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29 September 2006

Mr. James Cox
Chief Executive Officer
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office NSW 1230
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Dear Mr. Cox,

**2006 Review of Private Ferry Fares
Response to Further Submission by the CVA**

Introduction

We are pleased that the Charter Vessel Association (CVA) has provided in its second submission an overview of patronage trends and the financial viability of operators for the Tribunal's consideration. However, the CVA submission fails to offer any diagnosis of, or remedy for, the problems faced by the NSW Private Ferry Industry.

This paper examines the role that fares can play in creating a viable future for the industry.

Patronage Growth Potential

The CVA submission p.3 notes "most ferry operators are serving areas with a static population and, as a consequence, their passenger numbers are not growing now and are unlikely to do so in the future." We disagree with the CVA's view that population is the main factor determining patronage levels on ferry services.

Patronage levels on ferry services can be affected by –

- Fare levels
- Types of tickets
- Timetables
- Connecting services
- Marketing
- The cost of running a car
- A range of other factors.

Action for Public Transport believes that there is potential for private ferry operators to grow patronage levels and increase revenue. Against a background of rising costs, growing patronage is critical for all operators in this industry.

The Role of Fares in Achieving Increased Patronage

We ask that the Tribunal, in setting fares for private ferry operators, consider those fares as part of the marketing of these services. There is ample evidence from around Australia and internationally that attractive fares can increase patronage levels and result in higher total revenue. We argue that in this instance raising fares, at a critical time for the NSW Private Ferry Industry, may prove counter productive.

Ferry patronage for ferry operators usually comprises a commuter component and a tourist and leisure component. We believe that ferry operators should have a marketing strategy for each sector of the market. Fare levels and ticket types offered should be at the core of each strategy. The need for multi-ride and multi-mode tickets must be considered.

Securing the Future of the NSW Private Ferry Industry

The CVA submission pp.3-4 notes that due to poor trading conditions many operators are either awaiting more favourable contracts with the Ministry of Transport, or placing their business on the market. We believe that the work of the NSW Private Ferry Industry is important, and that their services are valued by both commuters and leisure passengers. We ask that the Tribunal take into account the future viability of the industry when making this year's determination on fares.

Conclusion

Action for Public Transport is concerned about the poor financial performance being recorded across the private ferry industry. We do not accept the CVA argument that fare rises are the only way to increase revenue for these operators. The Tribunal must act to secure the future of this industry at a critical time.

Yours faithfully,

Graeme Taylor
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