

Rick Banyard

IPART

Ferry Submission 2013 Review of Stockton and Private Ferry Fares

A core function of IPART is to ensure that organisations that operate in a monopoly environment does not negatively impact on stakeholders without reasonable reasons. The stakeholders in this incident include the operator, the State, the taxpayers and those that travel between Stockton Wharf and Queens Wharf.

The Stockton ferry is an essential service and should be considered by the Tribunal as a floating footpath. To my knowledge IPART has never set a usage fee for a footpath.

IPART should take note that the Roads and Maritime Services vehicle ferries operate free.

I consider that this principle should apply to the Stockton Ferry as the ferry is one of only two modes of entry or exit from the Stockton area.

The costs of operation are unnecessarily high due to the low utilisation of the two ferrys engaged for the service. On a normal day ferry utilisation is only **41%**. (one ferry idle and one ferry only operating about 20 hours). There is little attempt to promote the service or generate revenue from the idle 59%.

The revenue collected by the deckhand is not all attributable to the ferry because the ticket can be used for subsequent journeys on buses and trains. Likewise many travel on the ferry “free” because their ticket (eg train ticket purchased at Central) allows ferry travel.

The tribunal should consider that the ferry should operate free as this would reduce operating costs, reduce the option of theft and speed up boarding time. I believe the revenue loss would be negligible. I believe IPART should tabulate the net fare revenue.

It is of concern that there are very few records available to explain the ferries financials and patronage levels. It would seem that the IPART should require the Stockton Ferry to keep its own books and patronage records and make those details public.

It is very difficult to apply the model of other ferries to the “floating footpath”

A major issue for consideration by IPART of the fares for 2015 and onwards is the issue relating to the Newcastle rail line. The Government has decided to

permanently close the rail line from Newcastle Station to Wickham. Until the new station is built the train will terminate at Broadmeadow and later at Hamilton. This will have a major impact for the Stockton Ferry passengers who interchange with trains. A ferry passenger will have to use some other form of transport to travel between the Queens Wharf ferry wharf to the train at Broadmeadow is a distance of about 7 kms. The time penalty for this forced interchange will be 20 to 30 minutes. This will apply to both inbound and outbound journeys for ferry passengers. This gross inconvenience and heavy time penalty will without doubt cause a heavy patronage loss. Figures in the Wickham Interchange document suggest that the patronage loss from forced interchange would be 23%. The impact of the loss of patronage of the Ferry could be very serious.

Any rise in the ferry fare would be a further impediment to travel by ferry and would in turn raise the patronage loss.

At this stage the Government has not announced any method of transferring ferry passengers to and from the train.

There has been suggestions to relocate the ferry wharf to Wickham from Queens Wharf. This move whilst it may assist with the train connection certainly would seriously harm ferry patronage for those wishing to go to the CBD and other locations and to interchange with buses.

The introduction of OPAL tickets and the time based fare structure applicable to the Lower Hunter also needs special considerations for the Stockton Ferry.

I note that IPART makes recommendations to the Department of Transport for maximum fares to be charged for regular private ferry services and the Stockton ferry under an arrangement approved by the Premier.

I also note this arrangement specifies the factors that must be considered when making recommendations.

Core issues:-

☐ the cost of providing the services concerned

No doubt there will be a case presented to show that some costs have risen however the cost increases need to be compared with the cost estimates used for the last determination and the actual costs for the last period.

In the case of the Stockton Ferry there is little evidence to indicate that costs have actually risen however there is evidence that revenue has risen for the same level of service. Revenue is up due to the fare increase determined at the last review and some additional patronage.

There is no evidence that economies of operation have been applied or that reasonable effort to promote the venture has been undertaken.

Relativities with the Government owned ferry services, private ferries including in terms of service, efficiency, cost and ticketing products

The circumstance under which the Stockton Ferry operates has very few operational similarities to the Sydney Ferries.

Ticketing products must be tied in with other public transport tickets and in particular promotional tickets like Funday Sunday and Opal bonuses. These tickets do not necessarily impose a cost on the service as the promotional packages generate additional passengers.

Integrated tickets can skew the operating revenue and it is very important that the actual passenger use is collated not just by number but also by ticket type and time of travel.

The Stockton Ferry is part of the Government cheaper fares packages. This reduced the ferry revenue.

If IPART determines the need for higher fares and then the operator applies a discount this to me makes a mockery of the fare setting strategy. It is noted that IPART tries to keep in mind the level of taxpayer input for public transport services.

It may well be more prudent for IPART to determine the average fare (or set revenue levels) (as it has done for train fares). This would allow the ferry services to set a range of fares eg a penalty rate for fares after 9pm to 6am or for operation on Public holidays.

The protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service

The Stockton Ferry Service is a monopoly and offers a standard of service far short of what is possible and desirable.

Given that the Ferry is the only form of public transport to provide a Newcastle harbour crossing the service provided needs to meet the needs of the community, tourists and businesses on both sides of the Harbour.

Buses and taxis transport passengers from Stockton, Fern Bay and as far as Nelsons Bay to the ferry wharf on the Northern side.

Buses, trains and taxis transport ferry passengers to the wharf on the southern side from all parts of the Newcastle area and beyond.

Newcastle Harbour does not have any water taxis.

To meet this community need the ferry needs to operate 24/7/365 and the practice of using a bus for the long journey as a replacement is simply not satisfactory or reasonable.

There is no ferry service between midnight and 5:15 am for the 14 minute crossing (5 minutes of water travel time). On some days the ferries stop even earlier and starts much later.

On Friday and Saturday night a night owl bus service operates on the 50 minute road route. On other nights Stockton is cut from public transport.

There are no taxis based on the Stockton side.

IPART should also note that land transport does not always match the ferry service therefore severely restricting the travel options and has a major impact on journey times.

There is park and fide facilities on the Stockton side only as all parking on the Newcastle side is timed and or metered.

IPART should consider that the Stockton Ferry is effectively a Harbour Bridge and the ferry simply crosses the waterway. It should also be noted that there is almost no other form of public transport even by the very long road journey.

An alternate that IPART should be considered is to recommend that a licence for a private ferry and water taxis to operate in competition to the Stockton Ferry.

The issue of having two ferries with only one in operation at any one time also needs examining by IPART.

It should also be noted that there is no vehicular ferry and this service needs reintroduction.

The need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers

The Stockton Ferry has a number of significant inefficiencies that not only raise costs but also reduce benefits to customers.

The community and tourism needs require the ferries to operate 24/7 and the practice of using a bus for the long journey as a replacement is simply not satisfactory or reasonable.

Road chaos on the road between Stockton and Mayfield West could be alleviated by utilising the existing ferries for the Journey to Work market.

A car carrying ferry would save about 30 minutes in the road journey times and add a new tourism activity to the area.

It should also be noted that pets are not permitted on the Stockton ferry.

The service has two near identical ferries. The Hunter and the Shortland. Both are aging ferries being about 27 years old. Their condition is basically good. New vessels would have higher design efficiencies but greater depreciation costs.

The Stockton Ferry Service has only three wharfs. Namely passenger wharfs at Stockton and Newcastle and parking berth at Wickham.

The parking berth has two spaces where one or both ferries tie up whilst not in service. This berth is a modern pontoon facility. It is located in a high density key population district. The wharf could easily be used as a passenger facility.

It is a gross waste of resources to have one ferry unused all the time and a berth only partly used.. This raises the service operational costs.

The second ferry should be placed into service for at least part of the day.

Options for additional use and revenue raising includes:-

- A service from Wickham to Queens Wharf and or Stockton.
- A service or a number of services to other parts of the harbour. (this could include construction sites).
- Greater frequencies and longer operational hours on the existing service.
- Harbour tours and charter operations.
- Additional services in peak hours to help cater for the “journey to work” market.

One reason often given is the need for a spare in case of breakdown. This is no longer valid as both ferries have undertaken major maintenance following the 25 years of service and the availability of other vessels in the harbour that are registered for passenger uses.

The impact of pricing policies on borrowing and capital requirements and, in particular, the impact of any need to renew or increase relevant assets

Given the life of the ferries and ferry infrastructure the annual cost is relatively small never the less needs to be provided for.

The need to maintain ecologically sustainable development

Crossing the harbour by ferry must be a very ecologically sustainable activity. The footprint is very small in relation to the benefit.

With Newcastle ship building activity including the construction of wind and solar powered eco-friendly craft and ferries there is a major opportunity for this ferry service to be used as a trial location for the expanding and rapidly developing technology.

The extensive sunlight and short operation time there is considerable scope for the ferries to use hybrid technologies to reduce the footprint and lower operational costs.

The social impact of the recommendations

There can be no greater social impact than for people to be stranded on one side of a water course.

The higher the fare for this essential transport the greater the number of stranded people. (if there was a bridge the cost of travel would probably be zero).

A highly efficient ferry service of adequate capacity is essential as part of the Stockton evacuation plan as there is only one roadway out of Stockton. An accident or major emergency on or near this access road could strand the entire Stockton population.

IPART needs to recognise that major fires, explosions, ship incidents and chemical spills are all possible and could cause major disruption and danger.

Standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise and any suggested or actual changes to those standards)

A highly efficient ferry service of adequate capacity is essential as part of the Stockton evacuation plan as there is only one roadway out of Stockton

The State Governments 2021 Plan does not have any specific ferry targets for Newcastle and in particular the Stockton Ferry.

The NSW 2021 Plan does have some general targets that are very relevant to the Stockton Ferry service. These are:-

TRANSPORT

- 7. Reduce travel times (this includes reducing waiting time)*
- 8. Grow patronage on public transport by making it a more attractive choice*
- 9. Improve customer experience with transport services*
- 10. Improve road safety*

Clearly the Stockton Ferry can make considerable headway in relation to these Government targets.

The effect of any pricing recommendation on the level of Government funding provided to private operators under commercial contracts.

The existing pricing structure is providing increasing revenue to the operators of the Stockton Ferry due to the increases in patronage and past determinations. These increases are unlikely to continue to improve during the next pricing period largely due to the slowing economy and the rail line truncation.

To raise fares is simply not reasonable and probably counterproductive.

To offer fare free passage would have major advantages and greatly boost patronage.

Raising fares will reduce passenger growth and increase the numbers of people stranded and drive people away from using public transport.

There is also considerable opportunity for the Stockton Ferry operators to earn additional revenue thereby offsetting many of the operating costs.

It may be reasonable for the Stockton Ferry to have a surcharge applied to ferry journeys operating between midnight and 6am.

IPART also needs to examine the fares and arrangements for the bus services that replace the ferry service at times of breakdowns, strikes and after current operating hours for the ferry.

Other issues that IPART should consider.

❖ The cost index

Some may consider the cost index is a valid instrument however the estimated inflator values must be checked with the localities in which the ferry operates.

It is my understanding that fuel prices in Newcastle have not risen and the Stockton ferry presumably benefits from the Newcastle Buses fuel purchasing discounts.

I do not know how IPART can check the operating costs of the Stockton Ferry as the owners do not produce an annual report and do not respond to requests for statistics. I also note the IPART document provides no statistical information about the operating costs or revenue of the Stockton Ferry. There is also no passenger usage data or details of the characteristics of the patrons. This is a public utility and the information should be available.

Surely IPART must consider the characteristics of the passengers. Are they Students, commuters or tourists? Are they young, old, healthy or disabled?

Knowing the characteristics of the passengers is of critical importance as it could have major flow on effects. Eg what impact will raising (or lowering) of the fares have on the 2021 plan targets? (eg journeys to work)

Observations of ferry patronage indicates a mix of elderly (concession), business people, students- (there is no high school at Stockton so students travel by bus or ferry. Those travelling to Newcastle High School tend to use

the ferry and connect with buses.(I have seen them and recognise their uniforms)

Statistics could be obtained from the various high schools as to method of travel – some would attend School for Performing Arts and maybe Merewether High which is selective, or even Gateshead Sports High. Students at University of Newcastle have no other viable form of public transport other than ferry connecting to train.

Weekend use seems to include considerable tourists since the Sunday Funday introduction – I have seen groups of city visitors use it. It is very common for tourists and visitor groups to use the rail services from Sydney and elsewhere to Newcastle Station and then catch the Stockton Ferry. The rail line truncation may have a major impact on that activity.

Disability access was achieved when Bryce Gaudry was Newcastle MP – funding from NSW Govt and Newcastle City Council- therefore disabled people do use it – NB The Stockton Centre inmates. (Government closure pending)

❖ Productivity

Given that Stockton Ferry operators offer no performance information there can be no basis to consider any rewards for productivity.

The parking up of one ferry at all times clearly demonstrates a lack of productivity.

❖ The flow on effect

As stated earlier the Stockton ferry is like a bridge over a key waterway. If there were a bridge there would be no need for the ferry and therefore no fare to be paid.

The ferry is just one part of a three part journey for almost all users.

- The journey by public or private transport to the ferry wharf
- The ferry ride
- The journey by public or private transport from the ferry wharf to the destination.
- The rail line termination at Broadmeadow from December 26 2014 will add an additional intermediate journey for many.

This three part journey is also compounded by the bus operator on the Stockton side being a private operator and Newcastle Buses (State Transit) or CityRail being the Newcastle side operators.

The multi part journey may attract multi fares.

❖ Measure of service provision.

In 1930 the ferry Mildred provided the Stockton Newcastle ferry service. Mildred provided a half hour car and passenger service transferring 15 vehicles and 70 passengers per trip. An average day was 400 cars.

In 2013 the ferry only transfers people at an average rate of about 1200 per day.

❖ The RMS operate free Ferries

The Roads and Maritime Services operate 9 ferry services in NSW capable of transporting people and vehicles from one side of a river to the other. These include the Mortlake, Berowra and Ulmarra services.

These services are FREE.

On this basis there is strong argument that the Stockton ferry should also be free.

❖ Arms length operation

IPART should examine the relationship of the Ferry financials with the Bus financials. I believe IPART should require the ferry operation to have an independent set of books. (The issue of having two trading activities in one business has been identified as an issue with Country buses).

Thank you for the opportunity to present a written submission.

I would be happy to respond to any questions.

I also request that I be permitted to take part in the hearing as I believe I can make a valuable contribution.

Rick Banyard