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Foreword

This report presents the results of the Bureau of Infrastructure and Transport Research Economics' (BITRE) nineteenth 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 review every two years.

This report covers the operation and impact of the Bass Strait Passenger Vehicle Equalisation Scheme for the period 1 July 2021 to 30 June 2023.

The report was prepared by Jack McAuley.

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January 2025

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Contents

Foreword	ii
Acknowledgements	iv
Contents	1
Tables	2
Figures	3
Executive summary	4
CHAPTER 1 The Scheme	8
Administration	8
Operators	9
Rebates paid	12
CHAPTER 2 Bass Strait sea and air travel	15
Sea and air traffic	15
Sea services	16
Sea fares	19
Air services and fares	21
Characteristics of travellers	23
CHAPTER 3 Effectiveness of the Scheme	27
References	29

Tables

Table 1	Eligible passenger vehicles by operator, 2021-22 and 2022-23	10
Table 2	One way rebates for eligible passenger vehicles on the main Bass Strait and King Island route (dollars)	12
Table 3	Rebates paid to Bass Strait and King Island service providers for eligible vehicles carried, 2021-22 and 2022-23 (nominal dollars).....	12
Table 4	TT-Line's average reimbursement per passenger with an eligible passenger vehicle, 1996-97 to 2022-23	13
Table 5	TT-Line one-way voyages by vessel, 1995-96 to 2022-23	17
Table 6	TT-Line traffic and average traffic per voyage by service, 1995-96 to 2022-23 (excluding Devil Cat services)	18
Table 7	One-way passenger fares Melbourne-Devonport (\$), as at end of 2021-22 and 2022-23.....	20
Table 8	Number of adult visitors travelling to Tasmania purpose and mode, 1996-97 to 2022-23 ('000)	23
Table 9	Expenditure of sea and air visitors to Tasmania	24
Table 10	Regions of Tasmania visited by sea and air visitors	24
Table 11	Eligible passenger vehicles for which reimbursements paid, 2001-02 to 2022-23.....	26
Table 12	Comparison of before/after service expansion	28
Table 13	Capacities of current and new Spirit of Tasmania vessels	29
Table 14	Potential changes in expenditure without the Scheme	29

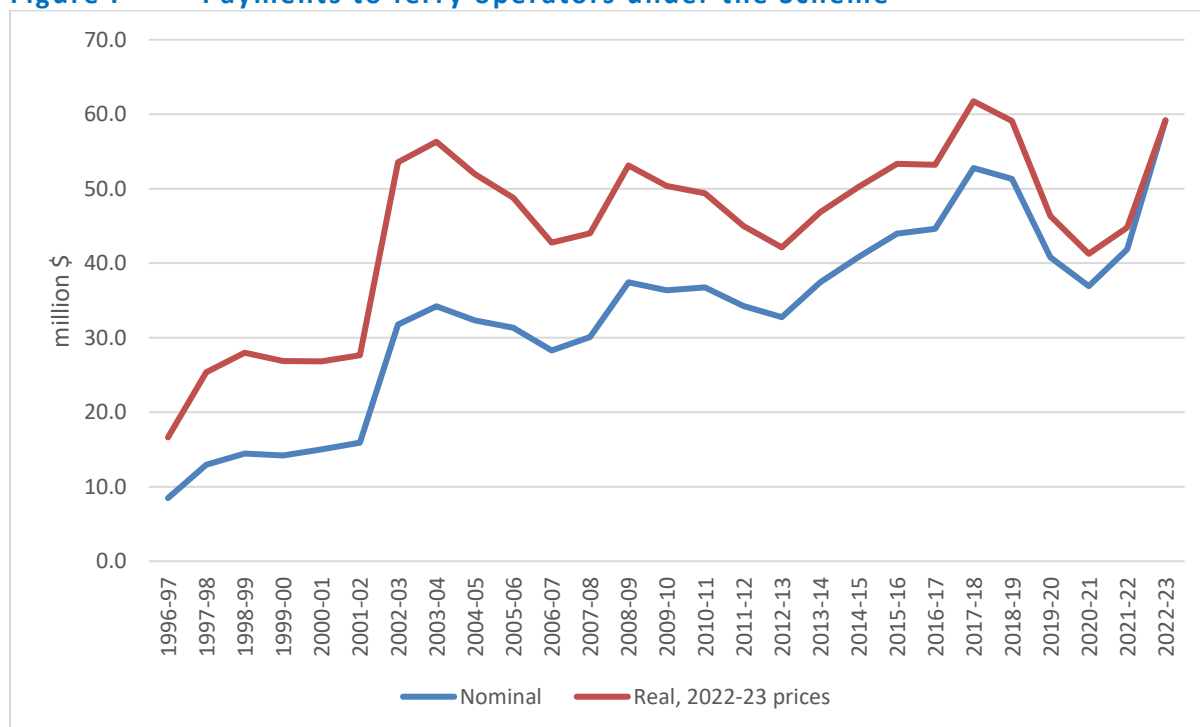
Figures

Figure 1	Payments to ferry operators under the Scheme.....	4
Figure 2	BITRE benchmark sea fare package, 2022-23 prices	6
Figure 3	Passengers across Bass Strait (both directions)	7
Figure 4	TT-Line operating revenue, expenses and number of voyages, 1992–93 to 2022-23, real 2022-23 prices.....	11
Figure 5	TT-Line reimbursements under the Scheme, 1996–97 to 2022–23	14
Figure 6	Real TT-Line revenue and revenue net of Scheme rebates, 1992–93 to 2022–23.....	14
Figure 7	Sea and air passengers across Bass Strait, 1993–94 to 2022–23	15
Figure 8	Real sea package prices for the peak season as at the end of June, before and after the rebate, 2022–23 prices	21
Figure 9	Seats and flights between Tasmania and mainland (both directions).	22
Figure 10	Hobart to Melbourne real airfares, 2010-11 to 2022-23.....	22
Figure 11	Number of sea passengers carried across Bass Strait, one-way trips, 1983–84 to 2022–23	25

Executive summary

The Australian Government spent \$101.0 million on the Bass Strait Passenger Vehicle Equalisation Scheme in the two years to June 2023 (\$41.8 million in 2021–22 and \$59.2 million in 2022–23). 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, 2023 and earlier Tasmanian Transport Schemes Key Performance Measurement Reports and earlier reports
 ABS 2024, 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. 362,924 accompanied passenger vehicles received a rebate in the two years to June 2023 (148,121 in 2021-22 and 214,803 in 2022-23).

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 2024 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 during the two year monitoring period (1 July 2021 to 30 June 2023):

- Rebates increased by 1.7 per cent on 1 July 2021, relative to prices on 1 July 2020. One-way rebates increased to up to \$243 for a car, up to \$125 for a motorbike, up to \$37 for a bicycle and up to \$489 for a motor home. This followed a temporary higher rebate from 1 March 2021 to 30 June 2021 that was

introduced in response to impacts of COVID-19, which allowed passengers to bring their car for free.

- Rebates increased by 2.5 per cent on 1 July 2022. One-way rebates increased to up to \$249 for a car, up to \$128 for a motorbike, up to \$38 for a bicycle and up to \$501 for a motor home.

TT-Line and Bass Island Line provided Bass Strait shipping services over the period, with TT-Line carrying the vast majority of passengers and vehicles, accounting for 99.9 per cent of vehicles moved under the Scheme over the period.

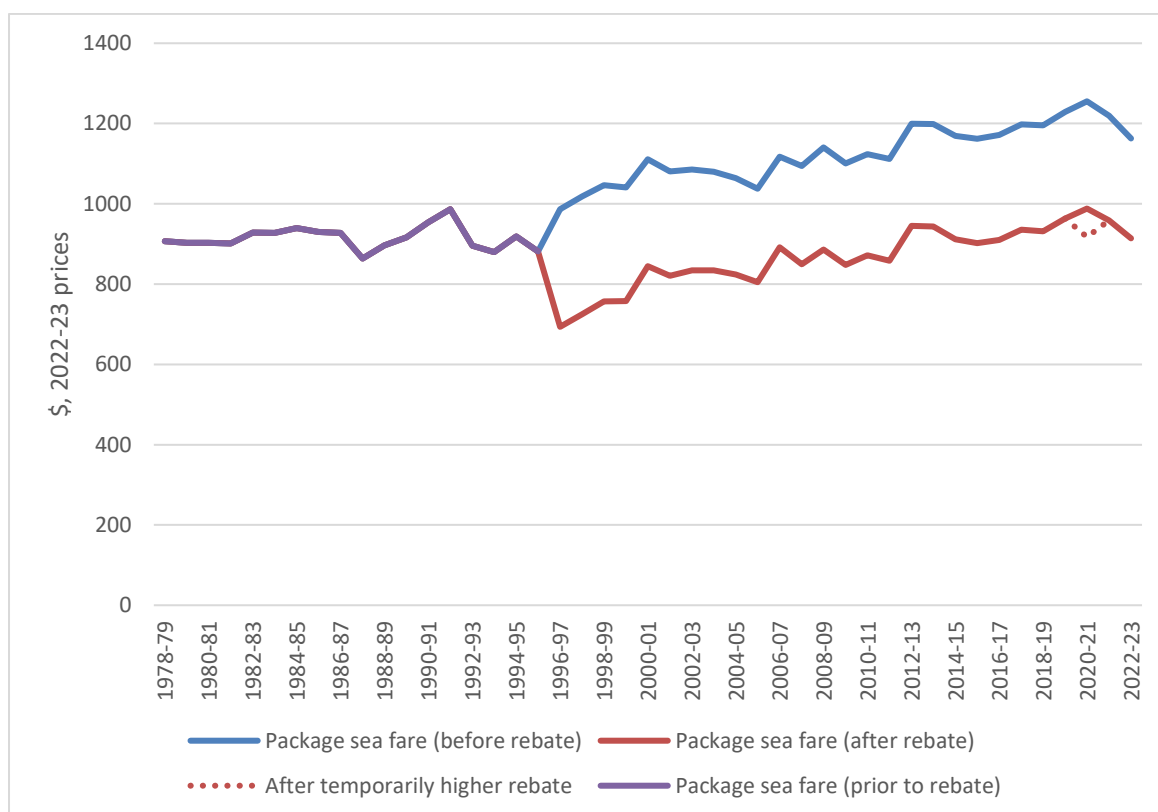
TT-Line's profitability fluctuated over the period, with a reported after-tax loss of \$14.0 million in 2021–22 and an after-tax profit of \$8.6 million in 2022–23, after an after-tax loss of \$6.7 million in 2020–21.

TT-Line made a number of changes to fares and services over the two year period:

- Fare increases in both 2021-22 and 2022-23.
- The number of voyages operated by TT-Line increased by 17 voyages (2.1 per cent) in 2021–22 and by a further 77 voyages (9.4 per cent) in 2022–23 to 900 sailings. This was higher than the previous peak of 894 sailings for the Spirits I and II in 2003-04.

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. The cost of this sea package was \$914 one-way as at June 2023, up from \$896 at June 2022 and \$884 at June 2021. Figure 2 shows how the real cost of this benchmark sea package has changed over time.

Figure 2 BITRE benchmark sea fare package, 2022-23 prices



Source BITRE analysis of TT-Line unpublished data

In real terms, the cost of BITRE benchmark sea package after the rebate decreased by 7.5 per cent between June 2021 and June 2023 (not accounting for the temporary higher rebate).

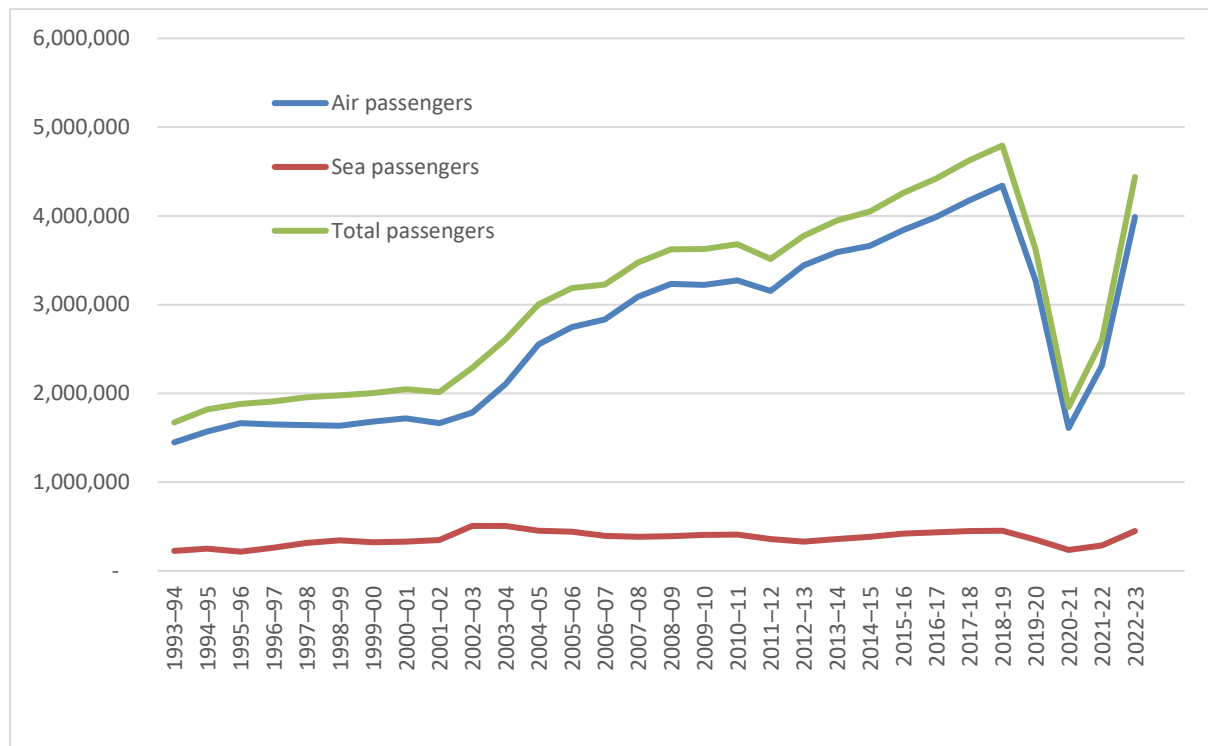
In 2022–23 the \$249 standard car rebate represented 21.4 per cent of BITRE’s benchmark one-way sea fare for a couple travelling with an eligible passenger car.

By comparison, in 2022-23, two adult day passengers in recliners with a vehicle would have paid \$637 in peak season, with the rebate accounting for 28.1 per cent of the pre-rebate fare.

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 remained stable at 1.8 in 2021-22, then increased to 2.0 in 2022-23.

Both sea and air traffic between Tasmania and the mainland rose significantly during the two year period, following impacts of COVID-19. Sea passengers to and from Tasmania increased 21 per cent in 2021-22 and a further 58 per cent in 2022-23. Air passengers to and from Tasmania increased by 44 per cent in 2021–22 and a further 72 per cent in 2022-23.

Figure 3 Passengers across Bass Strait (both directions)



Source BITRE 2024, Domestic Aviation Activity, TT-Line unpublished 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.

The Scheme, and the related shipping program, the Tasmanian Freight Equalisation Scheme (TFES), have contributed to the growth of shipping services across Bass Strait, which is currently Australia’s busiest coastal shipping route. The Scheme has allowed a significant increase in the number of passengers with vehicles across Bass Strait. Visitors by sea, mostly with vehicles, spend an additional \$1,347 per visitor in Tasmania than visitors by air, and are significantly more likely to visit regions of Tasmania outside Hobart.

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 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.

In 2014 the Productivity Commission 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 the broader impacts, with the review scope 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 two times during the two year period, on 1 April 2022 and 24 April 2023. 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 Emissions and 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 eighteen previous monitoring reports on the Scheme, the most recent covering the period from 1 July 2019 to 30 June 2021.

Operators

Two companies—TT-Line Company Pty Ltd (TT-Line) and Bass Island Line—provided Bass Strait sea services in 2021-22 and 2022-23 and lodged claims under the Scheme. Two individuals lodged claims under the Scheme during this period.

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, 2021–22 and 2022–23

Operator	2021–22		2022–23	
	Passenger vehicles carried	Share of total (per cent)	Passenger vehicles carried	Share of total (per cent)
TT-Line	147,919	99.9	214,655	99.9
Bass Island Line	202	0.1	146	0.1
Private claims	0	0.0	2	0.0
Total passenger vehicles	148,121	100.0	214,803	100.0

Source Services Australia, 2023

In 2021-22 TT-Line carried 284,323 passengers and 147,919 eligible passenger vehicles. In 2022-23 this increased to 450,012 one-way passengers and 214,655 eligible passenger vehicles. The number of voyages increased by 17 or 2.1 per cent in 2021-22 and by a further 77, a further 9.4 per cent, in 2022-23.

Spirit of Tasmania I and *Spirit of Tasmania II* of TT-Line operated the Melbourne–Devonport route up to 23 October 2022, when it switched to operating the Geelong—Devonport route.¹ Each ship can carry up to 1,400 passengers and can accommodate 500 vehicles.

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 202 eligible passenger vehicles in 2021-22 and 146 in 2022-23.

The remainder of the section presents financial indicators for TT-Line, which accounts for 99.9 per cent of payments under the Scheme.

TT-Line (2023 and 2021) reported:

- a pre-tax loss of \$20.0 million in 2021–22 and a pre-tax profit of \$12.3 million in 2022-23, compared to a pre-tax loss of \$9.6 million in 2020–21.
- an after-tax loss of \$14.0 million in 2021-22 and a profit of \$8.6 million in 2022-23, compared to an after-tax loss of \$6.7 million in 2020–21.
- operating revenues of \$238.3 million in 2021-22 and \$302.2 million in 2022-23. This compares with \$212.2 million in 2020-21.
- operating expenses of \$233.5 million in 2021-22 and \$285.2 million in 2022-23. This compares with \$191.9 million in 2020-21.

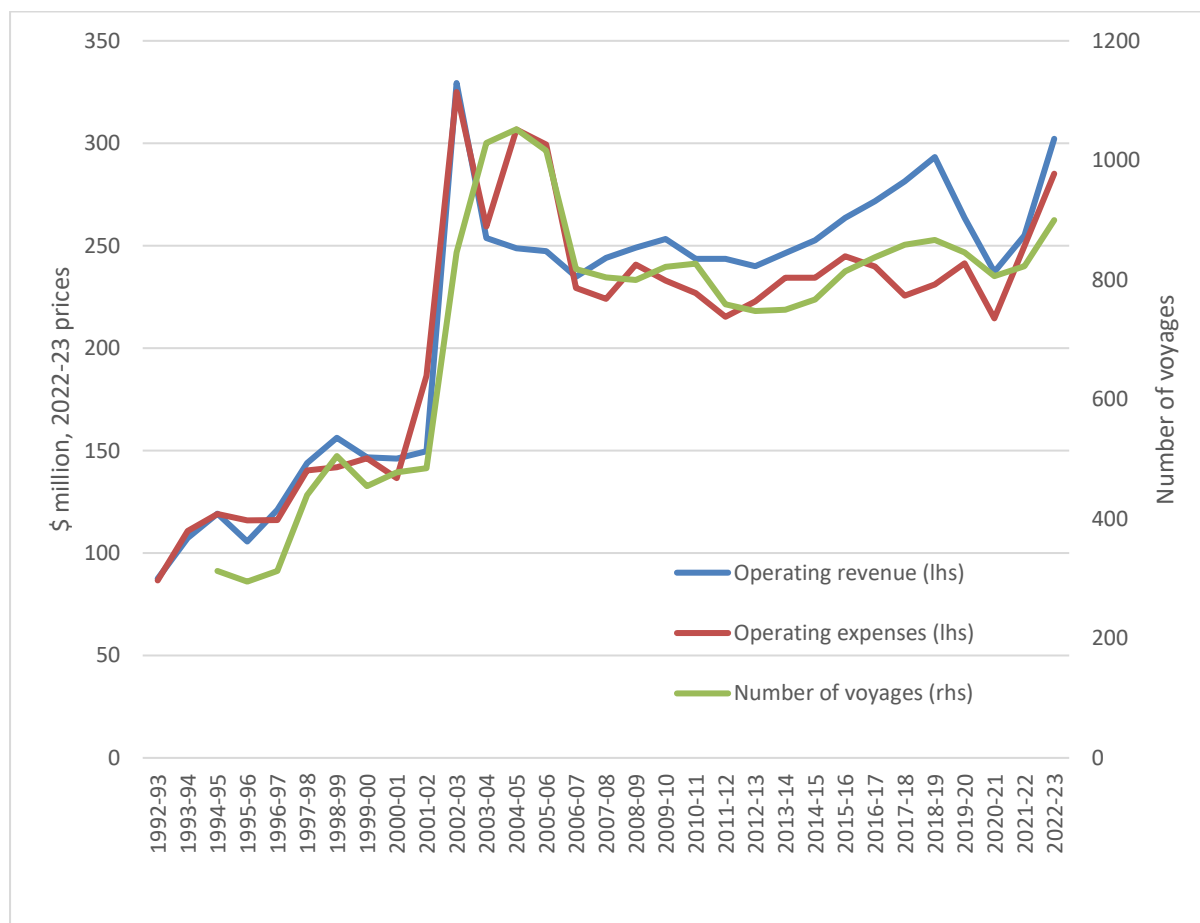
¹ *Spirit of Tasmania I and II* have operated the Melbourne–Devonport route since 1 September 2002 when they replaced the *Spirit of Tasmania*. These two new vessels increased the passenger capacity by 212 per cent and the available motor vehicle capacity by 185 per cent (BTRE 2004).

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

- average revenue per voyage increased 10.0 per cent in 2021-22 and a further 16.0 per cent in 2022-23.
- average operating expenses per voyage increased 19.1 per cent in 2021-22 and a further 11.7 per cent in 2022-23.
- average cost per passenger increased 0.4 per cent in 2021-22 and reduced 22.8 per cent in 2022-23. From 2021-22 to 2022-23, a 22 per cent increase in nominal operating expenses was more than offset by a 58 per cent increase the number of passengers.

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 2022-23, real 2022-23 prices



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

Source TT-Line (2023) and previous annual reports, and TT-Line unpublished data

Rebates paid

Vehicle rebates changed on 1 July 2021 and on 1 July 2022, as well as the ending of the temporary higher rebate for the first half of 2021. Table 2 summarises the one-way rebates for eligible passenger vehicles up to 30 June 2022, and to June 2023.

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 30 2022</i>	<i>To June 30 2023</i>
Motor car or bus	Up to 243	Up to 249
Motor home	Up to 489	Up to 501
Eligible passenger vehicle towing a caravan	Up to 489	Up to 501
Motorcycle	Up to 125	Up to 128
Bicycle	Up to 37	Up to 38

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

Sources: Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2021,2022).

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 \$41.8 million under the Scheme in 2021–22 (up 13.4 per cent since 2020–21). Expenditure in 2022–23 was \$59.2 million (up 41.4 per cent from 2021–22). Total expenditure includes rebates paid and payments for bookings in future time periods.

Two service providers were paid rebates in 2021–22 and 2022–23 (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, 2021–22 and 2022–23 (nominal dollars)

<i>Service provider</i>	<i>2021-22</i>	<i>2022-23</i>
TT-Line	41,795,429	59,129,015
Bass Island Line	54,548	36,276
Private Claims	-	498
Total rebates paid	41,849,977	59,165,789

Source Services Australia, 2023

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 2022–23

	Reimbursements paid to TT-Line (\$million)		Passenger vehicles	Passengers with an eligible passenger vehicle	Average reimbursement per passenger with an eligible passenger vehicle (\$)	
	Nominal	Real ^a	(one-way)	(one-way)	Nominal	Real ^a
1996–97	8.47	16.62	80,754	153,045	55.4	108.6
1997–98	12.94	25.39	81,719	231,098	56.0	109.9
1998–99	14.45	27.99	82,164	261,487	55.2	107.1
1999–00	14.21	26.89	91,608	248,745	57.1	108.1
2000–01	15.03	26.83	100,814	259,438	57.9	103.4
2001–02	15.93	27.65	102,026	272,922	58.4	101.3
2002–03	31.79	53.57	209,808	432,498	73.5	123.9
2003–04	34.24	56.33	228,432	438,841	78.0	128.4
2004–05	32.35	51.97	216,852	395,928	81.7	131.3
2005–06	31.33	48.77	210,496	384,974	81.4	126.7
2006–07	28.30	42.79	188,270	340,273	83.2	125.8
2007–08	30.11	44.04	176,880	335,881	89.6	131.1
2008–09	37.45	53.12	182,400	342,099	109.5	155.3
2009–10	36.35	50.39	187,416	356,125	102.1	141.5
2010–11	36.75	49.41	182,325	354,864	103.6	139.2
2011–12	34.26	45.02	163,944	318,615	107.5	141.3
2012–13	32.77	42.11	151,844	297,134	110.3	141.7
2013–14	37.45	46.85	169,500	321,585	116.5	145.7
2014–15	40.86	50.24	182,546	344,356	118.6	145.9
2015–16	43.98	53.35	189,662	371,789	118.3	143.5
2016–17	44.60	53.19	190,226	388,829	114.7	136.8
2017–18	52.77	61.75	225,058	399,500	132.1	154.6
2018–19	51.32	59.08	205,479	406,956	126.1	145.2
2019–20	40.71	46.24	159,156	316,841	128.5	146.0
2020–21	36.86	41.21	123,404	225,677	163.4	182.6
2021–22	41.80	44.73	147,919	272,500	153.4	164.2
2022–23	59.13	59.13	214,655	419,690	140.9	140.9

a Real 2022–23 dollars

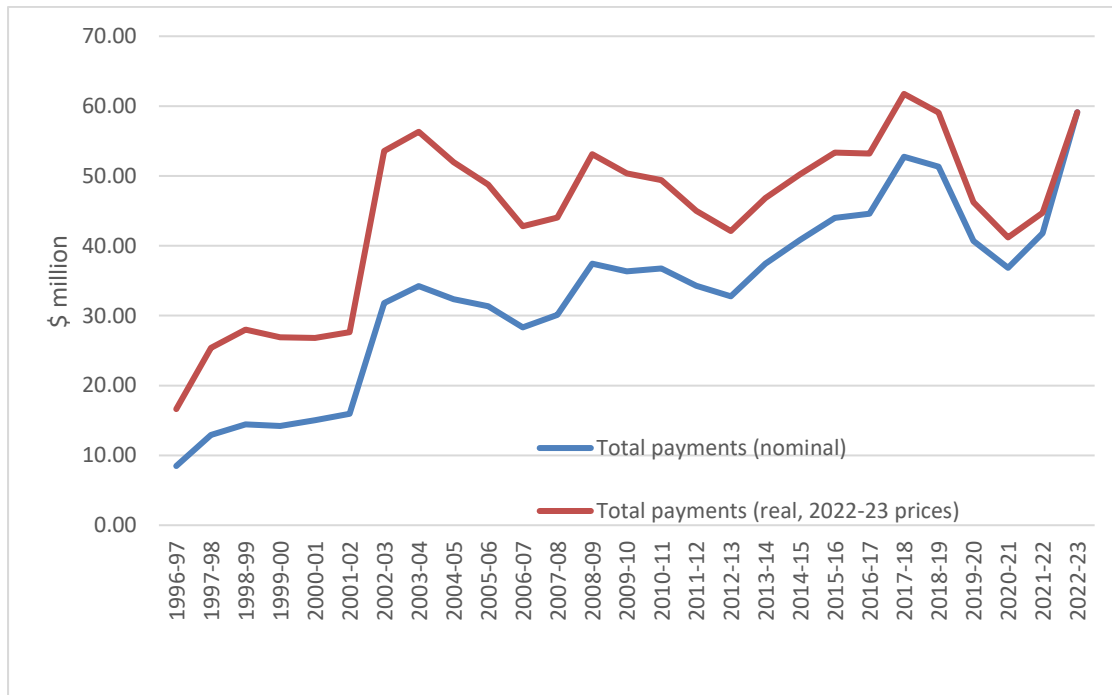
Source Services Australia, 2023 and earlier; TT-Line unpublished data

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 \$109 in 1996-97 to \$141 in 2022–23, up 29.7 per cent since the introduction of the Scheme (Table 4). Reimbursements represented 19.6 per cent of TT-Line operating revenue in 2022–23 compared with 17.4 per cent in 2020-21. As a proportion of passenger revenue, reimbursements represented 35.3 per cent in 2021-22 and 32.0 per cent in 2022-23.

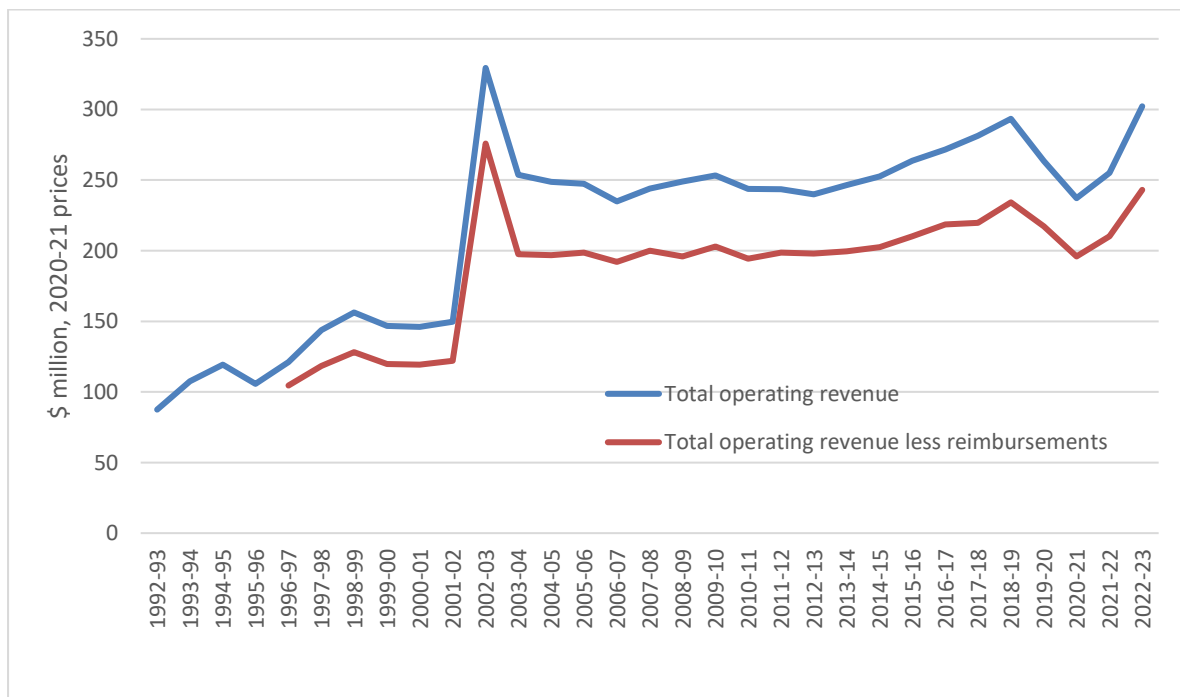
Figure 5 shows rebate reimbursements to TT-Line and Figure 6 shows TT-Line’s operating revenue.

Figure 5 TT-Line reimbursements under the Scheme, 1996–97 to 2022–23



Notes Relates to vehicles shipped; excludes advanced payment numbers for scheduled bookings
 Source Tasmanian Transport Programs, Services Australia—personal comm. 2023
 ABS 2024, Consumer Price Index

Figure 6 Real TT-Line revenue and revenue net of Scheme rebates, 1992–93 to 2022–23



Sources TT-Line (2023) and previous annual reports, Services Australia 2023
 ABS 2024, Consumer Price Index

CHAPTER 2

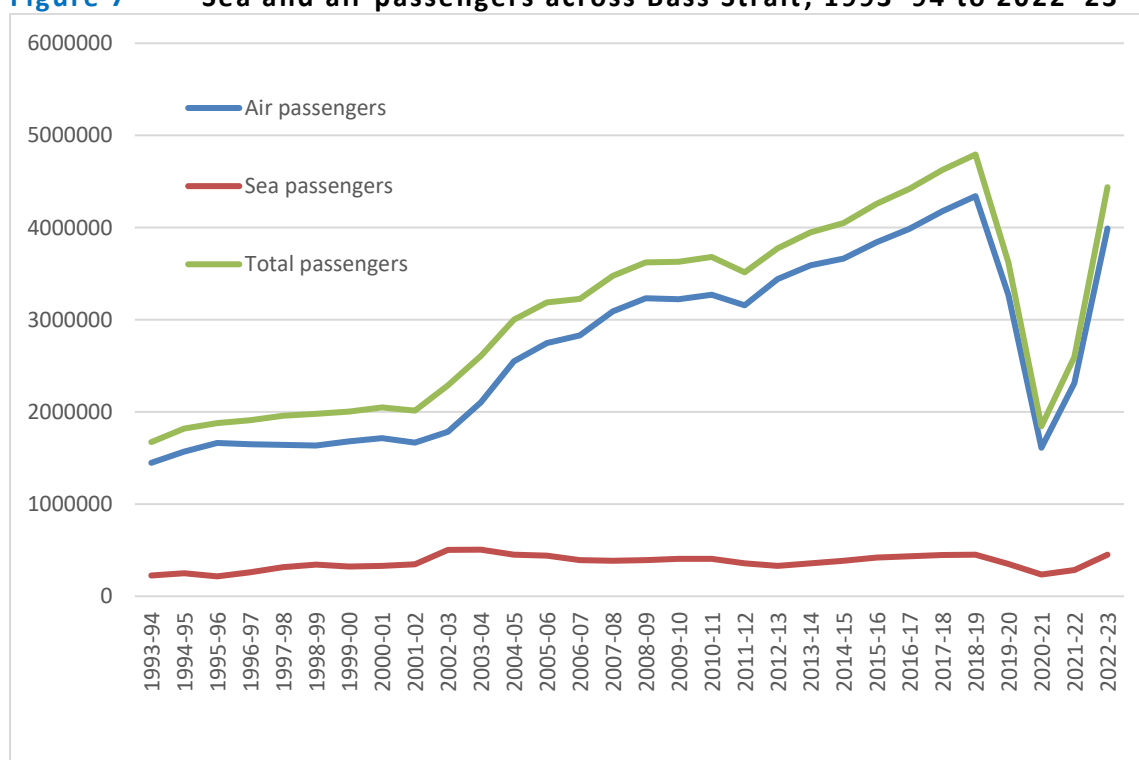
Bass Strait sea and air travel, fares and visitor characteristics

Sea and air traffic

Both sea and air traffic between Tasmania and the mainland rose significantly during the period, recovering from the impacts of COVID-19. Sea passengers to and from Tasmania increased by 21 per cent in 2021-22 and a further 58 per cent in 2022-23. Air passengers to and from Tasmania increased by 44 per cent in 2021-22 to 2.3 million, then increased a further 72 per cent in 2020-21 to 4.0 million.

Before the impacts of COVID-19, there was significant sustained growth in sea passengers since 2012-13, with 2018-19 surpassing levels last seen in 2004-05. For air passenger there has been sustained growth since 2001-02. 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 2022-23



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 2024, Domestic Aviation Activity, TT-Line unpublished 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 after 2002 saw 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 increased slightly in 2021–22 and 2022–23, but less than the increase in passenger numbers, so the average number of passengers per voyage increased significantly over 2021–22 and 2021–22. Table 5 shows the number of voyages and Table 6 shows passengers and passenger vehicles during the lifetime of the Scheme.

Table 5 TT-Line one-way voyages by vessel, 1995–96 to 2022–23

<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				295
1996–97	313				313
1997–98	323	117			440
1998–99	334	171			505
1999–00	347	108			455
2000–01	379	99			478
2001–02	367	118			485
2002–03			846		846
2003–04			894	135 ^b	1,029
2004–05			832	220	1,052
2005–06			812	204	1,016
2006–07			805	13	818
2007–08			804		804
2008–09			800		800
2009–10			822		822
2010–11			825		825
2011–12			759		759
2012–13			748		748
2013–14			750		750
2014–15			767		767
2015–16			814		814
2016–17			838		838
2017–18			859		859
2018–19			867		867
2019–20			846		846
2020–21			806		806
2021–22			823		823
2022–23			900		900

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 (2023) unpublished data.

Table 6 TT-Line traffic and average traffic per voyage by service, 1995–96 to 2022–23 (excluding Devil Cat services)

Year	Passengers		Passenger vehicles		Passengers ^a per voyage		Passenger vehicles per voyage	
	Melbourne/ Geelong	Sydney	Melbourne /Geelong	Sydney	Melbourne/ Geelong	Sydney	Melbourne/ Geelong	Sydney
1995–96	215,940		63,130		732		214	
1996–97	259,164		80,754		828		258	
1997–98	230,622		81,719		714		253	
1998–99	227,120		82,164		680		246	
1999–00	246,370		91,608		710		264	
2000–01	262,268		100,814		692		266	
2001–02	263,506		102,026		718		278	
2002–03	504,216		209,808		596		248	
2003–04 ^b	472,032	33,615	212,772	15,660	528	249	238	116
2004–05	392,704	59,620	188,032	28,820	472	271	226	131
2005–06	359,716	80,784	172,144	38,352	443	396	212	188
2006–07 ^c	388,010	5,707	185,150	3,120	482	439	230	240
2007–08	385,116		176,880		479		220	
2008–09	390,400		182,400		488		228	
2009–10	405,246		187,416		493		228	
2010–11	406,725		182,325		493		221	
2011–12	358,248		163,944		472		216	
2012–13	330,616		151,844		442		203	
2013–14	357,750		169,500		477		226	
2014–15	384,267		182,546		501		238	
2015–16	419,210		189,662		515		233	
2016–17	434,084		190,226		518		227	
2017–18	447,539		225,058		521		262	
2018–19	451,707		205,479		521		237	
2019–20	351,224		159,156		415		188	
2020–21	234,725		123,404		291		153	
2021–22	284,323		147,919		345		180	
2022–23	450,012		214,655		500		239	

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 2023 and earlier, unpublished data, and Services Australia 2023.

Sea fares

Passengers on TT-Line pay a passenger fare and fare for their vehicle. Under the Scheme, the Australian Government pays a rebate 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.

There was an increase in general fares over the period, although the lowest fare a vehicle remained the same. For fares booked within the year leading up to travel:

- 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 lowest 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).
- For travel on 30 June 2022, the lowest net fare for a standard passenger car (off-peak) was \$99 per vehicle (a gross vehicle fare of \$342, less a rebate of \$243 per vehicle).
- For travel on 30 June 2023, the lowest net fare for a standard passenger car (off-peak) was \$99 per vehicle (a gross vehicle fare of \$348, less a rebate of \$249 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 2021–22 and 2022–23 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 2021–22 and 2022–23.

Table 7 One-way passenger fares Melbourne-Devonport (\$), as at end of 2021–22 and 2022–23

<i>Passenger type</i>	<i>June 2022</i>		<i>June 2023</i>	
	<i>Off-Peak</i>	<i>Peak</i>	<i>Off-Peak</i>	<i>Peak</i>
Adult	439 (240)	459 (250)	449 (240)	469 (250)
Pensioner	339 (140)	359 (150)	349 (140)	369 (150)
Child	279 (80)	299 (90)	289 (80)	309 (90)

Notes June 2022 and 2023 fares are base per person fares with an additional cabin upgrade price for an inside 3 bunk cabin. June 2022 and 2023 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.

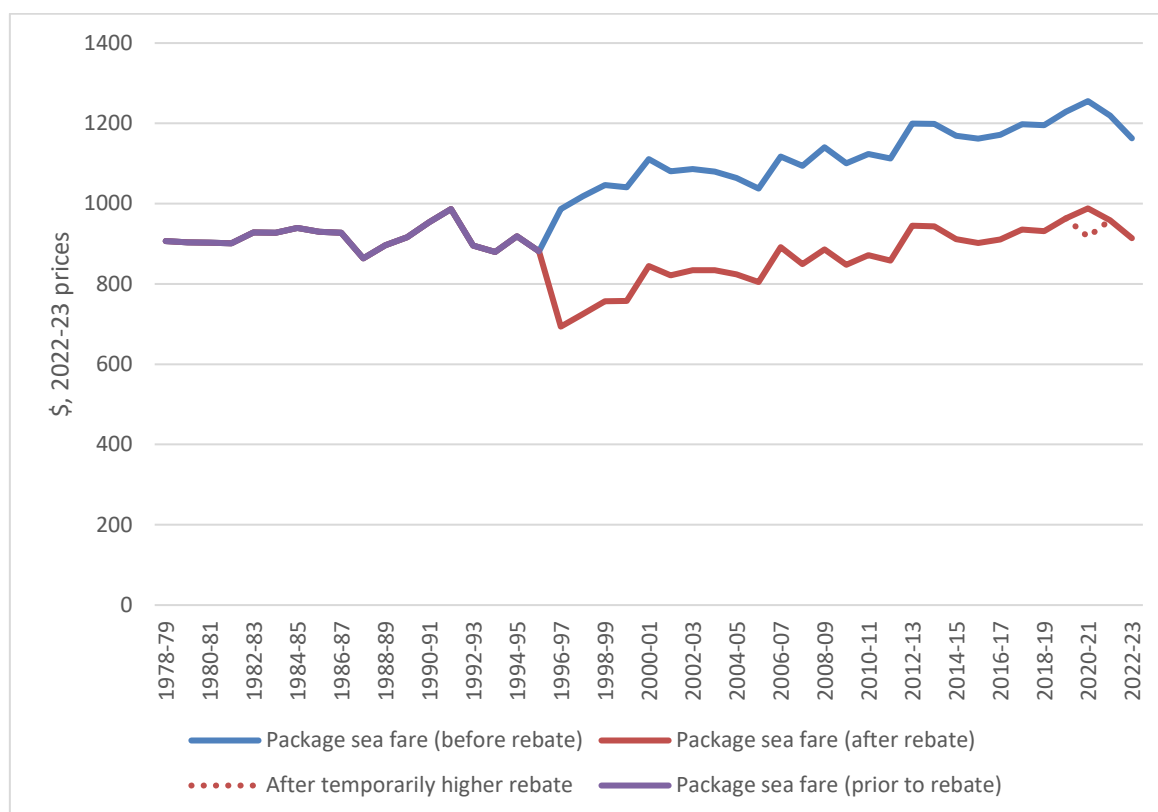
Source TT-Line 2023 unpublished data

The cost of the adult sea peak period passenger fare used in the benchmark package remained at \$459 from June 2021 to June 2022, and increased to \$469 in June 2023.

The cost of BITRE's benchmark net peak season sea package at the end of June 2023 was \$914 one-way. This compares with \$896 at the end of June 2022 and \$884 at the end of June 2021 (with the rebate, but without considering the temporary higher rebate between 1 March 2021 and 30 June 2021).

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 rebate, 2022–23 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.

Source BITRE analysis of data provided by TT Line
ABS 2024, Consumer Price Index Australia

In real terms, the cost of BITRE’s sea package decreased 3.0 per cent between June 2021 and June 2022, and a further 4.7 per cent between June 2022 and June 2023, aside from the increase due to the cessation of the temporary higher rebate. Caution should be taken with comparisons over time as:

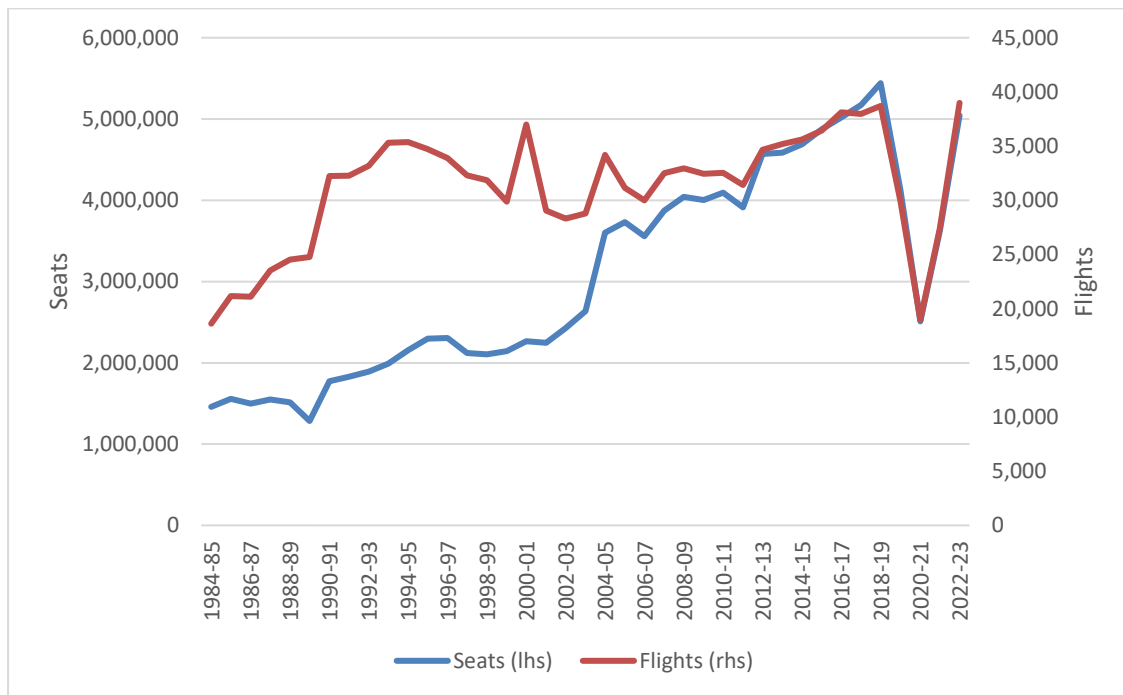
- There have been major improvements in the ships used to provide the service, including changes in the on-board service offerings
- Passengers can choose different standards and prices of accommodation (including the option of no cabin upgrade).
- This comparison is for the peak season only.

By comparison, in 2022-23, two adult day passengers in recliners with a vehicle would have paid \$637 in peak season, with the rebate accounting for 28.1 per cent of the pre-rebate fare. In nominal terms, this was the same as the amount paid in 2021-22 and a \$10 increase compared with 2019-20 and 2020-21. In real terms, this was an 9.1 per cent decline from June 2021 to June 2023 (not accounting for the temporary higher rebate).

Air services and fares

In contrast to sea services, air services to and from Tasmania were reduced significantly during 2019-20, 2020-21 and 2021-22. Figure 9 shows the number of seats and flights available between Tasmania and the mainland from 1984-85 to 2022-23.

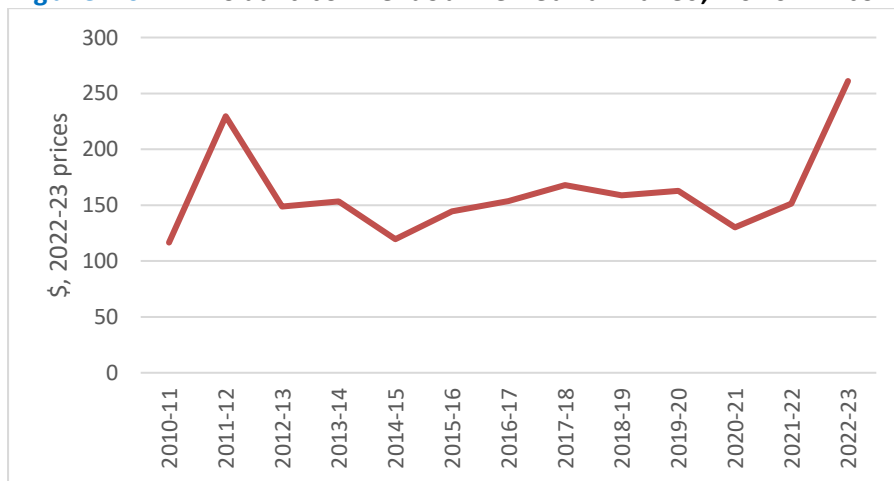
Figure 9 Seats and flights between Tasmania and mainland (both directions)



Source: BITRE domestic aviation data

Airfares from Hobart to Melbourne rose significantly in 2022-23, in line with airfares across Australia. Figure 10 shows best available airfares from Hobart to Melbourne from 2010-11 to 2022-23.

Figure 10 Hobart to Melbourne real airfares, 2010-11 to 2022-23



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

Table 8 shows the number of visitors by purpose and mode since 1996-97.

Table 8 Number of adult visitors travelling to Tasmania purpose and mode, 1996-97 to 2022-23 ('000)

Purpose	Holiday/leisure		Visiting friends and relatives		Business		Other		Total	
	Sea	Air	Sea	Air	Sea	Air	Sea	Air	Sea	Air
1996-97	49.5	171.8	12.8	113.5	4.0	75.8	7.3	47.9	73.9	409.2
1997-98	71.7	187.5	16.2	102.1	4.1	71.4	4.4	43.6	96.6	404.8
1998-99	85.2	191.3	18.3	106.9	4.9	70.3	5.5	41.3	114.1	409.8
1999-00	86.0	204.5	17.5	95.8	4.8	80.3	3.9	38.8	112.2	419.4
2000-01	77.9	192.9	17.2	114.7	5.2	63.8	9.2	39.0	109.7	410.5
2001-02	79.1	180.2	17.6	102.7	5.5	85.3	8.4	40.6	110.8	409.0
2002-03	120.2	222.7	33.7	113.6	13.3	96.9	11.5	39.8	179.0	473.2
2003-04	120.1	271.4	22.7	149.0	15.5	103.3	7.7	49.7	166.2	573.5
2004-05	102.7	267.1	18.6	172.9	14.6	122.2	10.4	49.1	146.3	611.2
2005-06	102.4	285.2	16.1	212.5	11.3	123.0	11.1	51.1	140.8	671.7
2006-07	92.3	291.1	15.8	206.1	13.6	123.0	6.1	79.5	127.8	699.3
2007-08	88.4	308.1	15.7	218.9	13.3	139.5	5.3	60.6	122.6	727.1
2008-09	90.4	346.1	15.4	224.9	15.0	126.3	6.5	82.7	127.3	779.9
2009-10	82.6	310.8	20.3	240.2	15.1	158.4	12.7	70.1	130.7	779.5
2010-11	89.6	289.5	19.2	239.3	15.1	147.3	10.2	85.2	134.1	761.3
2011-12	71.2	274.5	18.7	232.0	12.6	155.2	9.9	81.1	112.4	742.8
2012-13	62.8	321.1	17.9	278.0	13.9	171.1	7.3	89.6	101.9	859.8
2013-14	69.1	409.1	18.6	288.0	16.2	164.1	8.3	84.4	112.3	945.6
2014-15	79.3	462.5	19.4	301.2	14.3	173.6	8.5	87.9	121.4	1025.1
2015-16	93.6	460.3	20.4	288.4	13.1	180.4	10.1	101.6	137.1	1030.7
2016-17	96.7	526.6	23.1	319.9	16.0	186.5	10.3	90.6	146.1	1123.6
2017-18	101.2	544.2	21.8	312.7	11.7	196.9	11.9	99.6	146.7	1153.4
2018-19	104.8	516.8	17.7	330.6	15.1	219.4	11.2	100.0	148.7	1166.9
2019-20										
2020-21										
2021-22	68.8	348.9	18.8	199.9	10.9	114.4	3.9	31.7	102.0	695.0
2022-23	110.5	582.9	27.9	303.6	12.3	191.5	7.3	43.9	158.0	1122.0

Notes 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

Source Tourism Tasmania 'Tasmanian Visitor Survey'—<http://www.tvsanalyser.com.au/>

Visitors by sea spend an additional \$1,347 per visitor in Tasmania than visitors by air. The difference in expenditure varies by visit purpose, as shown in Table 9.

Visitors by sea are also more likely to visit regions of Tasmania outside Hobart. All regions apart from the West Coast are visited by a majority of sea visitors, while for air visitors the only region outside Hobart that a majority visit is the Southern region.

Table 9 Expenditure of sea and air visitors to Tasmania

	<i>Sea</i>	<i>Air</i>
<i>Holiday</i>	\$4,280	\$3,439
<i>Visiting friends or relatives</i>	\$2,538	\$1,477
<i>Business</i>	\$3,633	\$1,560
<i>Other</i>	\$5,418	\$2,688
<i>Total</i>	\$3,933	\$2,586

Notes 12 months to March 2024

Source Tourism Tasmania 'Tasmanian Visitor Survey' — <http://www.tvsanalyser.com.au/>

Table 10 Regions of Tasmania visited by sea and air visitors

	<i>Sea</i>	<i>Air</i>
<i>Hobart & Surrounds</i>	81%	87%
<i>Southern</i>	71%	51%
<i>Northern</i>	86%	47%
<i>North West</i>	100%	33%
<i>East Coast</i>	63%	31%
<i>West Coast</i>	43%	14%

Notes 12 months to March 2024

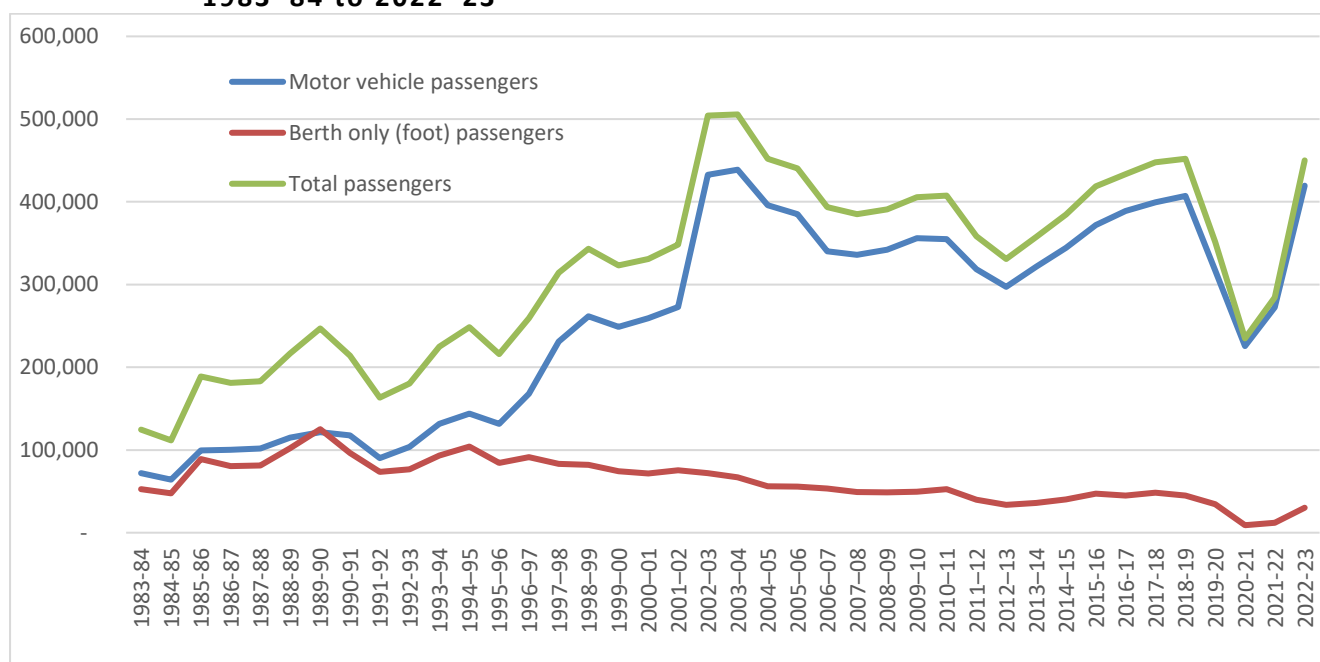
Source Tourism Tasmania 'Tasmanian Visitor Survey' — <http://www.tvsanalyser.com.au/>

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.

Numbers of both types of passengers increased significantly over the period due to the recovery from COVID-19, with total passengers increasing 21 per cent in 2021–22 and a further 58 per cent in 2022–23. In the period for which data is available, the number of sea passengers peaked at 505,639 in 2003–04.

Figure 11 Number of sea passengers carried across Bass Strait, one-way trips, 1983–84 to 2022–23



a. Includes both visitors and Tasmanian residents.

b. Sydney–Devonport data included for 2003–04, 2004–05, 2005–06 and 2006–07.

Source TT-Line 2023 and earlier, unpublished data

Types of eligible passenger vehicles

Table 11 gives a breakdown of eligible passenger vehicles for which reimbursements were paid from 2001–02 to 2022–23. Cars have declined as a proportion of all eligible passenger vehicles over the last two decades, while caravans and campers have grown.

Table 11 Eligible passenger vehicles for which reimbursements paid, 2001–02 to 2022–23

	<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	128,353	0	6,303		0	0	324	134,980
2002–03	196,871	7,359	7,023		5,991	1,188	474	218,906
2003–04	199,902	9,648	8,699		9,023	431	791	228,494
2004–05	188,757	10,186	8,791		7,870	992	365	216,961
2005–06	179,955	10,798	11,402		7,891	692	370	211,108
2006–07	160,823	10,969	7,720		8,177	692	311	188,692
2007–08	161,139	11,307	8,917		8,048	556	294	190,261
2008–09	164,890	11,562	10,373		8,306	877	247	196,255
2009–10	164,287	12,138	12,384		9,353	654	202	199,018
2010–11	151,505	12,121	9,650		9,714	771	225	183,986
2011–12	134,583	11,328	9,496		8,414	597	170	164,588
2012–13	124,401	10,442	8,336		8,051	521	150	151,901
2013–14	138,558	11,391	10,062		8,877	651	160	169,699
2014–15	148,973	12,679	11,043		9,185	827	170	182,877
2015–16	152,686	13,127	12,907	4,682	5,094	976	142	189,614
2016–17	154,381	12,585	11,656	5,140	5,540	872	143	190,317
2017–18	180,545	15,765	14,867	4,286	6,275	1,220	166	225,124
2018–19	166,771	15,204	11,161	5,727	5,689	1,061	124	205,740
2019–20	127,693	12,228	9,730	4,570	4,237	899	80	159,437
2020–21	103,782	7,192	5,713	3,721	2,747	376	33	123,564
2021–22	118,335	12,140	8,619	4,375	4,248	361	42	148,120
2022–23	173,736	17,592	10,761	6,196	5,788	635	93	214,801
<i>Change from 2020–21 to 2022–23</i>	67.4%	144.6%	88.4%	66.5%	110.7%	68.9%	181.8%	73.8%

Sources: Services Australia 2023 and earlier

CHAPTER 3

Effectiveness of the Scheme

In the 2015 Government Response to the Productivity Commission Inquiry into the Scheme clarified the objective of the Scheme, and confirmed the requirement for BITRE Monitoring Reports to cover the effectiveness of the Scheme against that objective.

In particular, “The Government considers that the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) provides critical and substantial assistance for passengers wishing to travel with their vehicle to and from Tasmania and confirms 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.”

This chapter considers the effectiveness of the Scheme in terms of prices, service levels and capacity, as well as providing an indicative figure for possible increase in expenditure by visitors to Tasmania that may be attributable to the scheme.

It is not straightforward to measure the impact of the Scheme on prices, services, or capacity. Due to the nature of scheduled passenger shipping, capacity must effectively be fixed for long periods of time between investment in new vessels, and cannot be expanded continuously to meet demand as aviation can.

As real prices have returned to pre-Scheme levels (see Figure 2) it is likely that the Scheme is operating through allowing expansion of services and capacity, allowing more people to bring vehicles to and from Tasmania without significantly raising prices.

Visitors by sea, most of whom bring vehicles, spend an additional \$1,347 per visitor in Tasmania than visitors by air, and are significantly more likely to visit regions of Tasmania outside Hobart.

The BSPVES, and the related shipping program, the Tasmanian Freight Equalisation Scheme (TFES) have contributed to the growth of shipping services across Bass Strait, which is currently Australia’s busiest coastal shipping route.

TT-Line’s new vessels (Spirit of Tasmania IV and Spirit of Tasmania V) will each have a capacity of 1,800 passengers, an increase of 28.6%, and 4,098 metres of vehicle lanes, an increase of 59.8% compared to the existing vessels (Spirit of Tasmania I and II).

This long-term investment of hundreds of millions of dollars indicates that shipping operators have confidence that Bass Strait shipping will continue to grow and is viable with the support of BSPVES and TFES.

Prices

As shown in Figure 2, in real terms fares paid by customers dropped significantly immediately following the introduction of the scheme, but for most of the last two decades they have been around the same as prior to introduction of the scheme. Operating revenue has been higher than operating expenses for most years since the introduction of the scheme (excluding the years for which a third ferry was operating between Tasmania and Sydney). As noted by the Productivity Commission (2014), it is likely that some proportion is captured by TT-line (owned by the Tasmanian Government). To the extent that this contributes to the ability to expand capacity and service through larger new vessels, this will ultimately allow more passengers to carry vehicles without higher price increases.

Service levels and capacity

Table 12 shows a comparison of services, passenger vehicles carried and passengers carried in the five years before and after the introduction of the two-ferry service in 2002-03. The more than doubling of services between Melbourne and Tasmania was associated with a more than doubling of passenger vehicles on the services, and a 76 per cent increase of passengers on the services. This compared to a 46 per cent increase in total visitors over the same period.

This full increase in service capacity cannot be solely attributed to the Scheme. In 2022-23, the Scheme contributed 32 per cent of TT-Line passenger revenue, so it might be reasonable to consider that the Scheme has allowed an increase in capacity of almost 50 per cent relative to a hypothetical scenario without the Scheme.

Table 12 Comparison of before/after service expansion

	Years	Services	Passenger vehicles	Passengers	Visitors to Tasmania ('000)
<i>Spirit of Tasmania</i>	1997-98 to 2001-02	350	91,666	245,977	519
<i>Spirit of Tasmania I and II</i>	2002-03 to 2006-07	838	195,689	432,167	758
<i>Change</i>		139%	113%	76%	46%

Note: figures are annual averages

Source: Tourism Tasmania, TT-Line unpublished data

The ability to carry additional vehicles without increasing prices will be limited by capacity. The vessels appear to be operating close to capacity during peak season. The number of vehicles carried in January 2023 was 71 per cent higher than the average across 2022-23, implying average passenger vehicles per voyage of around 400 vehicles per voyage. Noting that around 15 per cent of these are buses, caravans, campers or motor homes (see Table 9), it appears that the vessels are close to their capacity of 500 vehicles for the busy part of the year.

Capacity will increase again when two new Spirit of Tasmania vessels come into service. Table 13 shows capacities of the current vessels and the new vessels.

Table 13 Capacities of current and new Spirit of Tasmania vessels

	<i>Spirit of Tasmania I & II</i>	<i>Spirit of Tasmania IV & V</i>
<i>Passengers</i>	1400	1800
<i>Cabins</i>	222	301
<i>Recliners</i>	121	165
<i>Vehicle lane metres</i>	2565	4098

Sources: Spirit of Tasmania, <https://newships.spiritoftasmania.com.au/ship-facts/>

Impacts on expenditure by visitors to Tasmania

Noting that increasing expenditure by visitor Tasmania was not included as an objective of the Scheme, the 2015 Government response to the Productivity Commission Inquiry also clarified that BITRE should include consideration of expenditure in the Monitoring Review, as well as consideration of “visitation and expenditure by the “Business” and “Visiting Friends and Relatives” segments of the visitor economy.

It is not straightforward to measure the impact off the Scheme on expenditure by visitors in Tasmania. A set of assumptions based on expenditure by different visitors is used to provide an indicative figure.

Taking as assumption the figure above that 32 per cent of sea visitors are attributable to the Scheme, if those visitors travelled by air instead, and had the expenditure profile of air passengers as shown in Figure 8, this would imply \$68 million lower expenditure by visitors to Tasmania in 2022-23 without the Scheme.

The true figure could be higher or lower than this: it is possible that higher spending visitors are selecting to use sea, and would continue to spend highly in the absence of the Scheme. However, it is also possible that some visitors would no longer choose to visit Tasmania at all.

While holiday visitors make up 70 per cent of sea visitors, under this set of assumptions the contribution of the Scheme to expenditure through holiday visitors is only 44 per cent, as additional expenditure for sea for holiday visitors is relatively small. Table 14 shows the contribution of different segments of the visitor market under this set of assumptions.

Table 14 Potential changes in expenditure without the Scheme

	<i>Sea</i>	<i>Air</i>	<i>Sea relative to air</i>	<i>Number of sea visitors</i>	<i>Assumed reduction if 32% shifted to air visitor characteristics</i>
<i>Holiday</i>	\$4,280	\$3,439	\$841	110,500	\$29.7m
<i>Visiting friends or relatives</i>	\$2,538	\$1,477	\$1,061	27,900	\$9.5m
<i>Business</i>	\$3,633	\$1,560	\$2,073	12,300	\$8.2m
<i>Other</i>	\$5,418	\$2,688	\$2,730	7,300	\$6.4m
<i>Total</i>	\$3,933	\$2,586	\$1,347	158,000	\$68.1m

Sources: Tourism Tasmania 2024 and BITRE assumptions

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