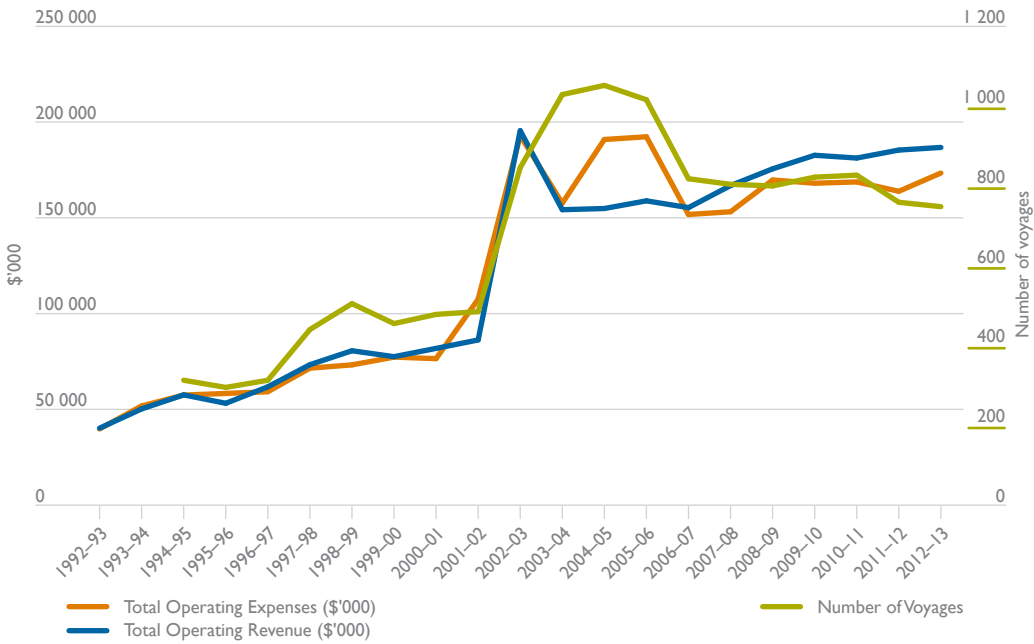
- an underlying operating profit of \$15.2 million, compared to \$25.0 million in 2011–12 and \$12.3 million in 2010–11
- operating revenues of \$186.7 million, compared with \$181.2 million in 2010–11 (a 3 per cent increase)
- operating expenses of \$173.4 million, compared with \$168.7 million (3 per cent increase) in 2010–11.

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

- average revenue per voyage increased by 11.4 per cent in 2011–12 and increased another 2.2 per cent in 2012–13 (the number of voyages reduced by 68 or 8.2 per cent in 2011–12 and by 11 voyages or 1.4 per cent in 2012–13)
- average voyage operating expenses increased by 5.8 per cent in 2011–12 and a further 7.4 per cent in 2012–13
- average cost per passenger increased by 10.4 per cent in 2011–12 and a further 14.7 per cent in 2012–13.

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 2012–13



Note: 2004–05 operating expenses exclude asset devaluation, and 2005–06 (and subsequent years) operating expenses exclude asset revaluations.

Source: TT-Line (2013) and previous annual reports.

Rebates paid

Vehicle rebates changed in July 2011 and July 2012. Table 1.2 summarises the one-way rebates for eligible vehicles as at 30 June 2012 and 30 June 2013.

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

The TT-Line seasonal fare structure continued as a two season (low-demand and high-demand) fare structure. 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

Eligible vehicle class	June 2012	June 2013
	Rebate (\$)	Rebate (\$)
Motor car or bus	Up to 194	Up to 199
Motor home	Up to 386	Up to 398
Eligible passenger vehicle towing a caravan	Up to 386	Up to 398
Motorcycle	Up to 96	Up to 100
Bicycle	Up to 27	Up to 28

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 (2013).

In 2012–13, the Australian Government spent \$32.8 million under the Scheme—a decrease of 4.3 per cent over 2011–12.

Expenditure in 2011–12 was \$34.3 million, down 6.5 per cent from 2010–11. 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 2012–13 (including one Private Claim) and two service providers in 2011–12 (Table 1.3).

T 1.3 Rebates paid to Bass Strait and King Island service providers for vehicles carried, 2011–12 and 2012–13 (nominal dollars)

Service Provider	2011–12	2012–13
TT-Line	34 261 385	32 771 951
SeaRoad Shipping	88 347	77 383
Furneaux Freight	0	0
Private Claims	0	194
Total rebates paid	34 349 732	32 849 528

Source Tasmanian Transport Programs, Department of Human Services—personal communications 2013

In 2012–13, a total of \$32.84 million in rebates were paid under the Scheme—a decrease of 4.3 per cent over 2011–12, rebates paid in 2011–12 also decreased by 6.5 per cent over 2010–11. Over 99 per cent of rebates under the Scheme went to passengers with an accompanying eligible vehicle travelling on TT-Line services.

Table 1.4 presents TT-Line nominal payments and the average reimbursement per eligible vehicle passenger. Reimbursements almost doubled in 2002–03 from the year before 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 (specifically replacing the previous seasonal structure by a constant rebate throughout the year, and extending the Scheme to include additional vehicle types. Table 1.4 and Figure 1.2).

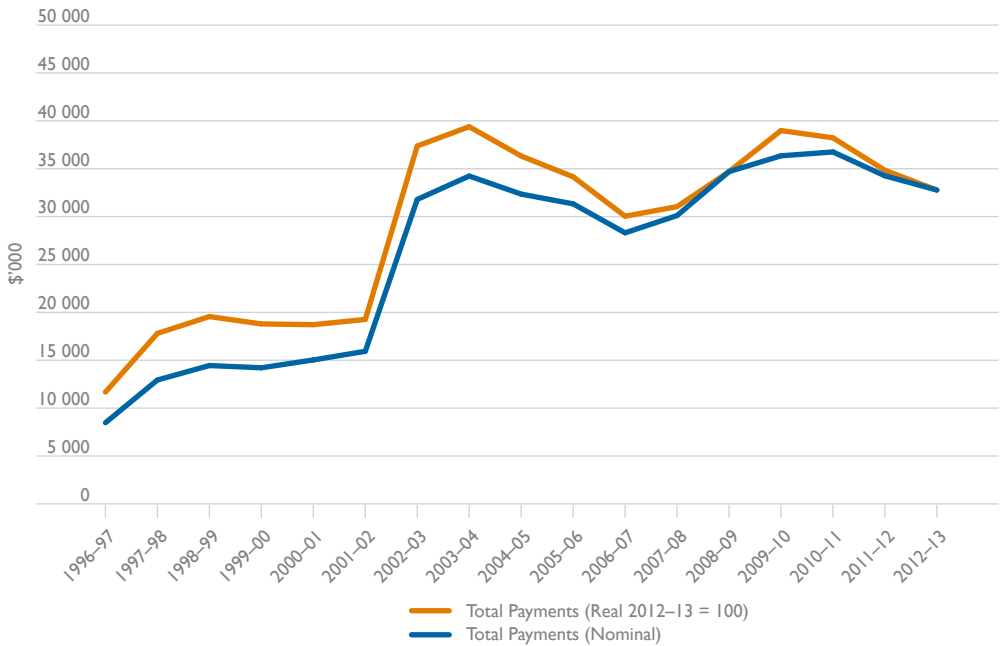
T 1.4 TT-Line's average reimbursement per eligible vehicle passenger, 1996–97 to 2012–13

	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	12 862 637	153 045	55.4	84.0
1997–98	12 938 565	19 644 587	231 098	56.0	85.0
1998–99	14 446 755	21 659 479	261 487	55.2	82.8
1999–00	14 211 445	20 807 971	248 745	57.1	83.7
2000–01	15 030 670	20 759 071	259 438	57.9	80.0
2001–02	15 932 170	21 393 726	272 922	58.4	78.4
2002–03	31 793 065	41 446 169	432 498	73.5	95.8
2003–04	34 235 612	43 582 341	438 841	78.0	99.3
2004–05	32 349 808	40 212 265	395 928	81.7	101.6
2005–06	31 331 361	37 734 986	384 974	81.4	98.0
2006–07	28 304 136	33 108 348	340 273	83.2	97.3
2007–08	30 109 449	34 073 203	335 881	89.6	101.4
2008–09	34 699 147	38 080 090	342 099	101.4	111.3
2009–10	36 348 243	38 984 953	356 125	102.1	109.5
2010–11	36 751 700	38 227 785	354 864	103.6	107.7
2011–12	34 261 385	34 835 407	318 615	107.5	109.3
2012–13	32 771 951	32 771 951	297 134	110.3	110.3

a. Real 2012–13 dollars

Source: Tasmanian Transport Programs, Department of Human Services—personal communications (2013 and earlier); TT-Line—personal communications (2013 and earlier).

F 1.2 TT-Line rebate reimbursements under the Scheme, 1996–97 to 2012–13



Notes Data relates to vehicles shipped and excludes advanced payment numbers for scheduled bookings.

Source Tasmanian Transport Programs, Department Human Services—personal comm. 2013

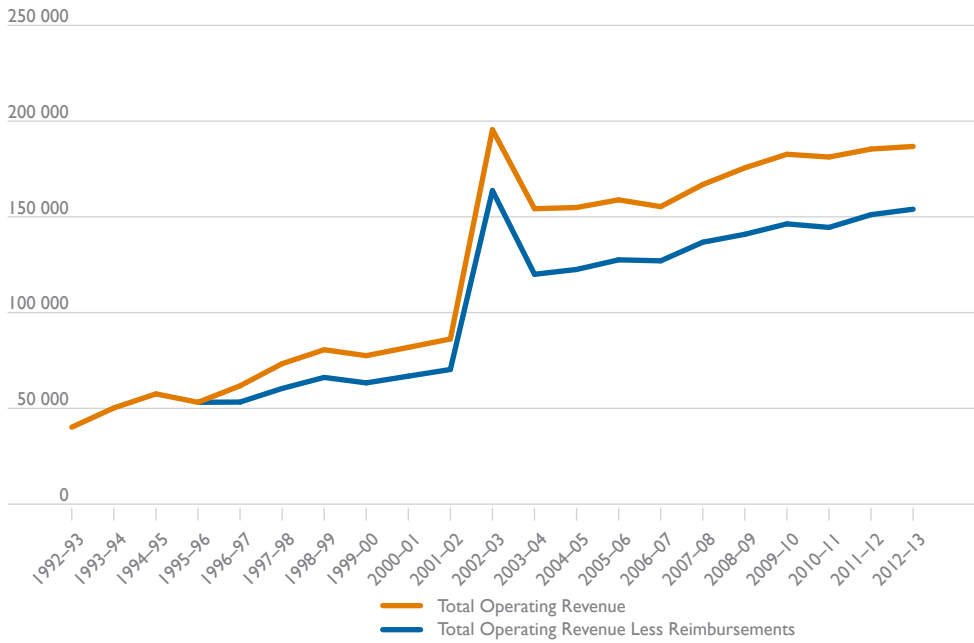
Total nominal rebate payments decreased for the first time in 2011–12 (and decreased further in 2012–13) since 2006–07.

The average nominal rebate for each TT-Line per motor vehicle passenger has increased from \$83.20 in 2006–07 to \$110.30 in 2010–11, a real increase of 13.0 per cent over six years (Table 1.4).

The average rebate per motor vehicle passenger has increased in both nominal and real terms possibly due to the increase in vehicle rebates on 1 July 2011 and 1 July 2012.

Figure 1.3 shows reimbursements to TT-Line and TT-Line's operating revenue. Reimbursements represented 17.6 per cent of TT-Line operating revenue in 2012–13.

F 1.3 Adjusted TT-Line revenue and revenue net of scheme rebates, 1992–93 to 2012–13



Note Excludes gross proceeds (\$61.2 million) in 2002–03 from the sale of the Spirit of Tasmania.

Source TT-Line (2013) and previous annual reports.

CHAPTER 2

Bass Strait sea and air travel

An estimated 1.81 million adult passengers travelled by air and sea across Bass Strait in 2012–13 (1.63 million in 2011–12). This was an additional 179 000 passengers compared to 2011–12, representing a substantial 10.9 per cent increase (see Appendix C).²

The 1.63 million adult passengers in 2011–12 represents a decrease of over 95 000 passengers on 2009–10, or a decrease of 5.5 per cent. The last three years has seen the number of adult passengers vary around 1.7 million passengers (1.63 million to 1.81 million).

Some of the more significant changes in travel across Bass Strait in 2011–12 and 2012–13 were:

- total adult air and sea passenger numbers fluctuated both above and below 1.7 million adult passengers by approximately 100 000 passengers.
- air travel's modal share has increased slightly to 90 per cent in 2011–12 and increased further to 92 per cent in 2012–13.
- the number of people travelling by sea decreased by nearly 18 per cent in 2011–12 then decreased a further 9.3 per cent in 2012–13.
- sea travel by Tasmanians travelling for business purposes to the mainland declined in both 2011–12 and 2012–13 to present at about half of the level in 2010–11.
- air travel by visitors travelling for business purposes to Tasmania grew by 1.6 per cent in 2011–12, then increased by 10.3 per cent in 2012–13 to an estimated 260 700 passengers.
- sea travel by visitors travelling for business purposes to Tasmania decreased nearly 11 per cent to an estimated 22 500 passengers in 2011–12, then declined nearly 6 per cent to an estimated 21 200 passengers in 2012–13.

Sea services

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 the service in August 2006.

The number of Melbourne–Devonport voyages decreased significantly in both 2011–12 and 2012–13.

² Tourism Tasmania 'Tasmanian Visitor Survey'—personal communications (2001; 2007; 2011; 2013).

T 2.1 TT-Line one-way voyages by vessel, 1995–96 to 2012–13

Year	Spirit of Tasmania	Devil Cat	Spirit of Tasmania I/II	Spirit of Tasmania III ^c	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	1 029
2004–05	na	na	832	220	1 052
2005–06	na	na	812	204	1 016
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
2011–12	na	na	759	na	759
2012–13	na	na	748	na	748

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 (2013) and previous Annual Reports.

The average number of passengers per voyage decreased significantly in both 2011–12 and 2012–13, down to 442 in 2012–13.

Average number of vehicles per voyage also decreased significantly in both 2011–12 and 2012–13, down to 203 in 2012–13 (Table 2.2).

T 2.2 TT-Line average traffic per voyage by service, 1995–96 to 2012–13^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
2011–12	472	na	216	na
2012–13	442	na	203	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 (2013) and previous Annual Reports.

Sea fares

Passengers on TT-Line pay a passenger fare and fare for their vehicle.

Under the Scheme, the Australian Government pays a subsidy for eligible vehicles. The Scheme does not subsidise passenger fares.

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

Sea passenger fares

TT-Line continued to offer a tiered passenger fare structure (first introduced on 17 May 2010), with a base passenger fare and additional costs for cabin upgrades.

Key points for passenger fare structure for 2011–12 and 2012–13:

- A two season structure (introduced on 14 September 2009) with different passenger fares for peak and off-peak periods.
- Different fares for day sailings (also introduced on 14 September 2009). Day sailings operated during the peak season in the summer months and for a period around April. Day sailing passenger fares were heavily discounted.
- 15 passenger fare types. These include standard passenger fares ("FLEXX" and "Spirit") and a variety of promotional or campaign deals. Limited numbers of certain promotional fares are made available subject to a range of conditions. Generally, full payment is required at the time of booking, fares may be non-refundable, and date, time or name changes may not be permitted.

TT-Line made a number of changes to passenger fares in the period July 2011 to June 2013:

- From 1 July 2012, passenger fares increased by \$4 (1.5 per cent) which TT-Line attributed to the carbon price surcharge (\$3 or 1.1 per cent) and the Port of Melbourne Line Fee (\$1 or 0.4 per cent).
- TT-Line introduced a number of new promotional fares.
- From 1 September 2012, passenger fares changed for night sailings with Tier 1 adult fares increasing by \$4, Tier 1 pensioner fares increasing by \$2 and Tier 1 child fares decreasing by \$12.
- From 4 November 2012, passenger fares changed for day sailings with Tier 1 adult and pensioner fares increasing by \$1 and Tier 1 child fares decreasing by \$10.

Vehicle fares

In addition to their own fare, TT-Line passengers must pay a fare for their accompanied vehicle. Under the Scheme, passengers travelling with a vehicle across Bass Strait can receive a rebate applied against the vehicle fare charged by a ferry operator.

On 30 June 2011, the net fare for a standard passenger car was \$79 per vehicle (a gross vehicle fare of \$267, less a rebate of \$188 per vehicle).

Vehicle fares changed six times between 1 July 2011 and 30 June 2013, including changes by TT-Line and changes in vehicle rebates:

- On 1 July 2011, vehicle fares decreased with the annual indexing of the rebate. This decreased a standard car fare to \$73 (with a \$194 rebate).
- From 1 September 2011, vehicle fares increased by between one and ten dollars. This increased a standard car fare to \$83.

- From 4 June 2012, vehicle fares increased \$1 (1.8 per cent) which TT-Line attributed to the introduction of the port of Melbourne 'Port Line Fee'. This increased a standard car fare to \$90.
- On 1 July 2012, vehicle fares increased by \$6 (7.2 per cent) which TT-Line attributed to the carbon price surcharge (TT-Line 2012b). This increased a standard car fare to \$89.
- From 1 July 2012, vehicle fares decreased with the annual indexing of the rebate. This decreased a standard car fare to \$85 (with a \$199 rebate).
- From 1 August 2012, TT-Line increased vehicle fares. This increased a standard car fare to \$89.

On 30 June 2013, the net fare for a standard passenger car was \$89 per vehicle (a gross vehicle fare of \$288, less a rebate of \$199 per vehicle).

Table 2.3 gives vehicle fares (net of the rebate) as at 30 June 2013.

T 2.3 TT-Line net vehicle fares as at the 30 June 2013

Vehicle type – length	Off-peak	Peak
Standard cars/vehicles and vehicles towing trailers less than 2.0 metres wide		
0.1–5.0 metres	89	89
5.1–6.0 metres	99	99
Campervans/motor homes less than 2 metres wide		
0.1–5.0 metres	89	89
5.1–6.0 metres	99	99
Motor homes/campervans and vehicles towing caravans		
0.1–7.0 metres	109	152
7.1–8.0 metres	182	237
8.1–9.0 metres	255	322
9.1–10.0 metres	328	407
10.1–11.0 metres	401	492
Over 11.0m + \$/per metre	73	85
Vehicles towing trailers or vehicles other than motor homes/campervans ^a and buses		
0.1–6.0 metres	103	146
6.1–7.0 metres	308	351
7.1–8.0 metres	381	436
8.1–9.0 metres	454	521
9.1–10.0 metres	527	606
10.1–11.0 metres	600	691
Over 11.0m + \$/per metre	73	85
Motor bikes	64	64
Motor bike with side car or trailer	87	87
Push bikes	6	6

a. 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 (2013)

Motor vehicle fares for the SeaRoad Shipping service (operated using the Searoad Mersey) are shown in Table 2.4.

T 2.4 Motor vehicle fares for SeaRoad Shipping

	June 2012	June 2013
Vehicle category	Cost one-way ^a	Cost one-way ^a
Vehicle up to 4.3m in length	\$371 + fuel surcharge + GST	\$371 + fuel surcharge + GST
Vehicle 4.3 to 5.5 m in length	\$494 + 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 (2013)

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.

Benchmark fare package

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

This benchmark for a TT-Line sea travel package for two adults with an inside three to four berth cabin, a standard motor car and two meals purchased on board.

The benchmark sea fare for 2011–12 and 2012–13 (as for 2010–11) is based on 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 periods.

The passenger component of BITRE's benchmark fare is for an adult in the peak season. BITRE (2012) modified the methodology to take account of changes in TT-Line passenger fare structures in both 2010 and 2011 (notably, the introduction of a five tiered fare structure by TT-Line on 17 May 2010). While the benchmark fare series since 2010 is indicative of changes in fare levels, there is a break in series with benchmark values since 2011 not directly comparable with previous years.

The benchmark passenger fares are illustrated in Table 2.5. Note that benchmark one-way passenger fares were unchanged between June 2011 and June 2012, with fares increasing on three occasions in 2011–12.

T 2.5 Benchmark one-way passenger fares Melbourne-Devonport (\$), as at end of 2011–12 and 2012–13

Passenger type	June 2012		June 2013	
	Off-Peak	Peak	Off-Peak	Peak
Adult	232 (97)	332 (197)	231 (99)	380 (224)
Pensioner	193 (58)	253 (118)	222 (90)	292 (136)
Child	169 (34)	204 (69)	174 (42)	226 (70)

Notes June 2012 and 2013 fares are base per person fares with an additional cabin upgrade price of \$135 (\$156 in Peak season 2013) for an inside 3 berth cabin.

June 2012 and 2013 fares in brackets are the base per person fare.

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 (2013)

Table 2.5 shows that the cost of the adult sea peak period passenger fare used in the benchmark package increased from \$332 in June 2012 to \$380 in June 2013 (an increase of \$48).

All components of the BITRE sea package fare increased in dollar terms since June 2011:

- a \$27 increase on each adult fare.
- a \$21 increase on the cabin upgrade.
- a \$10 increase in the vehicle fare.
- a \$2 increase on the on-board spend.

BITRE's benchmark net peak season sea fare (with the rebate) at the end of June 2013 was \$738 one-way. This compares with \$656 at the end of June 2012 and \$651 at the end of June 2011. BITRE cautions that TT-Line fare structures changed significantly on 14 September 2009 when shoulder season fares were dropped and day-night sailings were separated.

The combined impact of the carbon price surcharges on passenger and vehicle fares increased the benchmark fare package by \$12 (1.6 per cent of the benchmark fare package as for June 2013).

The effect of the Scheme on sea travel costs (as for June 2013) is illustrated in the following example.

During the off-peak 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 \$463 one-way.

For a return journey and average 18 night stay in Tasmania (with a \$23 per day spend on transport for people taking their own vehicle), the cost of the off-peak sea package would have been \$1340. The cost of this off-peak package would have increased by \$398 to \$1738 without the rebate—the Scheme reduced the cost of an off-peak sea package by 23.0 per cent.

If it were a 7 night stay, then the cost of this off-peak sea package would have been \$1087 (\$1485 without the rebate—a 26.7 per cent cost reduction).

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

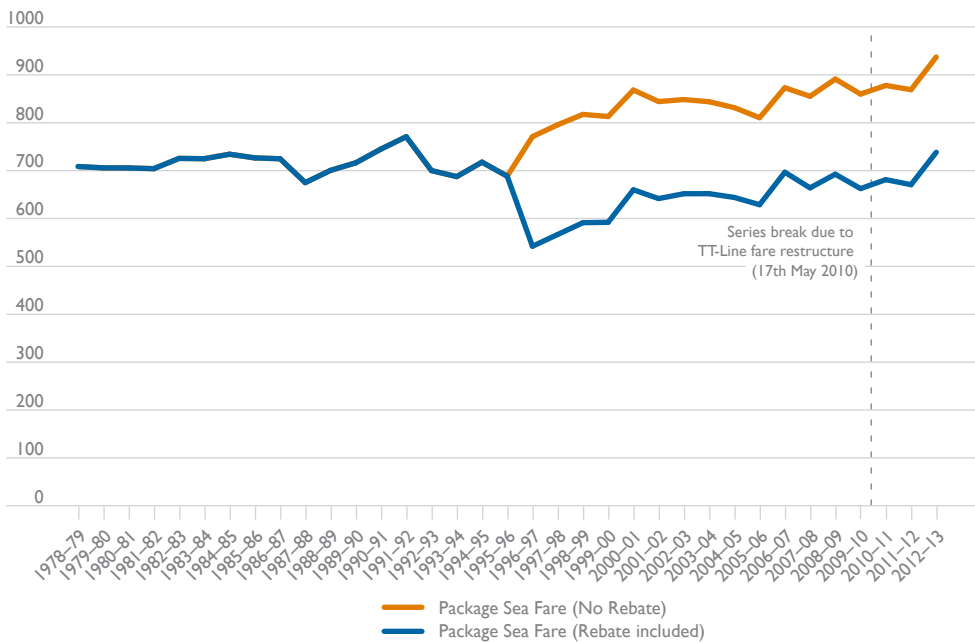
In real terms, the cost of BITRE’s sea package increased 8.4 per cent between June 2011 and June 2013. The real value of this sea package decreased 1.6 per cent between June 2011 and June 2012, then increased 10.1 per cent between June 2012 and June 2013.

The cost of a peak season sea package at the end of June 2013 was above, in real terms, prices in the peak period directly prior to the introduction of the Scheme.

However, this analysis should be treated with caution given:

- There have been major improvements in the ships used to provide the service, including changes in the on-board service offerings
- Passengers can choose different standards and prices of accommodation (including the option of no cabin upgrade).
- This comparison is for the peak season only (particularly as TT-Line dropped shoulder season fares on 14 September 2009).

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 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.

Air services and related fares

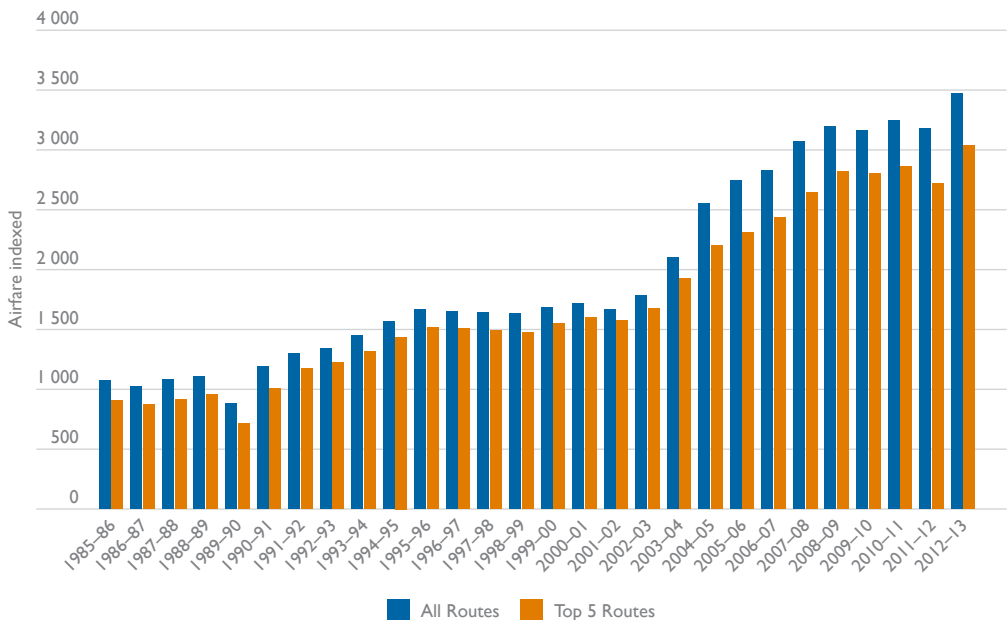
One-way trips by domestic air passengers to and from Tasmania decreased to just under 3.2 million in 2011–12, then increased to over 3.4 million in 2012–13. The top five routes accounted for just over 3.0 million one-way trips (88 per cent) of all air passengers on Tasmanian interstate routes (Figure 2.2). Brisbane–Hobart has replaced Melbourne–Devonport as a top five air route.

Low cost carriers started operations to Tasmania in 2001, This coupled with the introduction of new air routes has substantially increased the total number of air passengers.

The entry of low cost airlines into the Tasmanian market has resulted in substantial falls in discount air fares (Figure 2.3). The fall 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.

F 2.2 Air passengers between Tasmania and the mainland—one-way trips, 1985–86 to 2012–13



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.

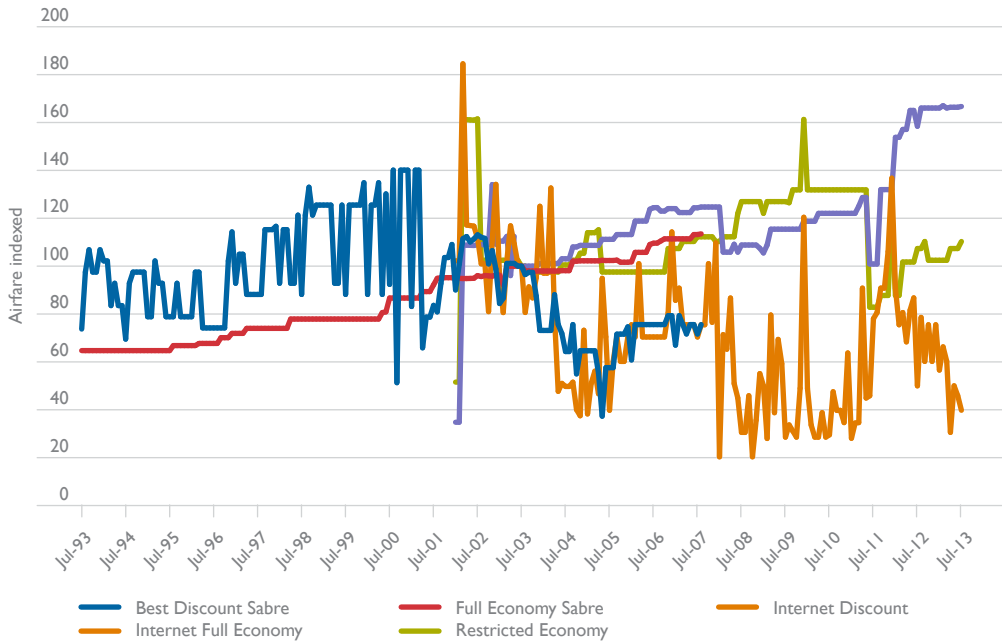
Source BITRE domestic air passenger data

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. From June 2011 to June 2013 the Internet Discount Fare index has declined steadily.

BITRE's restricted Economy index declined after May 2011 then steadily increased but remained below levels seen in 2009 and 2010. The Internet Full Economy index increased steadily from June 2011.

F 2.3 Melbourne–Hobart airfare indices, Jan 2002 to July 2013



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 2.6 gives the number of adult³ visitors to Tasmania (return trips) by purpose of travel and mode over the seventeen years to 2012–13. It includes sea passengers on the Sydney–Devonport service between January 2004 and August 2006.

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 occurred in 2010–11. Since 2010–11 adult sea passengers travelling for holiday or leisure has declined to its lowest level since 1996–97.

³ 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 2.6 Number of adult visitors travelling to Tasmania, by purpose and mode, 1996–97 to 2012–13^{a,b}

Purpose/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	2011 -12	2012 -13
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	71.2	62.8
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	274.5	321.1
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	18.7	17.9
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	232.0	278.0
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	12.6	13.9
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	155.2	171.1
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	9.9	7.3
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	81.1	89.6
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	112.4	101.9
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	742.8	859.6

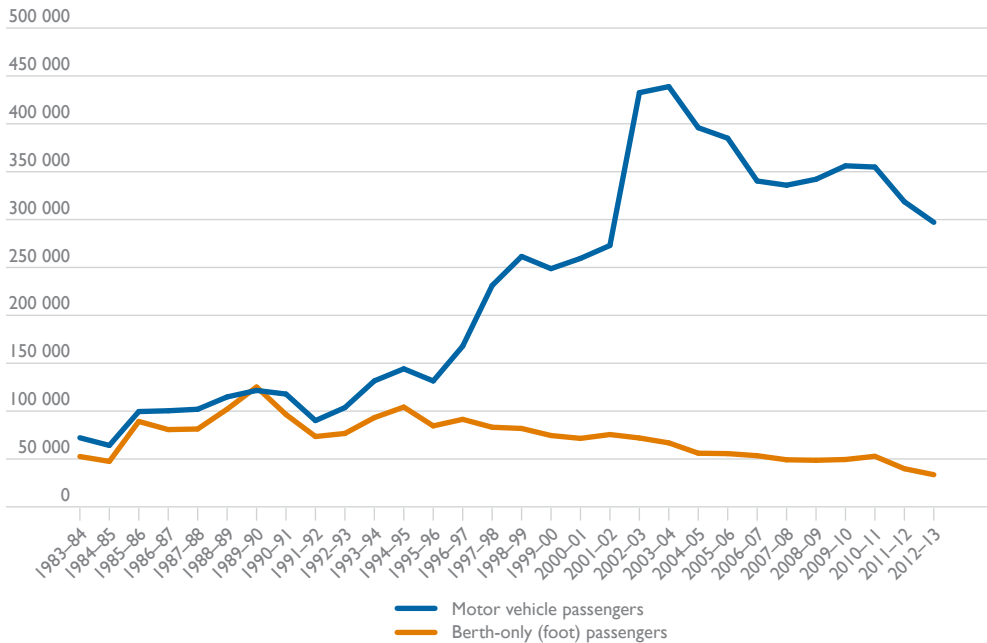
Note Data collected by survey and subject to sampling error.

- Excludes minors and day trippers.
 - Includes passengers carried on the Sydney–Devonport services between January 2004 and August 2006.
 - Includes attendance at conferences, other purposes and not specified.
- Sources Tourism Tasmania 'Tasmanian Visitor Survey'—personal communications (2001; 2007; 2011; 2013).

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, 1995–96 to 2012–13^{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

Source TT-Line—personal communications 2013 and earlier

The average number of motor vehicle passengers per eligible vehicle has remained around 2.0 (1.9 in 2011–12 and 1.9 in 2012–13) 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 60 per cent between 1995–96 (before the start of the Scheme) and 2012–13, while the number of one-way motor vehicle passengers has increased by 125 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, increasing in 2009–10 and 2010–11, only to fall to its lowest ever levels in 2011–12 and 2012–13.

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. In both 2011–12 and 2012–13, motor vehicle passengers declined sharply falling to levels not seen since 2001–02.

Since the peak in 2003–04 of 505 639 one-way passengers, sea passenger numbers have fallen by 174 941 (34.6 per cent), with the number of motor vehicle passengers falling 32.2 per cent and the number of berth-only passengers down 49.7 per cent.

Types of motor vehicles

A breakdown of eligible vehicles for which reimbursements were paid from 2001–02 to 2012–13 (Table 2.7) shows cars have declined as a proportion of all eligible vehicles since the Scheme was broadened in September 2002. All vehicle types have decreased both in 2011–12 and 2012–13.

In 2012–13 'car' numbers reached their lowest level since 2001–02.

T 2.7 Eligible vehicles for which reimbursements paid, 2001–02 to 2012–13

Eligible vehicles	Number of eligible vehicles												change from 2010–11 to 2012–13
	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	
Motor cars	128 353	196 871	199 902	188 757	179 955	160 823	161 139	164 890	164 287	151 505	134 583	124 401	-17.9%
Eligible vehicles + caravan	7 359	9 648	10 186	10 798	10 969	11 307	11 562	12 138	12 138	12 121	11 328	10 442	-13.9%
Motorcycles	6 303	7 023	8 699	8 791	11 402	7 720	8 917	10 373	12 384	9 650	9 496	8 336	-13.6%
Motor homes	5 991	9 023	7 870	7 891	8 177	8 048	8 048	8 306	9 353	9 714	8 414	8 051	-17.1%
Pushbikes	1 188	431	992	692	692	556	877	654	771	597	597	521	-32.4%
Buses	324	474	791	365	370	311	294	247	202	225	170	150	-33.3%
Total	134 980	218 906	228 494	216 961	211 108	188 692	190 261	196 255	199 018	183 986	164 588	151 901	-17.4%

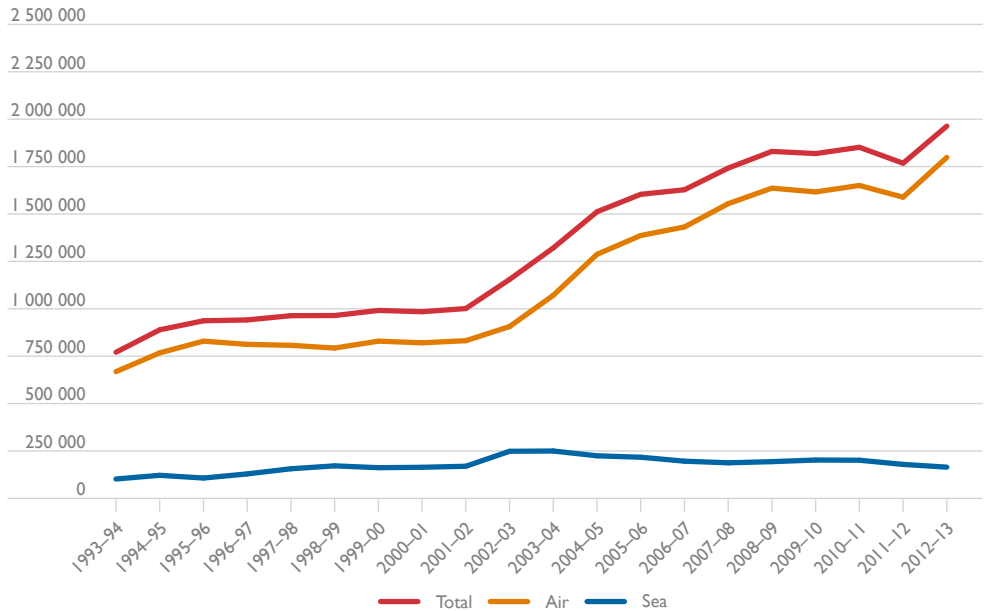
Sources: Tasmanian Transport Programs, Department of Human Services (formerly Centrelink)—personal communications 2003–2011

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 2012–13



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 decline 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. The decline in sea

passenger numbers continued into both 2011–12 and 2012–13 falling to levels not seen since 2001–02. 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. Air passengers, along with total passengers, declined again in 2011–12 but then increased markedly in 2012–13.

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 help 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 remained relatively flat around 190 000 to 200 000 return passengers, until the previous two years where sea passenger numbers have declined by 36 500 return passengers or approximately 18% between 2010–11 and 2012–13.

CHAPTER 3

Effectiveness of the Scheme

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

In 2012–13, the \$199 rebate on a standard car represented 21.2 per cent of BITRE's benchmark one-way Melbourne–Devonport sea fare for a couple travelling with an eligible passenger car. This compares with 22.4 per cent at the end of June 2011 (with a \$188 rebate) and 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 eligible 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 13 (covering 2009–10 to 2010–11), with the addition of a dummy variable to take account of the significant decrease in general domestic travel across Bass Strait.

The model includes three 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, the second to account for the Sydney–Devonport service which commenced

in January 2004 and ceased in August 2006, and the third to take account of the aforementioned drop in Bass Strait travel in 2011–12 and 2012–13.

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 2012–13—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 -1.65 obtained from the model indicates that a 1 per cent reduction in the sea fare leads to a 1.65 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 2012–13

Motor vehicle passenger one-way trips: Melbourne–Devonport				
Year	Without Scheme (estimates) ^c	With Scheme (actual)	Difference ^c	Per cent change
1996–97 ^a	102 620	153 045	50 425	49.1
1997–98	156 541	231 098	74 557	47.6
1998–99	179 368	261 487	82 119	45.8
1999–00	171 604	248 745	77 141	45.0
2000–01	185 707	259 438	73 731	39.7
2001–02	195 359	272 922	77 563	39.7
2002–03 ^d	312 605	432 498	119 893	38.4
2003–04 ^b	297 205	409 115	111 910	37.7
2004–05 ^b	249 975	343 252	93 277	37.3
2005–06 ^b	227 807	312 304	84 497	37.1
2006–07	251 362	335 423	84 061	33.4
2007–08	245 180	335 881	90 701	37.0
2008–09	249 919	342 099	92 180	36.9
2009–10	263 392	356 125	92 733	35.2
2010–11	262 031	354 864	92 833	35.4
2011–12	232 682	318 615	85 933	36.9
2012–13	219 904	297 134	77 230	35.1
All years	2 825 251	3 937 307	1 112 056	39.4

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 2012–13 the Scheme resulted in approximately 77 200 additional one-way trips by motor vehicle passengers between Melbourne and Devonport. This is an increase of 35.1 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 75 000 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 120 000 in 2002–03. This declined to an estimated 84 000 in 2006–07 (revised), then increased to approximately 92 800 in 2010–11. The last two years has seen it decline to similar levels seen in 2001–02.

The 2012–13 model results indicate that the proportion of motor vehicle passengers on the Melbourne–Devonport route attributable to the Scheme has decreased marginally from 35.4 per cent in 2010–11 to 35.1 per cent in 2012–13 (Table 3.1).

The (revised) proportion of motor vehicle passengers attributed to the Scheme has declined from 49.1 per cent of Melbourne–Devonport motor vehicle passengers in 1997–98 (the first full year after the introduction of the Scheme) to 35.1 per cent in 2012–13.

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 92 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 2012–13. 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.⁴ 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.

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 (BTRE 2006b, Appendix A).⁵

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

⁴ 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.

⁵ Possible explanations include data limitations and limited substitutability of sea travel for most air passengers.

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. However, in 2011–12 and 2012–13, berth only passenger numbers decreased significantly to its lowest recorded level of just 33 564 passengers in 2012–13.

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.

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

1. increasing by 1.5 per cent per annum between 1996–97 and 2003–04.
2. decreasing by 5 per cent per annum between 2004–05 and 2008–09.
3. stabilising in 2009–10 and 2010–11.
4. decreasing by 5 per cent per annum in 2011–12 and 2012–13.

BITRE's analysis indicates that the rebate may have reduced the number of berth-only sea passenger movements in 2012–13 by approximately 29 000 (27 000 in 2011–12) 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 29 000 fewer berth-only passenger movements from the econometric estimate of just over 77 200 additional motor vehicle passenger movements in 2012–13. This implies that nearly 38 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 48 000 increase in one-way motor vehicle sea passengers between Melbourne and Devonport in 2012–13 (59 000 in 2011–12). Assuming each passenger made a return trip with their vehicle, this equates to an estimated 24 000 return motor vehicle passengers.

Tourism Tasmania visitor survey data indicates that over half of these new passengers are likely to have been travelling for holiday or leisure purposes (Table C.1).⁶ Therefore, BITRE estimates that 14 400 new leisure visitors travelled by sea between Melbourne and Devonport in 2012–13 as a result of the Scheme (17 400 in 2011–12). This compares with an estimate of 15 000 in 2010–11 and 14 700 in 2009–10.

If each of these new visitors spent an average of \$2918 per person,⁷ then the total additional new tourism spending would have been \$42.0 million. This compares with an estimated \$46 million in 2011–12 and \$36.0 million in 2010–11.

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
- 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.

Assuming an average visitor spending of \$2918 per person, the Scheme would have needed to have increased the number of additional visitors to Tasmania by only 11 250 in 2012–13 for the increase in visitor spending to equal the total rebate paid.

⁶ 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).

⁷ The average spending by sea passengers (for all journey purposes) was estimated at \$2918 per trip in 2012–13 (BITRE trend estimate based on Tourism Tasmania, personal communication 2011).

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, including a new dummy variable 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:

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

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 TTT-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;

DRT = Dummy Reduced Travel - A new dummy variable to account for the significant reduction in general travel (both sea and air) across Bass Strait in 2011–12 and 2012–13;

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 2012–13. 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	27.2	291	411.5	16.0
1986–87	100 335	29.5	317	412.7	16.3
1987–88	101 915	31.3	317	425.5	16.5
1988–89	114 783	33.1	353	449.2	16.8
1989–90	121 559	36.6	390	475.5	17.1
1990–91	117 785	40.1	427	470.9	17.3
1991–92	90 070	42.9	450	473.4	17.5
1992–93	103 642	39.7	413	486.5	17.7
1993–94	131 542	40.2	413	500.2	17.9
1994–95	144 134	43.1	445	518.7	18.1
1995–96	131 455	44.6	445	535.0	18.3
1996–97	167 788	47.5	355	546.3	18.5
1997–98	231 098	49.9	371	553.8	18.7
1998–99	261 487	51.9	392	573.3	18.9
1999–00	248 745	52.2	402	594.7	19.2
2000–01	259 438	57.7	475	617.9	19.4
2001–02	272 922	63.1	475	630.7	19.7
2002–03	432 498	64.6	497	633.3	19.9
2003–04	409 115	65.4	509	668.2	20.1
2004–05	343 252	67.7	515	702.0	20.4
2005–06	312 304	69.2	519	731.5	20.7
2006–07	335 423	74.1	592	769.8	21.1
2007–08	335 881	71.0	583	788.5	21.4
2008–09	342 099	67.1	627	833.1	21.9
2009–10	356 125	71.3	677	913.2	22.0
2010–11	354 864	73.4	690	961.7	22.3
2011–12	318 615	84.6	675	985.4	22.7
2012–13	297 134	100.0	738	1011.0	23.2

Notes:

- Motor vehicle passengers carried across Bass Strait between Melbourne and Devonport.
- Average one-way real economy air fare index from Melbourne to Hobart (real 2012–13 dollars).
- Average one-way real package net fare during peak season (real 2012–13 dollars). The package net fare includes two adults, two meals and a standard vehicle.
- The air fare and sea package fare indices are in real dollars—taking account of real movements in fare prices
- Real household disposable income of Australians at current (2012–13) prices.
- Population of Australia.

Source TT-Line (2013) and previous Annual Reports, TT-Line—personal communications (2013 and previous years), ABS (2013), 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 0.92 (previously 0.91) suggests that the model is a good fit. It indicates that 92 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, the reduced Bass Strait travel dummy and increased ship capacity). Around 8 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.,

T A.2 Regression results for the Melbourne-Devonport sea model 2012–13

Variable	Estimated Coefficient	T-Statistics
Y - Real Income	0.67	1.13
P – Real Sea Fare	-1.65	-5.21
Q – Real Full Economy Air fare	1.71	7.35
Introduction of the <i>Spirit of Tasmania III</i> 2001–02 onwards (DSP)	0.40	3.57
Sydney-Devonport service dummy (DSYD)	-0.24	-2.43
Reduced Bass Strait travel dummy (DRT)	-0.57	-4.72
Intercept	-8.80	-3.54
Adjusted R^2	0.92	

Source BITRE analysis

In terms of the total impact on the number of motor vehicle passenger movements, the most important variable in the 2012–13 model remains the full economy real air fare.

The full economy real air fare has an estimated elasticity of 1.7 meaning that a 1 per cent increase (decrease) in the level of the full economy air fare will result in a 1.7 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 significant⁸ in explaining sea passenger movements.

⁸ 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.

The second most important variable is the real sea fare (own-price), with an estimated elasticity of -1.65. The own-price elasticity indicates that a 1 per cent decrease (increase) in the price of sea travel will result in a 1.65 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 95 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 dummy variable for the reduced level of travel over Bass Strait (DRT) was significant and negative in sign, indicating that the 'reduced travel' dummy correlated with a reduction in Melbourne–Devonport passenger numbers, as expected.

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 26 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.

APPENDIX B

TT-Line financial indicators

T B.1 Selected financial information for TT-Line, 1996–97 to 2012–13 (\$'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	11-12	12-13
Total operating revenue	61 766	73 325 ^a	80 607	77 511	81 842	86 236	195518 ^b	154 250	154 874	158 882	155 336	166 863	175 587	182 677	181 233	185 392	186 769
Operating Expenses																	
Operations—general ^e	22 357	22 724 ^a	33 932	40 865	42 864	42 402	69 454	90 900	118 603	120 798	93 187	95 246	112 786	112 815	112 356	106 941	110 566
Operations—write down	0	0	0	0	0	30 887	0	0	43 237	-43 237	-	-	-	-	-	-	-
Ship sale carrying value	0	0	0	0	0	0	62 732	0	0	0	-	-	-	-	-	-	-
Hotel services/ Terminal	15 296	15 464	17 783	16 924	17 782	18 130	27 708	33 878	34 306	34 575	26 634	29 354	29 490	23 577	21 700	23 112	27 391
Customer acquisition	4 893	4 698	6 015	5 900	6 261	6 680	11 437	10 574	13 222	16 234	16 466	15 674	14 379	8 598	7 685	7 908	10 204
Administration	6 098	6 219	5 707	4 889	6 871	7 462	8 902	8 340	8 593	8 478	8 665	7 735	9 061	7 840	10 526	9 877	10 425
Other (including Security)	10 556	22 406	9 793	8 697	2 696	1 958	12 673	13 954	16 192	12 245	6 809	5 161	4 049	15 252	16 486	16 027	14 816
Total operating expense	59 200	71 511	73 230	77 275	76 474	107 519	192 906	157 646	234 153	149 093	151 761	153 170	169 765	168 082	168 753	163 865	173 402
Operating profit/ loss	2 566	1 814	7 377	236	5 368	- 21 283	2 612	- 3 396	- 79 279	9 789	3 575	13 693	5 822	14 595	12 480	21 527	13 367

- Ferry revenue and operations-general expenses in 1997–98 include the impact of the Devil Cat/catamaran trial. TT-Line booked an abnormal item of \$780,000 against the trial.
 - Total operating revenue in 2002–03 included gross proceeds of \$61.2 million from the sale of the Spirit of Tasmania.
 - The 2004–05 write down in ship values reflected the change from a 'cost' to a 'valuation' accounting method.
 - 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-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.
 - TT-Line undertakes annual ship revaluations and write-downs which impact on reported after-tax profit. For comparison purposes, BITRE has excluded these values from the operating profit calculations.
 - 'Operations – general' includes TT-Line Employee Benefits Expense, Cost of Food and Beverages, Consumables, Repairs and Maintenance, Bunker Fuel and Oil for 2011–12 and 2012–13.
- Source TT-Line (2013) 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 2012–13

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	11–12	12–13
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	244 258	249 691
Operating expenses ^b																	
–per passenger	228	228	213	239	231	220 ^d	258 ^d	312	422 ^e	437 ^f	385	398	434	414	414	457	524
–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	215 896	231 821

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 (2013) and previous Annual Reports; BITRE estimates.

T B.3 TT-line reimbursements and (adjusted) operating revenue, 1996–97 to 2012–13

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	11–12	12–13
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	34 261	32 771
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	185 392	186 769
Reimbursements as a proportion of 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	18.5	17.5

a. Excludes gross proceeds (\$61.2 million) from the sale of the Spirit of Tasmania in 2002–03.

Source TT-Line (2013) and previous Annual Reports.

APPENDIX C

Bass Strait travel 2011–2013

T C.1 Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2011–12a and 2012–13^a ('000)

Purpose of travel	2011–12			2012–13		
	Air	Sea	Total	Air	Sea	Total
Visitors to Tasmania						
Holiday/leisure	274.5	71.2	345.7	321.1	62.8	383.9
Visiting friends/relatives	232.0	18.7	250.7	278.0	17.9	295.9
Business	155.2	12.6	167.8	171.1	13.9	185.0
Conference	31.1	0.8	31.9	31.4	0.9	32.3
Other/not specified	50.0	9.1	59.1	58.2	6.4	64.6
Total visitors	742.8	112.4	855.2	859.8	101.9	961.7
Tasmanian residents						
Holiday/leisure	210.4	17.9	228.3	214.1	17.6	231.7
Visiting friends/relatives	237.5	14.9	252.4	269.9	12.5	282.4
Business	181.1	7.8	188.9	204.6	7.5	212.1
Conference	25.6	0.5	26.1	30.4	0.2	30.6
Other/not specified	75.7	3.9	79.6	88.2	3.1	91.3
Total Tasmanians	730.3	45.0	775.3	807.2	40.9	848.1
Total passengers	1473.1	157.4	1630.5	1667.0	142.8	1809.8

a. Excludes minors and day trippers. Data collected by survey and subject to sampling error.

Source Tourism Tasmania Tasmanian Visitor Survey—personal communications (2013).

T C.2 Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2011–12 ('000)^a

	Air		Sea		Total	
	Number ('000)	Percent change on 10–11	Number ('000)	Percent change on 10–11	Number ('000)	Percent change on 10–11
Visitors						
Holiday, leisure, or visiting friend and relatives	506.5	-4.2%	89.9	-17.4%	596.4	-6.5%
Business/other	236.3	1.6%	22.5	-10.7%	258.8	0.4%
Total visitors	742.8	-2.4%	112.4	-16.2%	855.2	-4.5%
Tasmanian residents						
Holiday, leisure, or visiting friend and relatives	447.9	-2.2%	32.8	-6.0%	480.7	-2.4%
Business/other	282.4	-10.5%	12.2	-45.8%	294.6	-12.8%
Total Tasmanians	730.3	-5.6%	45	-21.5%	775.3	-6.7%
Total passengers	1473.1	-4.0%	157.4	-17.8%	1630.5	-5.5%

a. Excludes minors and day trippers. Data collected by survey and subject to sampling error.

Source Tourism Tasmania Tasmanian Visitor Survey—personal communications (2013).

T C.3 Estimated adult return passengers travelling between Tasmania and the mainland by purpose, 2012–13 ('000)^a

	Air		Sea		Total	
	Number ('000)	Percent change on 11–12	Number ('000)	Percent change on 11–12	Number ('000)	Percent change on 11–12
Visitors						
Holiday, leisure, or visiting friend and relatives	599.1	18.3%	80.7	-10.2%	679.8	14.0%
Business/other	260.7	10.3%	21.2	-5.8%	281.9	8.9%
Total visitors	859.8	15.8%	101.9	-9.3%	961.7	12.5%
Tasmanian residents						
Holiday, leisure, or visiting friend and relatives	484	8.1%	30.1	-8.2%	514.1	6.9%
Business/other	323.2	14.4%	10.8	-11.5%	334	13.4%
Total Tasmanians	807.2	10.5%	40.9	-9.1%	848.1	9.4%
Total passengers	1667	13.2%	142.8	-9.3%	1809.8	11.0%

a. Excludes minors and day trippers. Data collected by survey and subject to sampling error.

Source Tourism Tasmania Tasmanian Visitor Survey—personal communications (2013).

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