

Submission made by Peter Brohier to ACCC Grocery Price inquiry -

Submitted on the 31.05.08

I believe that grocery prices are generally higher in Tasmania as:

1. The Bass Strait Passenger Vehicle Equalisation Scheme has not delivered equitable and comprehensive "bitumen cost" equivalence for sea travel, the original intention of the Scheme. Canberra needs to act to deliver that outcome. The focus on moving the shell of cars should be balanced by a focus on moving all the people in them, and offering a "bus fare", equivalent to travelling a similar distance Melbourne-Albury.

With billions of dollars going into every other interstate linkage, fair application by Canberra of existing uncapped federal schemes will remove Tasmania's unjustified remoteness, grow a greater population as quickly as a new land based highway would, allow for many more tourists and therefore spread overheads over a larger population reducing prices of all consumables. As expected from 1996, the impact of this proposal would be that demand curves for many industries would move outward instead of a movement along just one existing curve.

2. Also, under the Tasmanian Freight Equalisation Scheme (TFES), Tasmania does not enjoy the same "free trade" as Australia advocates internationally. Northbound consumables are equalised but the same goods sent southbound are not. This unfair scheme, however well intentioned some decades ago, is out of date and denies Tasmania fair competition policy and therefore adversely impacts on the price of consumables. The scheme does not offer the same equality to Tasmanians as interstate highways offer to residents of all other states. The cost of moving goods by sea should be generally cheaper than by land.

3. The TFES even excludes international exports crossing northbound to Victoria and therefore limits the use of world-class "state of the art " processing plants in Northern Tasmania thereby reducing jobs and population in Tasmania.

4. The Auslink national transport system leaves one significant gap in Australia's said to be "integrated" inter-capital interstate transport grid, whilst Canberra's Bass Strait "equalisation" schemes do not deliver Auslink equivalence or comprehensive equalisation. Tasmania's only surface link and Victoria's entitlement to a third interstate inter-capital route needs Canberra's full implementation. Political recognition of Bass Strait as "part of the National Highway" has been in place for over a decade. Un-skewed transport opportunities, as are offered on the Hume Highway, should be made available between Melbourne and Hobart. The link should equalise cost disadvantages between states for people, vehicles and all freight and allow every state to compete with each other, having equal air and surface linkages.

5. The solution is simple, very affordable and can be delivered in weeks using uncapped federal funding, existing capacity, and fair targeting of existing federal equalisation, cost disadvantage between states and National Highway policies. Implementation by Canberra of comprehensive equalisation, under Auslink, will eliminate fear of contravention of WTO obligations for exports. It will also allow Tasmanian suppliers of consumables to be compensated for any dislocation through increased interstate competition by offering them almost immediate access to a larger market of Tasmanian visitors and residents.