



Council of Social Service of New South Wales

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28 September 2006

Mr James Cox
Chief Executive Officer and Full Time Member
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Mr Cox

2006 Review of Ferry Fares (including TravelPass)

I am writing to forward for the Tribunal's consideration NCOSS's submission to the 2006 Review of Ferry Fares (including TravelPass).

If you require any further information please do not hesitate to contact Warren Gardiner, Senior Policy Officer, on 9211 2599 ext 112 or warren@ncoss.org.au

Yours faithfully

Michelle Burrell
Acting Director

Submission to the Independent Pricing and Regulatory Tribunal
(IPART)

Review of ferry fares (including TravelPass)



September 2006

**Council of Social Service of NSW
66 Albion Street, Surry Hills NSW 2010**

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About NCOSS

The Council of Social Service of NSW (NCOSS) is the peak body for the social and community services sector in New South Wales. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in this State.

NCOSS provides an independent voice on human services policy issues and social and economic reforms and is the major co-ordinator for non-government social and community services. It was established in 1935 and is part of a national network of Councils of Social Service, which operate in each State and Territory and at Commonwealth level.

NCOSS membership is composed of community organisations and interested individuals. Through current membership forums, NCOSS represents more than 7,000 community organisations and over 85,000 consumers and individuals. Member organisations are diverse; including unfunded self-help groups, children's services, youth services emergency relief agencies, chronic illness organisations, local indigenous community organisations, church groups, and a range of population-specific consumer advocacy agencies.

Introduction

NCOSS welcomes this opportunity to contribute to IPART's review of ferry fares.

Sydney Ferries Corporation has applied for the following increases in fares as from January 2007:

- A 4.7% increase in Daily Singles and Ferry Tens (except JetCat);
- A 6.3% increase for JetCat Daily Singles and 5.9% increase for JetCat Ferry Tens; and
- A 3.8% increase for Travel Passes¹.

The Commercial Vessel Association, representing private ferry services, has applied for a 9.24% increase for Matilda and Palm Beach services and 5.15% for all other operators².

NCOSS is concerned that all these increases are well in excess of the CPI. We accept that rising cost of diesel fuel has had a significant impact on ferry operators. Rising costs and flat fare income mean that the level of cost recovery fell from 58.3% in 2004/05 to 52.9% in 2005/06, and is projected to fall further to 51.0% in 2006/07 even allowing for an expected 4.8% increase in fare revenue³.

Sydney Ferries' customer base is strongly segmented into two distinct markets, namely a large group of leisure or irregular passengers who undertake between 2 and 8 journeys a year and a smaller group of between 25,000-30,000 regular users who undertake around 70% of total annual journeys⁴. The biggest impact of fare increases is obviously on regular users. While TravelPass customers face a 3.8% increase, in line with the Ministry of Transport's proposal on bus fares, customers using Ferry Tens and JetCat Ferry Tens face greater increases of 4.7% and 6.3% respectively.

¹ Sydney Ferries Corporation submission p.3.

² Commercial Vessel Association submission p.3.

³ Sydney Ferries Corporation submission p. 9.

⁴ Sydney Ferries Corporation submission p. 4.

While ferry users tend to be higher income households, this overall trend disguises the fact that approximately 22% of trips on Sydney Ferries Corporation services are taken by low income households⁵.

Cumulative increases

NCOSS believes that the current applications should be considered in the context of increases in ferry fares that have already been approved over the past two years.

Sydney Ferry fares rose by an average of 4.2% from December 2004, IPART having rejected a request from Sydney Ferries for a 9% increase⁶. In December 2005 IPART approved a further increase of between zero and 20c in adult single tickets, between zero and \$2.20 in Ferry Tens and between zero and \$2.00 for Travel Passes⁷. While Newcastle public transport fares generally rose by an average of 3.33% from January 2006, IPART recommended that the price of the Stockton Ferry ticket remain unchanged⁸.

Private ferry operators generally received a 20c increase in adult ticket prices in December 2005⁹.

Conclusion and recommendation

NCOSS believes that fare increases should not exceed the CPI.

⁵ Based on Household Travel Survey 2003 data provided to NCOSS.

⁶ 'IPART announces four per cent increase in Sydney Ferries fares', IPART media release 30 November 2004.

⁷ *Report on the Determination of Fares for Sydney Ferries from 18 December 2005*, IPART p. 1.

⁸ *Report on the Determination of Fares for Newcastle Services from 3 January 2006*, IPART p. 1.

⁹ *Review of fares for private ferries in NSW from 18 December 2005*, IPART p. 1.