Cronulla Ferries Submission to IPART Draft Decision on Private Ferry Maximum Fares

23 October 2025

Cronulla Ferries

Thank you, Commissioners.

Cronulla Ferries service transports Transport for NSW patrons, our neighbours and friends, between Cronulla and Bundeena. When roads close, when bushfire smoke hangs over the Park, when the city pauses, we keep running. That is what an essential service does.

But this year, we have reached critical mass. This is no longer just about whether fares move by CPI next January, It's about whether the current framework for private ferries is sustainable at all for passengers or for operators.

A structural asymmetry that hurts both sides:

- Sydney Ferries, operated by Transdev, recovers roughly 25–33% of operating costs from fares; taxpayers fund the rest. Passengers benefit from Opal integration, daily and weekly caps, and transfer discounts.
- Private ferries like Cronulla–Bundeena are expected to recover near 100% of costs from fares, with limited concessions and ad-hoc viability support. We are not Opal-integrated. There are no fare caps for our passengers. Two people on ferries in Sydney face fundamentally different out-of-pocket costs for essential public transport because of contract structures, not community need.

The record on viability payments — TfNSW's position has shifted without consultation

- On 3 March 2023, Transport for NSW (TfNSW) formally advised us that it would not proceed with IPART's 2022 recommendation to phase out viability payments commencing in 2023 and concluding by 2025, and that "existing arrangements will remain in place." Critically, TfNSW also stated that if it were to review this recommendation in future, we would be consulted and given an opportunity to provide input. See: Department of Transport letter "Continuation of Viability Payments" dated 3 March 2023 ("2023 Letter").
- On 2 September 2025, after reviewing our 2023/24 financial statements, TfNSW wrote to us (OFFICIAL: Sensitive) to confirm a supplementary payment of $97,022 for 2025/26, but also stated "there is no contractual obligation to maintain the supplementary payments" and that TfNSW "has made the determination to cease viability payments starting July 2026." See: Department of Transport letter "Viability/Supplementary Payments" dated 2 September 2025 ("2025 Letter").

- This is a material policy reversal. The 2023 Letter records TfNSW's decision not to implement IPART's phase-out and explicitly commits to consult us before any future review. Yet the 2025 Letter communicates a decision to remove viability payments from July 2026, without any consultation with us, contrary to the 2023 assurance.
- Let it be recorded: without the supplementary/viability payment, there would have been no profit in 2023/24. We would again have run at a loss. Ending viability support on this basis penalises an essential public transport service for achieving a marginal technical surplus in a single year because a viability payment propped up the bottom line — and then uses that as the rationale to end support.
- We ask IPART to note this sequence and, in its Final Report, to:
    - Recognise that TfNSW previously chose not to implement IPART's phase-out and assured consultation before any change (2023 Letter).
    - Acknowledge that TfNSW has now decided to cease viability payments from July 2026 without consultation (2025 Letter).
    - Recommend a transparent, predictable viability/support mechanism that cannot be unilaterally removed without stakeholder consultation and evidence-based assessment of route essentiality and external benefits.

Why the 'fare fight' reviews by IPART are failing:

Costs we cannot control - labour awards, insurance, compliance, maintenance on aging hulls have consistently outpaced CPI. Fuel volatility adds risk, even if fuel is a small share for our route.

- Demand is inherently volatile: weather, fires, tourism swings, pandemics. Expecting private operators to recover almost all costs from the farebox in this environment is not a business model; it is a gamble and the stakes are essential mobility for an entire community.
- Meanwhile, passengers are in a cost-of-living squeeze. Our "essential service" costs residents more each year, yet the system denies them the protections Opal passengers receive.
- Under our existing ferry contract, if weather or sea conditions prevent safe ferry operations, Cronulla Ferries is obligated to provide substitute bus services between Cronulla and Bundeena. In the past 12 months, this contingency has been triggered on nine occasions. These events impose material, unplanned operating costs, with costs currently shared with Transport for NSW. This further underscores the need for a predictable viability/support mechanism that recognises contractual obligations and allocates risk fairly.
- The removal of viability payments from July 2026, advised by TfNSW in its 2 September 2025 letter, compounds this volatility and shifts unrecoverable risk onto passengers and the operator, despite the 3 March 2023 assurance that changes would be consulted.

Fleet renewal is now out of reach:

- Our primary vessel is 85 years old. In today's climate, with profitability marginal and now with a stated plan to remove viability payments from July 2026 (2025 Letter) despite a 2023 assurance that any review would involve consultation (2023 Letter) there is no realistic pathway to finance a replacement. Banks will not lend to an operator whose revenues are capped by CPI, whose demand is volatile, and whose support is explicitly being withdrawn.
- Other operators have shared real shipyard prices; a 12 m, 60-pax catamaran built in Sydney costs around $1.5 million plus fit-out. For the Cronulla–Bundeena route, our operational requirement is a 120-pax vessel, effectively doubling the cost to close to $3 million plus fit-out for a conventional diesel configuration. However, in light of federal 'green' targets and the transition to low- or zero-emission fleets, a compliant 'green' vessel for this service would likely cost approximately double again relative to diesel and require additional investment in shore-side charging/refuelling and other enabling infrastructure, adding further complexity and ongoing costs. This is the scale of capital we face. Without a structured renewal pathway, safety margins are eroded over time not by choice, but by financial necessity.

Acknowledge progress — and complete the shift:

- We would like to thank the current IPART leadership and recognise IPART's improved dialogue since the last review: better acknowledgment of external benefits and the essential nature of services like ours. But the draft still treats sustainability as a pricing exercise, when it is fundamentally a policy-and-contracting exercise.

A new framework we need IPART to catalyse, and TfNSW to implement:

- Standardise policy treatment across ferries: Publish and adopt consistent cost-recovery settings for public and private ferries. Either integrate Cronulla–Bundeena into Opal, or provide equivalent daily/weekly caps and transfer benefits through an alternative mechanism.
- Replace ad-hoc viability with a transparent route-level support model: Compare benchmark revenue need with capped fare revenue; fund the gap predictably where essentiality and external benefits are proven; automate adjustments for shocks; and require formal consultation and published evidence before any withdrawal of support, consistent with prior TfNSW commitments.
- Align the models: Reconcile IPART's private ferry inputs with the Opal/Sydney Ferries model (labour, fuel, R&M, insurance, moorings, overheads, dead-running, crew buffers, capital lives/overhauls).
- Create a capital pathway for safe fleet replacement: Establish a renewal scheme — grants, co-investment, or government-guaranteed low-interest finance — recognising that CPI-capped fares on volatile volumes cannot service $1.5–$7m vessel debt responsibly.

- Publish apples-to-apples comparisons: In your Final Report, publish cost per passenger-km and per passenger-journey for private routes and Sydney Ferries, and show where Cronulla–Bundeena sits.
- Fix the fuel mechanism's time path: Allow CPI to resume compounding after a trigger year; the current "higher-of" rule plus rounding provides minimal relief in spikes and creates path dependency afterward.

What happens if nothing changes:

- With labour, fuel and maintenance rising, our lead vessel at 85 years old, and TfNSW's decision to cease viability payments from July 2026 (2025 Letter, contrary to the consult-first assurance in the 2023 Letter), continuing under the current framework may be untenable. If subsidy parity, Opal integration (or equivalent measures), and a predictable viability framework do not materialise, the Cronulla–Bundeena essential service may no longer be sustainable for Cronulla Ferries.

Constructive next steps:

- IPART: Publish route-level comparative metrics; state cost-recovery expectations side-by-side; reconcile assumptions with Opal; set out a transparent viability framework linked to external benefits and essentiality.
- TfNSW and NSW Government: Engage now on Opal integration or equivalent caps and transfers, and on a capital renewal pathway. A contract that allows passengers to use Opal would suit passengers and stabilise services.

This is not about special pleading. It's about equal policy for equal need. Treat essential ferry routes consistently, publish the numbers, and provide a sustainable framework so passengers pay fairly and operators can plan safely.

Thank you.
Cronulla Ferries
Tonkin Street Public Wharf, Cronulla NSW

References:

• Department of Transport (TfNSW), "Continuation of Viability Payments," 3 March 2023. OFFICIAL. (Uploaded file: "03-03-2023 - Letter to Cronulla Ferries - Viability Payments.pdf").

• Department of Transport (TfNSW), "Viability/Supplementary Payments," 2 September 2025. OFFICIAL: Sensitive. (Uploaded file: "Letter to Cronulla Ferries - Viability Payments.pdf").