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Foreword

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

Clause 17 of the Ministerial Directions governing the Bass Strait Passenger Vehicle Equalisation Scheme requires BITRE 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 2019 to 30 June 2021.

The report was prepared by Jack McAuley.

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October 2022

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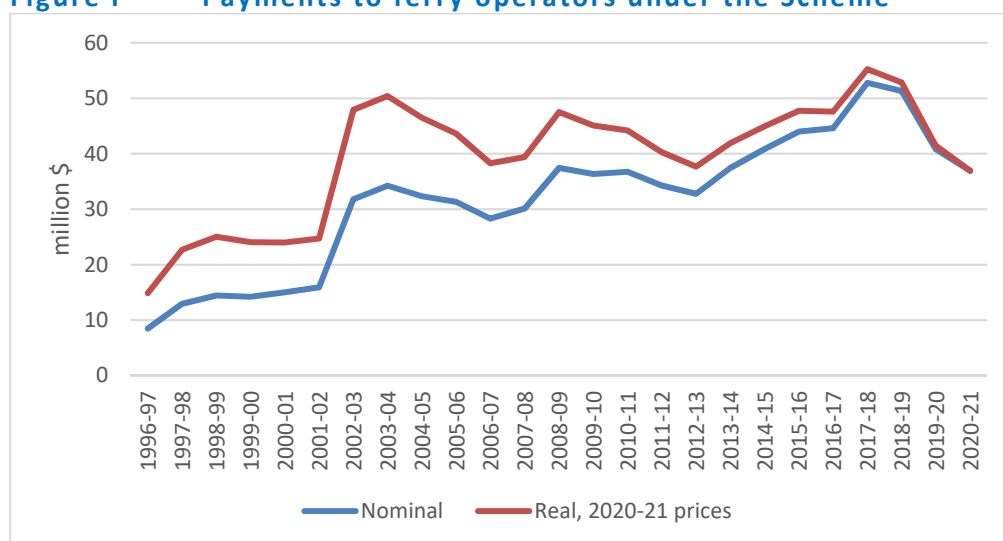
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Executive summary

The Australian Government spent \$77.7 million on the Bass Strait Passenger Vehicle Equalisation Scheme in the two years to June 2021 (\$40.8 million in 2019–20 and \$36.9 million in 2020–21). Figure I shows payments since the Scheme began in 1996-97, in both nominal and real terms.

Figure I Payments to ferry operators under the Scheme



Source Services Australia, 2021 and earlier Tasmanian Transport Schemes Key Performance Measurement Reports and earlier reports
 ABS 2022, Consumer Price Index, Australia

Under the Scheme, passengers travelling with an eligible passenger vehicle across Bass Strait can receive a rebate funded by the Australian Government. The rebate is applied against the passenger vehicle fare charged by a ferry operator. 283,001 accompanied passenger vehicles received a rebate in the two years to June 2021 (159,437 in 2019-20 and 123,564 in 2020-21).

The Ministerial Directions governing the Scheme require BITRE to undertake a monitoring review every two years (this report), separate to the annual review of the level of the rebate (DITRDCA 2021 and earlier). This monitoring report must have specific regard to changes in fares and movements of passenger numbers.

Rebates for eligible passenger vehicles were increased significantly during the two year monitoring period (1 July 2019 to 30 June 2021) in response to impacts of COVID-19:

- Rebates increased by 2.2 per cent on 1 July 2019. One-way rebates increased to up to \$234 for a car, up to \$120 for a motorbike, up to \$35 for a bicycle and up to \$469 for a motor home.

- Rebates increased by 2.1 per cent on 1 July 2020. One-way rebates increased to up to \$239 for a car, up to \$123 for a motorbike, up to \$36 for a bicycle and up to \$480 for a motor home.
- From 1 March 2021 to 30 June 2021, a temporary higher rebate was introduced in response to impacts of COVID-19. Under the temporary higher rebate, one-way rebates increased to up to \$388 for a car, up to \$272 for a motorcycle, up to \$54 for a bicycle and up to \$629 for a motor home. This allowed passengers to bring their car for free for travel during the period.

TT-Line and Bass Island Line provided Bass Strait shipping services over the two year monitoring period, with TT-Line carrying the vast majority of passengers and vehicles, accounting for 99.8 per cent of vehicles moved under the Scheme over the two year period.

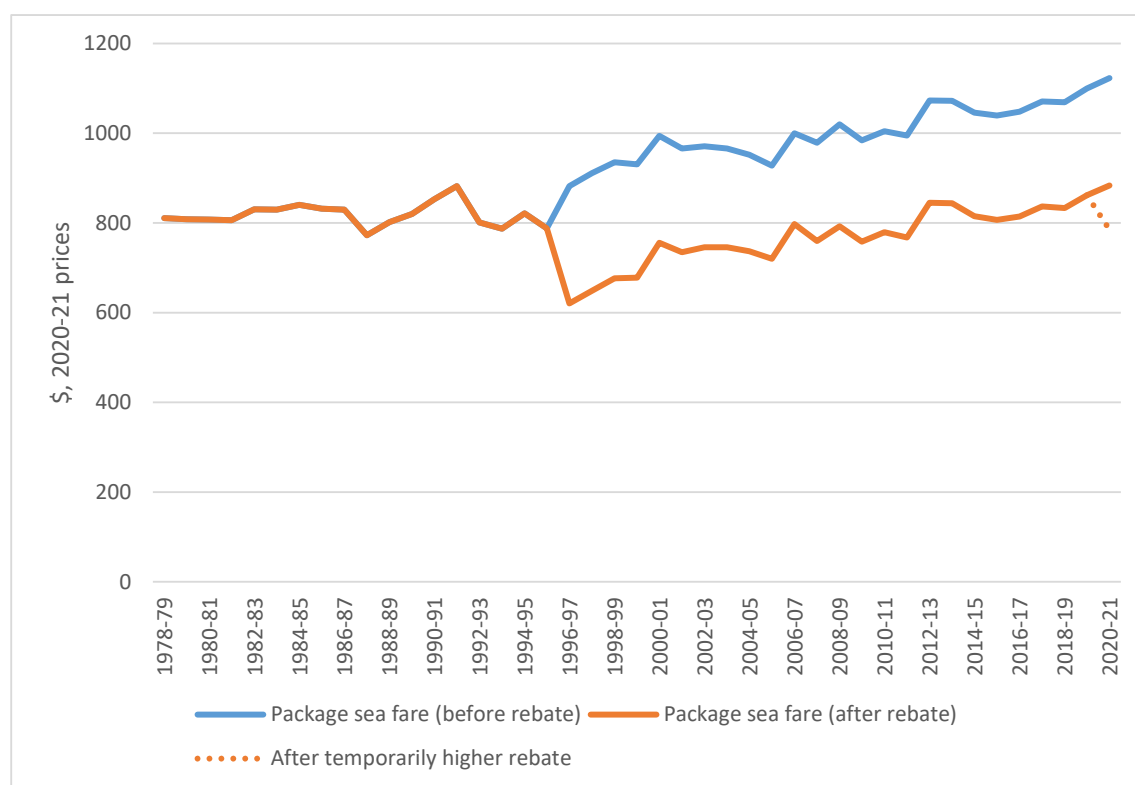
TT-Line's profitability fell over the period, with a reported after-tax profit of \$32.5 million in 2019–20 and an after-tax loss of \$6.7 million in 2020–21, down from \$44.1 million in 2018–19.

TT-Line made a number of changes to fares and services over the two year period, some of them associated with the impact of COVID-19:

- Fare increases in both 2019–20 and 2020-21.
- The number of voyages operated by TT-Line decreased by 21 voyages (2.4 per cent) in 2019–20 and by a further 40 voyages (4.7 per cent) in 2020–21.

BITRE's benchmark TT-Line peak season sea package (calculated as the cost a passenger might pay – that is, net of the rebate) provides an indication of changes in the cost of Bass Strait sea passenger travel. Not accounting for the temporary higher rebate, the cost of this sea package was \$884 one-way as at June 2021, up from \$848 at June 2020 and \$809 at June 2019. Figure 2 shows how the real cost of this benchmark sea package has changed over time and the impact of the rebate.

Figure 2 BITRE benchmark sea fare package, 2020-21 dollars



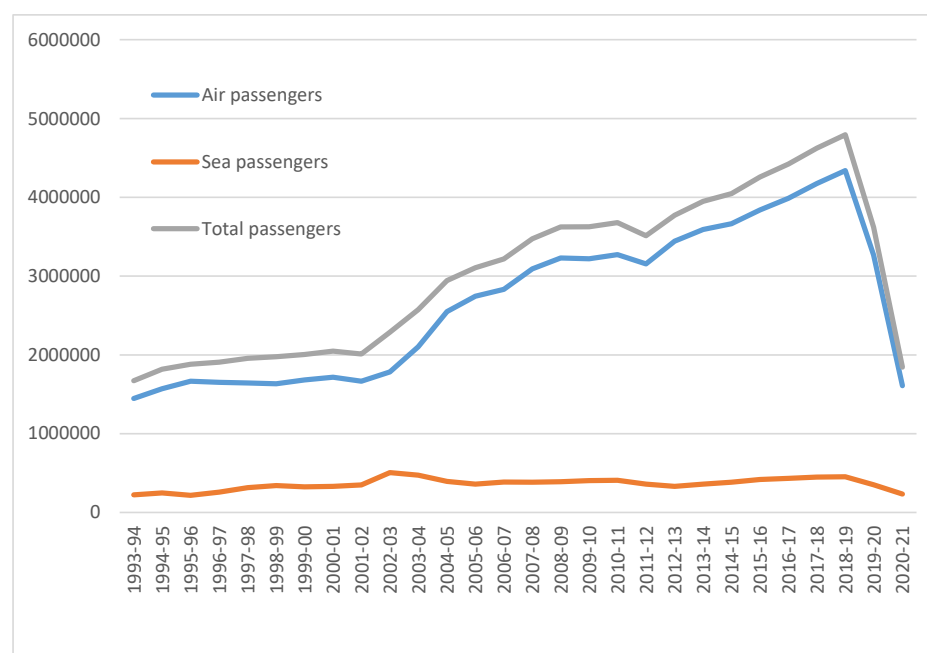
Source BITRE analysis of data provided by TT Line

In real terms, the cost of BITRE benchmark sea package after the rebate increased by 6.1 per cent between June 2019 and June 2021 (not accounting for the temporary higher rebate).

The rebate significantly reduces the cost of freighting an accompanying eligible passenger vehicle for passengers, reducing the total cost of sea travel across Bass Strait. In 2020–21 the \$239 standard car rebate represented 21.3 per cent of BITRE’s benchmark one-way sea fare for a couple travelling with an eligible passenger car.

The average rebate per vehicle passenger changes with the number of people per accompanied passenger vehicle. The average number of people per accompanied passenger vehicle on TT-Line increased to 2.2 in 2019-20, then decreased to 1.8 in 2020-21.

Both sea and air traffic between Tasmania and the mainland fell significantly during the two year period due to the impacts of COVID-19. Sea passengers to and from Tasmania fell by 22 per cent in 2019-20 and a further 33 per cent in 2020-21. Air passengers to and from Tasmania fell by 25 per cent in 2019–20 and a further 51 per cent in 2020-21.

Figure 3 Passengers across Bass Strait (both directions)

Source BITRE 2022, Domestic Aviation Activity, TT-Line data

Given the importance of air travel, significant changes in air fares affect the relative affordability of, and demand for, sea travel. BITRE's air fare indices indicate that air fares were relatively steady over the two year period.

BITRE was not able to estimate the impact of the Scheme on visitors to Tasmania during the period, due to the disruptive effects of COVID-19. As well as regression analysis not being possible due to the break in usual travel demand relationships, the Tasmania Visitor Survey was suspended between March and September 2020, so figures for visitors to Tasmania are not available for 2019-20 or 2020-21.

For the previous two year period, BITRE (2020) estimated that the number of passengers who travelled with an eligible passenger vehicle was 29.2 per cent higher than it would have been without the Scheme, with an additional 26,000 visitors travelling with an eligible passenger vehicle by sea to Tasmania in 2018-19 as a result of the Scheme. However, 43 per cent of these additional passengers may have travelled without the Scheme as berth-only passengers.

Of the estimated new visitors to Tasmania, 16 900 travelled for leisure (down from 18 600 in 2017-18); 3900 visited friends and relatives (4300 in 2017-18) and 2600 travelled for business (2800 in 2017-18). BITRE estimated that the Scheme resulted in spending by new visitors to Tasmania of \$169.3 million over the two years (\$80.6 million in 2018-19, down from an estimated \$88.7 million in 2017-18).

CHAPTER 1

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, with the aim 'to reduce the cost of sea travel across Bass Strait for passengers accompanied by an eligible vehicle.'

Passengers travelling with an eligible passenger 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 passenger vehicles between King Island and mainland Australia. As sea passenger services were not provided on the King Island route, the rebate is available for eligible passenger vehicles carried by sea where the driver travelled by commercial air service on or about the same day.

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 became 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 passenger vehicles, may also be eligible for a rebate.

The Productivity Commission (2014) reviewed the Scheme in its Tasmanian Freight and Shipping inquiry. In response, the Australian Government (2015) announced:

- That the current assistance rates under the Scheme will be maintained.
- That the aim of the Scheme is to reduce the cost of seagoing travel for eligible passengers accompanied by an eligible passenger vehicle on a Bass Strait service of the Scheme, and did not extend to equalising the cost of inbound and outbound travel across Bass Strait.
- That the Government, through BITRE, will improve evaluation of the Scheme against the stated aim by better capturing and monitoring of the broader impacts, with the scope of monitoring to include visitation and expenditure by

the Business and Visiting Friends and Relatives (VFR) segments of the visitor economy.

Administration

The Scheme operates under a set of Ministerial Directions that took effect from 1 September 2002. As well as annual indexing, the Ministerial Directions were amended three times during the two year period, on 22 July 2019, 14 March 2021, and 1 April 2021. The Ministerial Directions are administered by Services Australia, on behalf of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department).

Policy direction and funding for the Scheme is managed by the Surface Transport Policy Division of the Department. There is an annual review of the rebate allowing for indexing of the rebate if deemed appropriate.

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 BITRE.
- 17.2 BITRE 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 BITRE for information or access to documentation, in relation to the BITRE's monitoring function.

BITRE has prepared seventeen previous monitoring reports on the Scheme, the most recent covering the period from 1 July 2017 to 30 June 2019.

Operators

Two companies—TT-Line Company Pty Ltd (TT-Line) and Bass Island Line—provided Bass Strait sea services in 2019–20 and 2020–21 and lodged claims under the Scheme. No individuals lodged claims under the Scheme.

Table 1 shows the number of eligible passenger vehicles carried by each operator over the two year period.

Table 1 Eligible passenger vehicles by operator, 2019–20 and 2020–21

Operator	2019–20		2020–21	
	Passenger vehicles carried	Share of total (per cent)	Passenger vehicles carried	Share of total (per cent)
TT-Line	159,156	99.8	123,404	99.9
Bass Island Line	281	0.2	160	0.1
Private claims	0	0.0	0	0.0
Total passenger vehicles	159,437	100.0	123,564	100.0

Source Tasmanian Transport Programs team, Services Australia, personal comm. 2021

In 2019-20 TT-Line carried 351,224 passengers and 159,156 eligible passenger vehicles. In 2020-21 this fell to 234,725 one-way passengers and 123,404 eligible passenger vehicles. The number of voyages fell by 21 or 2.4 per cent in 2019-20 and by 40, a further 4.7 per cent, in 2020-21.

Spirit of Tasmania I and *Spirit of Tasmania II* of TT-Line operated the Melbourne–Devonport route.¹ Each ship can carry up to 1,400 passengers, with a maximum passenger capacity of 1,040 passengers on night crossings, with a vehicle capacity for each vessel being 660 per sailing.

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 *John Duigan* (Bass Island Line) carried 281 eligible passenger vehicles in 2019-20, a significant increase on the previous two years. This fell to 160 in 2020–21.

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

TT-Line (2021 and 2020) reported:

- a pre-tax profit of \$51.8 million in 2019–20 and a pre-tax loss of \$9.6 million in 2020-21, compared to a pre-tax profit of \$57.7 million in 2018–19.
- an after-tax profit of \$32.5 million in 2019-20 and a loss of \$6.7 million in 2020-21, compared to an after-tax profit of \$44.1 million in 2018–19.
- operating revenues of \$232.0 million in 2019-20 and \$212.2 million in 2020-21. This compares with \$254.8 million in 2018-19.
- operating expenses of \$212.5 million in 2019-20 and \$191.9 million in 2020-21. This compares with \$200.7 million in 2018-19.

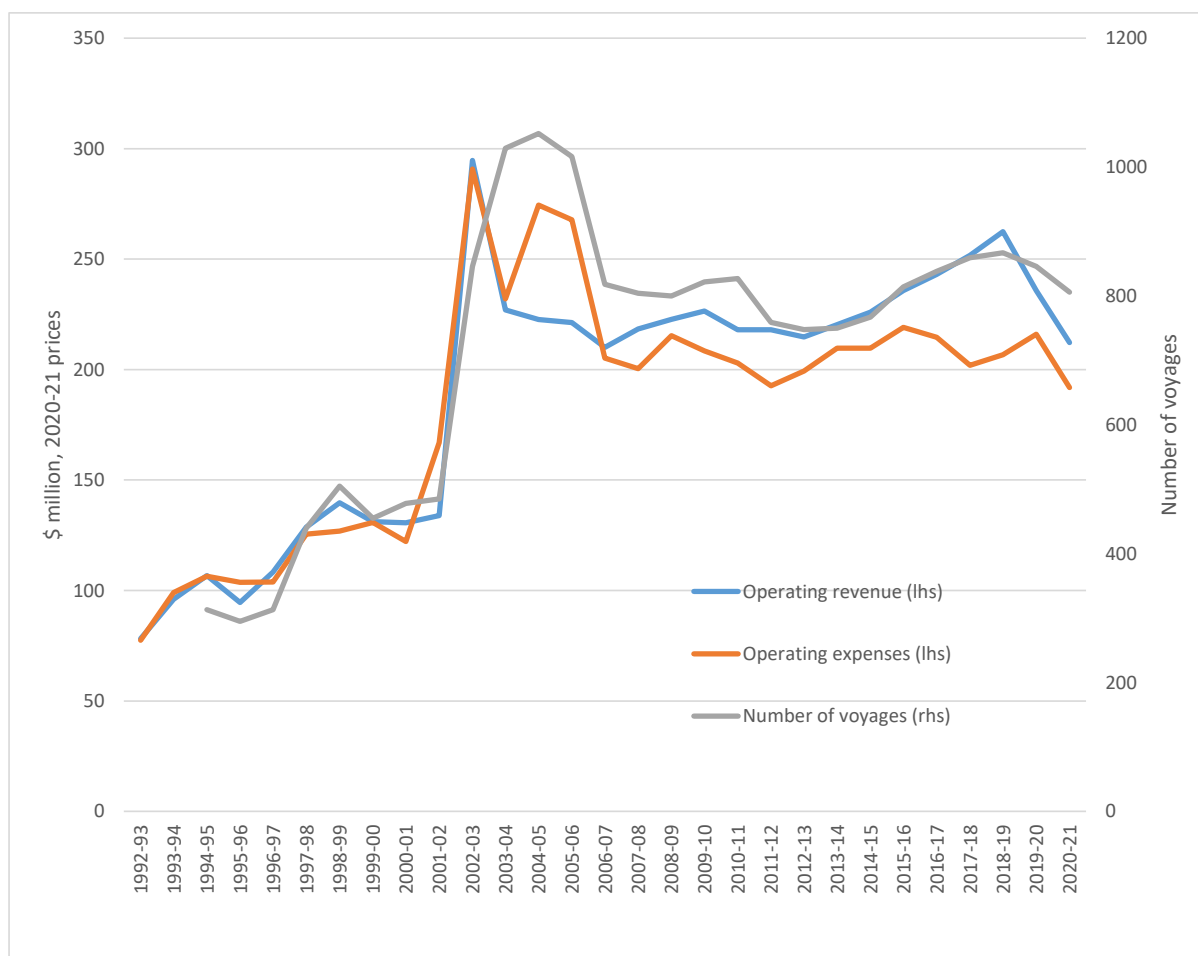
After adjusting for capital items, BITRE estimates that, in nominal terms, TT-Line's:

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).

- average revenue per voyage decreased 6.7 per cent in 2019-20 and a further 4.0 per cent in 2020-21
- average voyage operating expenses increased 8.5 per cent in 2019-20 and decreased 5.2 per cent in 2020-21.
- average cost per passenger increased 36.2 per cent in 2019-20 and a further 35.1 per cent in 2020-21.

Figure 4 shows the gap between operating revenue and operating costs and the change in the number of TT-Line voyages.

Figure 4 TT-Line operating revenue, expenses and number of voyages, 1992-93 to 2020-21, real 2020-21 prices



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

Source TT-Line (2021) and previous annual reports, voyage data provided by TT-Line

Rebates paid

Vehicle rebates changed in July 2019 and on 30 June 2020, as well as a temporary higher rebate was introduced in the first half of 2021. Table 2 summarises the one-way rebates for eligible passenger vehicles up to 30 June 2020, to 28 February 2021, and 30 June 2021 (accounting for the temporarily higher rebate that was in place between March 1 2021 and June 30 2021). Apart from the introduction of the temporary higher rebate, the level of rebate is constant throughout the year.

Table 2 One way rebates for eligible passenger vehicles on the main Bass Strait and King Island route (dollars)

<i>Eligible passenger vehicle class</i>	<i>To June 2020</i>	<i>To February 28 2021</i>	<i>To June 30 2021 (temp. higher rebate)</i>
Motor car or bus	Up to 234	Up to 239	Up to 388
Motor home	Up to 469	Up to 480	Up to 629
Eligible passenger vehicle towing a caravan	Up to 469	Up to 480	Up to 629
Motorcycle	Up to 120	Up to 123	Up to 272
Bicycle	Up to 35	Up to 36	Up to 54

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

Sources: Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2019,2020).

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

The Australian Government spent \$40.8 million under the Scheme in 2019–20 (down 20.6 per cent since 2018–19). Expenditure in 2020–21 was \$36.9 million (down 9.5 per cent from 2019–20). Total expenditure includes rebates paid and payments for bookings in future time periods.

Two service providers were paid rebates in 2019–20 and 2020–21 (Table 3). Over 99 per cent of rebates under the Scheme went to passengers with an accompanying eligible passenger vehicle travelling on TT-Line services.

Table 3 Rebates paid to Bass Strait and King Island service providers for eligible vehicles carried, 2019–20 and 2020–21 (nominal dollars)

<i>Service provider</i>	<i>2019-20</i>	<i>2020-21</i>
TT-Line	40,709,620	36,864,357
Bass Island Line	65,400	53,223
Private Claims	-	-
Total rebates paid	40,775,020	36,917,580

Source Tasmanian Transport Programs, Services Australia—personal comm. 2021

Table 4 presents a historical series of nominal payments to TT-Line and the average reimbursement per passenger with an eligible passenger vehicle.

Table 4 TT-Line's average reimbursement per passenger with an eligible passenger vehicle, 1996–97 to 2020–21

	Reimbursements paid to TT-Line (\$million)		Passengers with an eligible passenger vehicle (one-way)	Average reimbursement per passenger with an eligible passenger vehicle (\$)	
	Nominal	Real ^a		Nominal	Real ^a
1996–97	8.47	14.87	153 045	55.4	97.2
1997–98	12.93	22.71	231 098	56.0	98.3
1998–99	14.44	25.04	261 487	55.2	95.8
1999–00	14.21	24.06	248 745	57.1	96.7
2000–01	15.03	24.00	259 438	57.9	92.5
2001–02	15.93	24.73	272 922	58.4	90.6
2002–03	31.79	47.92	432 498	73.5	110.8
2003–04	34.23	50.39	438 841	78.0	114.8
2004–05	32.34	46.49	395 928	81.7	117.4
2005–06	31.33	43.63	384 974	81.4	113.3
2006–07	28.30	38.28	340 273	83.2	112.5
2007–08	30.10	39.39	335 881	89.6	117.3
2008–09	34.69	47.52	342 099	101.4	138.9
2009–10	36.34	45.07	356 125	102.1	126.6
2010–11	36.75	44.20	354 864	103.6	124.5
2011–12	34.26	40.28	318 615	107.5	126.4
2012–13	32.77	37.67	297 134	110.3	126.8
2013–14	37.45	41.91	321 585	116.5	130.3
2014–15	40.86	44.95	344 356	118.6	130.5
2015–16	43.98	47.73	371 789	118.3	128.4
2016–17	44.60	47.59	388 829	114.7	122.4
2017–18	52.77	55.24	399 500	132.1	138.3
2018–19	51.32	52.85	406 956	126.1	129.9
2019–20	40.71	41.37	316,841	128.5	130.6
2020–21	36.86	36.86	225,677	163.4	163.4

a, Real 2020–21 dollars

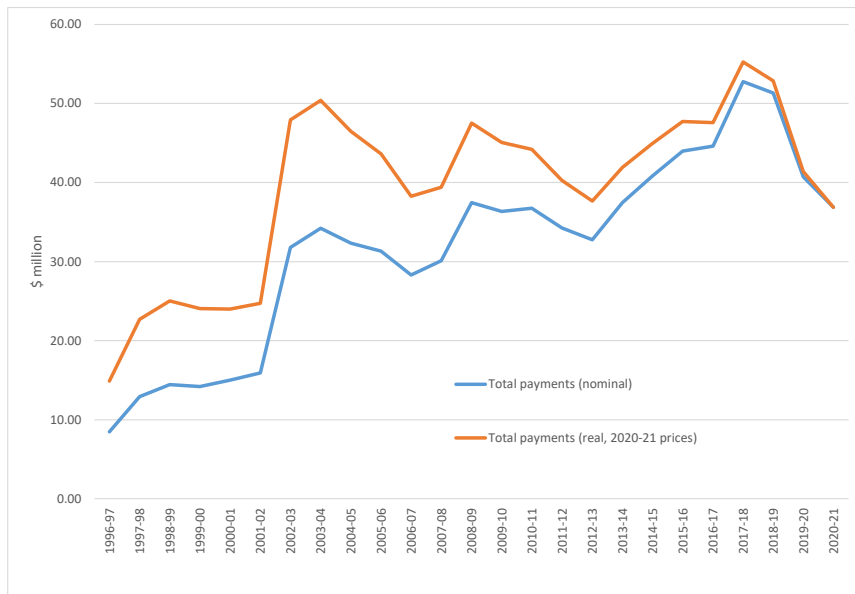
Source Tasmanian Transport Programs, Services Australia—personal comm. 2021 and earlier; TT-Line—personal comm. 2021 and earlier

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 *Spirit of Tasmania II* and changes to the Ministerial Directions from 1 September 2002 that replaced the seasonal rebate structure with a constant rebate throughout the year and extended the Scheme to include additional passenger vehicle types (Table 5 and Figure 2).

The average real rebate for each TT-Line per passenger with an eligible passenger vehicle increased in real terms from \$97 in 1996–97 to \$130 in 2018–19, up 33.7 per cent since the introduction of the Scheme (Table 4). This increased further to \$163 in 2020–21, including the period of temporary higher rebates in 2021. Reimbursements represented 17.4 per cent of TT-Line operating revenue in 2020–21 compared with 20.1 per cent in 2018–19.

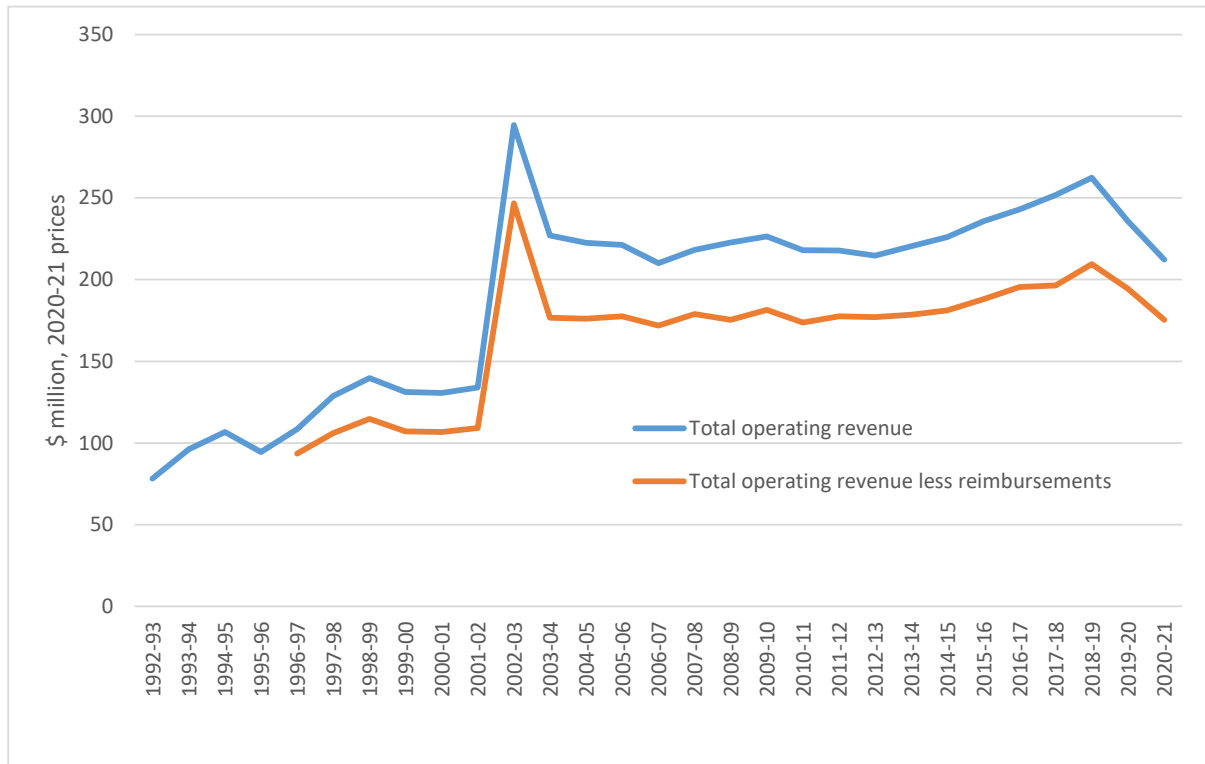
Figure 5 shows rebate reimbursements to TT-Line and Figure 6 shows TT-Line's operating revenue.

Figure 5 TT-Line reimbursements under the Scheme, 1996–97 to 2020–21



Notes Relates to vehicles shipped; excludes advanced payment numbers for scheduled bookings
Source Tasmanian Transport Programs, Services Australia—personal comm. 2021
 ABS 2022, Consumer Price Index

Figure 6 Real TT-Line revenue and revenue net of Scheme rebates, 1992–93 to 2020–21



Note Excludes gross proceeds (\$61.2 million) in 2002–03 from the sale of the *Spirit of Tasmania*.
Source TT-Line (2021) and previous annual reports, and Services Australia data

CHAPTER 2

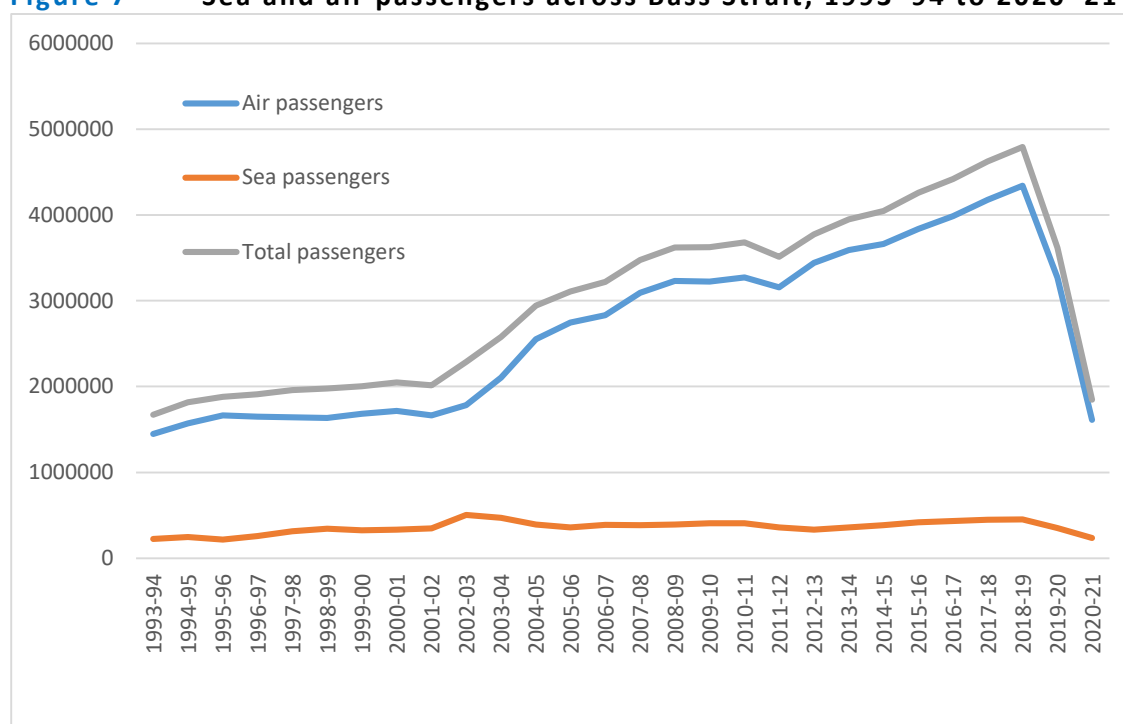
Bass Strait sea and air travel

Sea and air traffic

Both sea and air traffic between Tasmania and the mainland fell significantly during the two year period due to the impacts of COVID-19. Sea passengers to and from Tasmania fell by 22 per cent in 2019-20 and a further 33 per cent in 2020-21. Air passengers to and from Tasmania fell by 25 per cent in 2019-20 to 3.3 million, then fell a further 51 per cent in 2020-21 to 1.6 million.

Before the impacts of COVID-19, there was significant sustained growth in both sea and air passengers between since 2012-13, with 2018-19 surpassing levels last seen in 2004-05. Figure 7 shows the numbers of sea and air passengers since 1993-94.

Figure 7 Sea and air passengers across Bass Strait, 1993-94 to 2020-21



Note Passenger numbers are one-way trips by revenue passengers—those passengers paying any level of fare on scheduled domestic regular public transport services.

Source BITRE 2022, Domestic Aviation Activity, TT-Line data

The Scheme applied to sea passenger travel from 1 September 1996. There was a significant initial impact on passenger travel across Bass Strait. Between 1995-96 and 1998-99 sea traffic grew 59 per cent while air traffic declined 2 per cent.

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 *Spirit of Tasmania II* in September 2002, introduction of the Sydney-Devonport service in January 2004 and

subsequent cessation of the Sydney service in August 2006, with major impacts on travel across Bass Strait.

Sea services

The number of Melbourne–Devonport voyages decreased slightly in 2019–20 and 2020–21, but less than the fall in passenger numbers, so the average number of passengers per voyage fell significantly over 2019–20 and 2020–21. Table 5 shows the number of voyages and Table 6 shows passengers and passenger vehicles per voyage during the lifetime of the Scheme.

Table 5 TT-Line one-way voyages by vessel, 1995–96 to 2020–21

<i>Year</i>	<i>Spirit of Tasmania</i>	<i>Devil Cat</i>	<i>Spirit of Tasmania I/II</i>	<i>Spirit of Tasmania III</i>	<i>Total voyages</i>
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	825	na	825
2011–12	na	na	759	na	759
2012–13	na	na	748	na	748
2013–14	na	na	750	na	750
2014–15	na	na	767	na	767
2015–16	na	na	814	na	814
2016–17	na	na	838	na	838
2017–18	na	na	859	na	859
2018–19	na	na	867	na	867
2019–20	na	na	846	na	846
2020–21	Na	Na	806	na	806

na not applicable

a. Voyages made by *Spirit of Tasmania* in 2002–03 before its replacement in September 2002 are included in the figures for *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.

Source TT-Line (2021) pers. comm.

Table 6 TT-Line average traffic per voyage by service, 1995–96 to 2020–21

Year	Passengers ^a per voyage		Passenger 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
2013–14	477	na	226	na
2014–15	501	na	238	na
2015–16	515	na	233	na
2016–17	518	na	227	na
2017–18	521	na	262	na
2018–19	521	na	237	na
2019–20	415	na	188	na
2020–21	436	na	153	na

na not applicable.

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

b. The eligible passenger vehicles per voyage figures for 2003–04 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 (2021) and previous Annual Reports, and pers.comm.

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 passenger vehicles.

The effect of the rebate for an eligible passenger 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 passenger vehicle type.

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. There are many TT-Line passenger fares and fare packages, with a range of conditions and applicable dates, that frequently change.

As well as increases in the vehicle fares, the most significant change to the vehicle fare was that between 1 March 2021 and 30 June 2021, passengers were able to bring their car for free due to the temporary increase in rebates under the scheme.

This temporary change took place against a background of slowly increasing vehicle fares over the two-year period, as in previous periods. For fares booked within the year leading up to travel

- For travel on 30 June 2019, the net fare for a standard passenger car (off-peak) was \$99 per vehicle (a gross vehicle fare of \$328, less a rebate of \$229 per vehicle).
- For travel on 30 June 2020, the net fare for a standard passenger car (off-peak) was \$99 per vehicle (a gross vehicle fare of \$333, less a rebate of \$234 per vehicle).
- For travel on 30 June 2021, the fare for a standard passenger car was zero under the temporary higher rebate. However, prior to the announcement of the temporary higher rebate, the fare for a standard passenger car on 30 June 2021 (off-peak) was \$99 per vehicle (a gross vehicle fare of \$338, less a rebate of \$239 per vehicle).

Benchmark sea package

BITRE constructs a benchmark one-way sea package to illustrate changes in the cost of sea travel over time.

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

The passenger fare for 2019–20 and 2020–21 used in the benchmark sea package 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.

The passenger fare component of BITRE's benchmark sea package 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 sea package series since 2010 is indicative of changes in fare levels, benchmark values since 2011 are not directly comparable with previous years.

The passenger fares used in the benchmark sea package are illustrated in Table 7. Fares increased in 2019–20 and 2020–21.

Table 7 One-way passenger fares Melbourne-Devonport (\$), as at end of 2019–20 and 2020–21

Passenger type	June 2020		June 2021	
	Off-Peak	Peak	Off-Peak	Peak
Adult	399 (240)	419 (250)	439 (240)	459 (250)
Pensioner	299 (140)	319 (150)	339 (140)	359 (150)
Child	239 (80)	259 (90)	279 (80)	299 (90)

Notes June 2020 and 2021 fares are base per person fares with an additional cabin upgrade price for an inside 3 berth cabin. June 2020 and 2021 fares in brackets are the base per person fare. Passenger fares exclude meals costs.

TT-Line list fare data applicable at 30 June of the relevant year. It does not take into account availability or special/promotional fares. Fare levels vary across the year by season. Passengers can choose different standards and prices of accommodation. These passenger fares may not be representative of average fares paid by passengers.

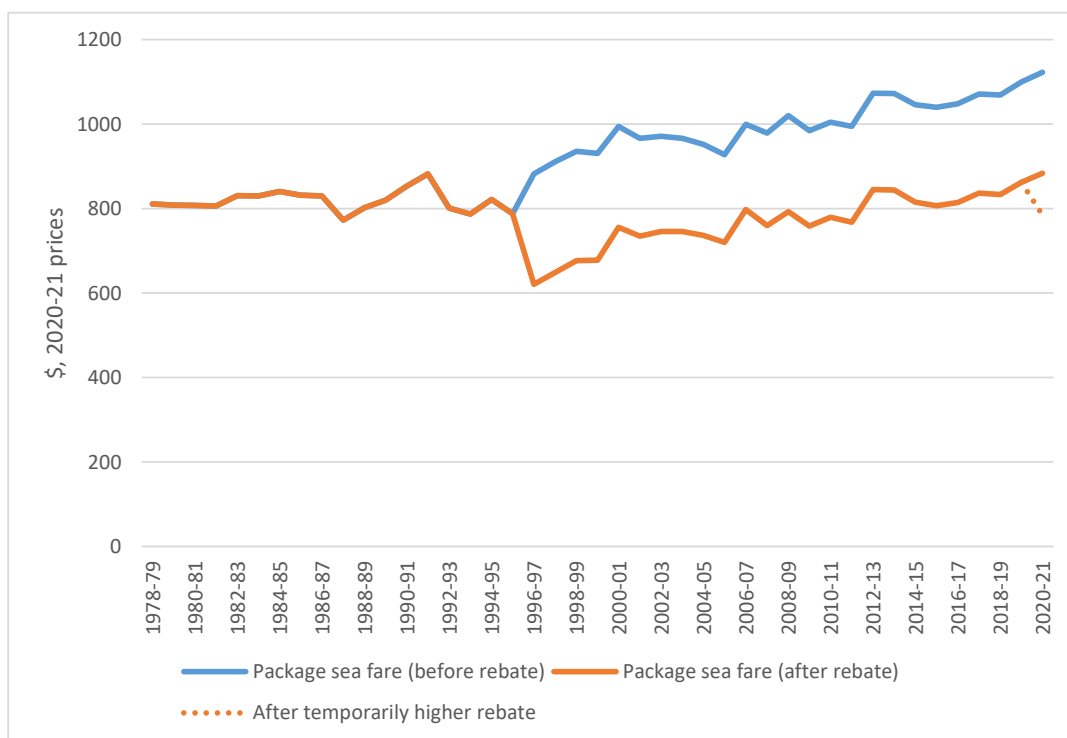
Source TT-Line—personal comm. 2021

The cost of the adult sea peak period passenger fare used in the benchmark package increased from \$399 in June 2019 to \$419 in June 2020 and \$459 in June 2020.

The cost of BITRE's benchmark net peak season sea package (with the rebate, but without considering the temporary higher rebate between 1 March 2021 and 30 June 2021) at the end of June 2021 was \$884 one-way. This compares with \$848 at the end of June 2020 and \$809 at the end of June 2019.

Figure 8 illustrates the effect of the standard rebate on the real (consumer price index adjusted) cost of BITRE's peak season sea package for listed TT-Line fares for two adults with a standard passenger vehicle at the end of June each year.

Figure 8 Real sea package prices for the peak season as at the end of June, before and after the standard rebate, 2020–21 prices



Note Series indicative for peak season. Fares vary by season and the benchmark does not take into account availability, special or promotional fares, so it may not be representative of fares actually paid by passengers. Does not account for changes in the characteristics of the ships or that passengers can choose different standards and prices of accommodation. The temporary increase in rebate, and reduction in vehicle fares, that was enacted from 1 March 2021 and 30 June 2021 is not accounted for in this chart.

Source BITRE analysis of data provided by TT Line
ABS 2022, Consumer Price Index Australia

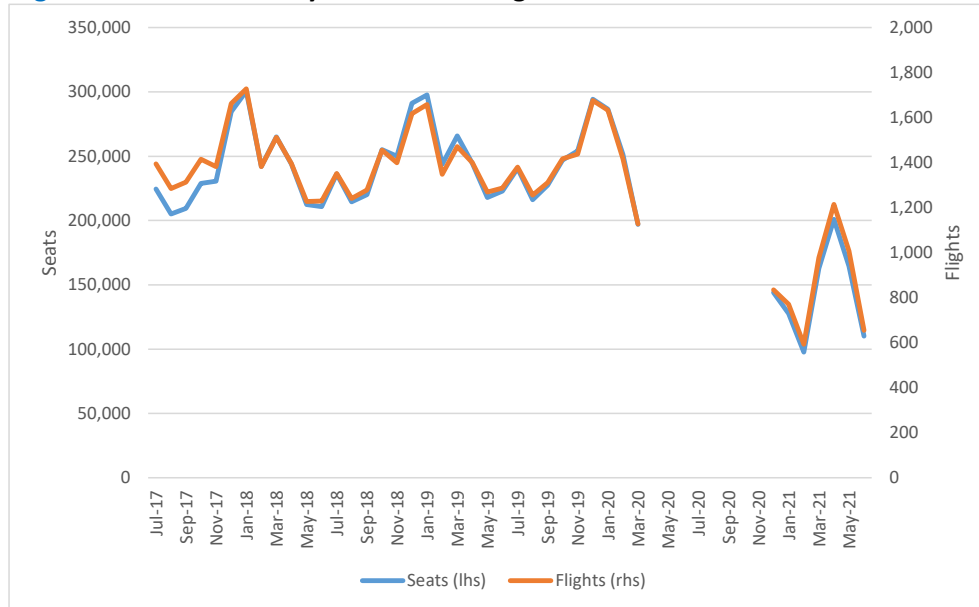
In real terms, the cost of BITRE's sea package increased 5.0 per cent between June 2019 and June 2021. The real value of this package increased 2.8 per cent between June 2019 and June 2020, and a further 2.1 per cent between June 2020 and June 2021, aside from the decline due to the temporary higher rebate. Caution should be taken with comparisons over time as:

- 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).

Air services and fares

In contrast to sea services, air services to and from Tasmania were reduced significantly during 2019-20 and 2020-21. Figure 9 shows the number of seats and flights available from Hobart to Melbourne and Sydney from 2017-18 to 2020-21.

Figure 9 Monthly seats and flights from Hobart to Melbourne and Sydney

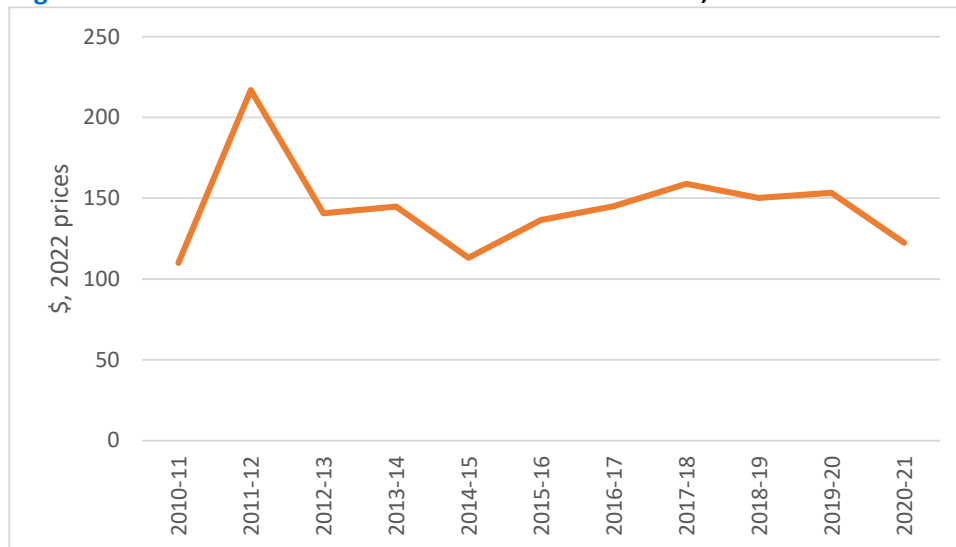


Source: BITRE domestic aviation data

Note: Data is not available from April 2020 to November 2020

Airfares from Hobart to Melbourne remained relatively stable through the period. Figure 10 shows real airfares from Hobart to Melbourne from 2012-13 to 2020-21.

Figure 10 Hobart to Melbourne real airfares, 2010-11 to 2020-21



Source BITRE airfare data, annual averages of Hobart to Melbourne monthly fares weighted flights weighted by Tasmania to mainland passengers per month

Characteristics of travellers

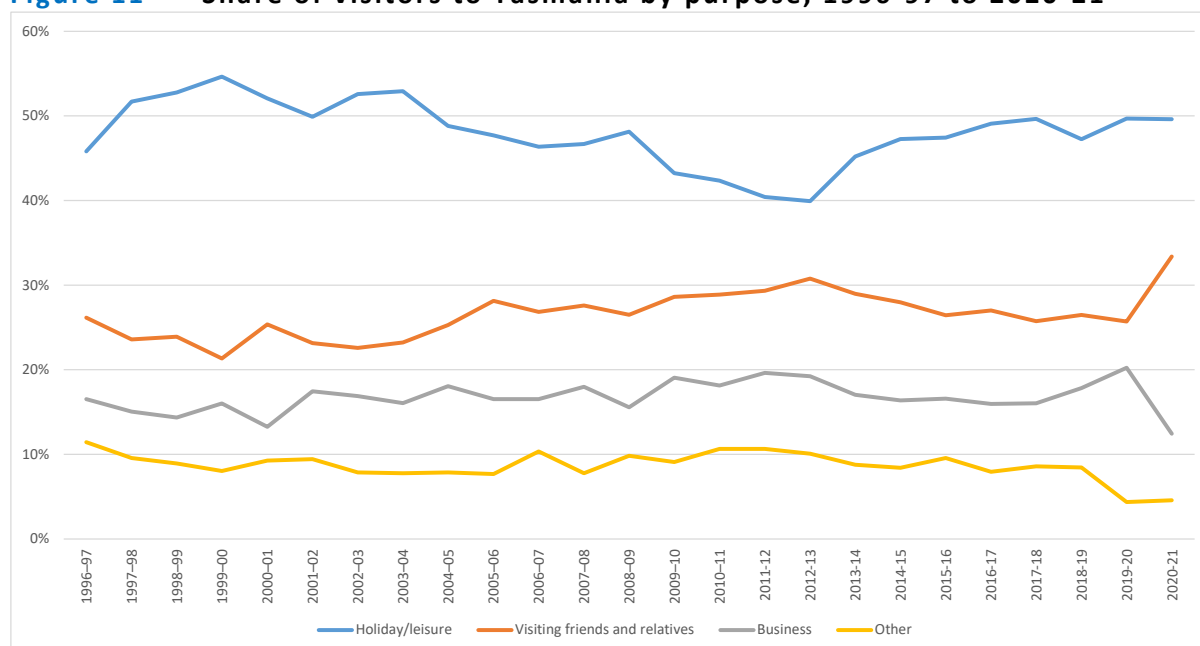
This section looks at trends in travel to Tasmania for visitors, passenger vehicles and berth-only passengers, types of vehicles, and sea and air passenger numbers.

Visitors by purpose

Due to the impacts of COVID-19, the Tasmania Visitors Survey was suspended from March 2020 to September 2020, meaning that full figures on visitors to Tasmania are not available for 2019-20 or 2020-21. Similarly, figures for travel by Tasmanian residents are not available. It is still possible to ascertain some information from the information collected during the months outside the suspension period.

In particular, there was a significant reduction in the share of visitors who were travelling for business, or 'other' purposes, and an increase in the share visiting friends and relatives. Figure 11 shows the share gives numbers of adult visitors to Tasmania (return trips) by purpose of travel. Note that Tourism Tasmania visitor data is visitors only, and not directly comparable to the TT-Line data.

Figure 11 Share of visitors to Tasmania by purpose, 1996-97 to 2020-21



Note Data collected by survey and subject to sampling error.

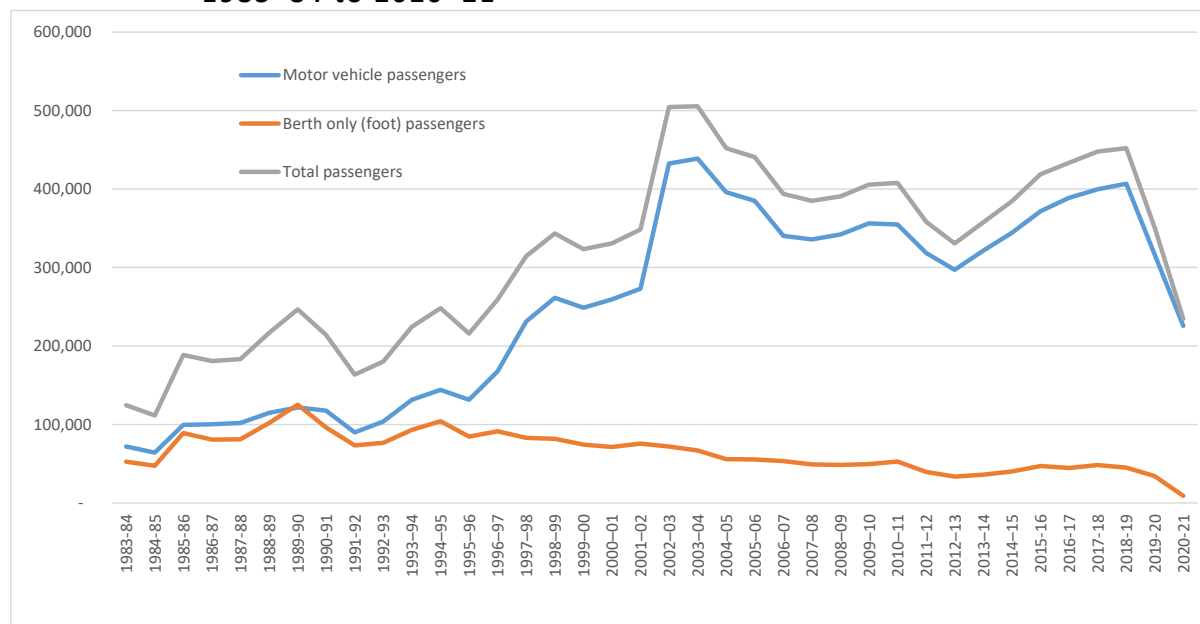
- Excludes minors and day trippers.
- Includes passengers carried on the Sydney–Devonport services between January 2004 and August 2006.
- Includes attendance at conferences, other purposes and not specified.

Sources: Tourism Tasmania 'Tasmanian Visitor Survey'—<http://www.tvsanalyser.com.au/> and personal comm.

Passenger vehicle sea passengers and berth-only passengers

Figure 12 presents data on the number of one-way sea passengers with an eligible passenger vehicle and berth-only sea passengers since 1983–84, including Sydney–Devonport passengers carried between January 2004 and August 2006.

Figure 12 Number of sea passengers carried across Bass Strait, one-way trips, 1983–84 to 2020–21



- 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 comm. 2021 and earlier

Numbers of both types of passengers fell significantly over the period due to COVID-19, with total passengers falling 24 per cent in 2019-20 and a further 49 per cent in 2020-21. In the period since 1992-93, the number of sea passengers peaked at 505,639 in 2003–04.

Types of eligible passenger vehicles

Table 8 gives a breakdown of eligible passenger vehicles for which reimbursements were paid from 2001–02 to 2020–21. Cars have declined as a proportion of all eligible passenger vehicles since the Scheme was broadened in September 2002.

Table 8 Eligible passenger vehicles for which reimbursements paid, 2001–02 to 2020–21

	<i>Motor cars</i>	<i>Passenger vehicle + caravan</i>	<i>Motorcycles</i>	<i>Campers</i>	<i>Motor homes</i>	<i>Bicycles</i>	<i>Buses</i>	<i>Total</i>
2001–02	128353	0	6303		0	0	324	134980
2002–03	196871	7359	7023		5991	1188	474	218906
2003–04	199902	9648	8699		9023	431	791	228494
2004–05	188757	10186	8791		7870	992	365	216961
2005–06	179955	10798	11402		7891	692	370	211108
2006–07	160823	10969	7720		8177	692	311	188692
2007–08	161139	11307	8917		8048	556	294	190261
2008–09	164890	11562	10373		8306	877	247	196255
2009–10	164287	12138	12384		9353	654	202	199018
2010–11	151505	12121	9650		9714	771	225	183986
2011–12	134583	11328	9496		8414	597	170	164588
2012–13	124401	10442	8336		8051	521	150	151901
2013–14	138558	11391	10062		8877	651	160	169699
2014–15	148973	12679	11043		9185	827	170	182877
2015–16	152686	13127	12907	4682	5094	976	142	189614
2016–17	154381	12585	11656	5140	5540	872	143	190317
2017–18	180545	15765	14867	4286	6275	1220	166	225124
2018–19	166771	15204	11161	5727	5689	1061	124	205740
2019–20	127693	12228	9730	4570	4237	899	80	159437
2020–21	103782	7192	5713	3721	2747	376	33	123564
<i>Change from 2018–19 to 2020–21</i>	-37.8%	-52.7%	-48.8%	-35.0%	-51.7%	-64.6%	-73.4%	-39.9%

Sources: Tasmanian Transport Programs, Services Australia—personal comm. 2003 to 2021

CHAPTER 3

Effectiveness of the Scheme

BITRE was not able to estimate the impact of the Scheme on visitors to Tasmania during the two year period due to the disruptive effects of COVID-19 on travel demand. In addition, due to COVID-19 the Tasmania Visitor Survey was suspended between March and September 2020, so figures for visitors to Tasmania are not available for 2019-20 or 2020-21.

According to TT Line, 47,060 passenger vehicles were booked to travel during the period of increased rebates under the scheme (TT Line 2021).

For the previous two year period, BITRE (2020) estimated that the number of passengers who travelled with an eligible passenger vehicle was 29.2 per cent higher than it would have been without the Scheme, with an additional 26,000 visitors travelling with an eligible passenger vehicle by sea to Tasmania in 2018–19 as a result of the Scheme. However, 43 per cent of these additional passengers may have travelled without the Scheme as berth-only passengers. Of the estimated new visitors to Tasmania, 16,900 travelled for leisure, 3,900 visited friends and relatives and 2,600 travelled for business. BITRE estimated that the Scheme resulted in spending by new visitors to Tasmania of \$80.6 million in 2018–19 and \$88.7 million in 2017–18.

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