

# Action for Public Transport (NSW)

PO Box K606, Haymarket, NSW, 1240

[www.aptnsw.org.au](http://www.aptnsw.org.au)

13 October 2009

Mr. James Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal of NSW  
PO Box Q290  
QVB Post Office NSW 1230  
[transport@ipart.nsw.gov.au](mailto:transport@ipart.nsw.gov.au)

Dear Mr. Cox,

## **2009 Review of Private and Stockton Ferry Fares Submission by Action for Public Transport**

### **Introduction**

Action for Public Transport endorses the estimate for changes in costs determined by the Tribunal and recommends no change be made to slow ferry and Stockton ferry fares for 2010, and a small reduction be made in private fast ferry fares.

We ask the Tribunal to consider as part of this review what impact the possible introduction of integrated ticketing would have on the private ferry industry.

### **CVA Submission**

In previous years the submission by Action for Public Transport has been written in response to material provided to the Tribunal by the Charter Vessel Association (CVA) which represents private ferry operators. To date no submission from the CVA has been made to the Tribunal. We remain concerned, as noted in our submission last year, about the future viability of this industry.

### **Improvements to Services 2008-2009**

Action for Public Transport is not aware of any service improvements made to private ferry services over the last twelve months that would justify an increase in fares. The Manly Fast Ferry, which commenced operations in February of this year, is not a service with regulated fares. Interestingly, Manly Fast Ferry introduced a smart card ticketing system, although it can only be used on their services.

### **May 2009 Fare Reduction**

Action for Public Transport would like to know what impact the mid-year reduction in fast ferry fares of 4.8% had on patronage. Any increase in custom would support our view that the current level of fares charged by private operators is too high and discourages patronage.

### **Family Funday Sunday Fare**

All transport operators across Sydney except private ferries are involved in this initiative which seeks to encourage the use of public transport. The promotion has attracted significant additional patronage to Sydney Ferries services since its launch on 21st December 2008.. The Tribunal should seek clarification from the Ministry of Transport as to when private ferries will be included in this deal.

### **Benchmarking against Sydney Ferries**

The private ferry industry may be left in the wash of the government operator if planned service upgrades are implemented at Sydney Ferries. The rollout of a new passenger information system (FOCIS) next year will link vessels to wharves and mobile phones electronically, and eventually smartcard ticketing will provide seamless transition between modes. If private ferry operators do not offer these innovations, and passengers become accustomed to these innovations, then passengers may come to view private ferries as a second class service. Consequently they would expect to pay less for these services than comparable government services.

### **Slow Ferry Cost Index**

Based on the estimated change in the Slow Ferry Cost Index (SFCI) for 2009 calculated by the Tribunal at 0.1% we ask that no change be made to fares for services covered by the SFCI. Unless the CVA can provide some data to the Tribunal demonstrating a net increase in the actual costs for operation of slow ferries over the last twelve months, no increase should be granted. This approach should also apply to the Stockton Ferry.

### **Fast Ferry Cost Index**

The change in the Fast Ferry Cost Index (FFCI) for 2009 calculated by the Tribunal at -3.4% indicates that a reduction in fares for fast ferry services would be appropriate. Unless the CVA can provide some data to the Tribunal demonstrating increased total costs over the last twelve months the estimation by the Tribunal should be applied. We are confident that, if well promoted, the reduction in fares will translate into increased patronage and a possible increase in total revenue.

### **Is the CPI the Appropriate Inflator?**

Action for Public Transport has held the view that costs in the ferry industry have changed at a different rate to cost increases in the general economy as measured by the CPI. The estimated changes in the SFCI and FFCI for 2009 bear this out. Some factors are external, such as a lack of ship repair facilities on Sydney Harbour, and some internal such as diminishing goodwill and brand strength resulting from a failure to update product offerings. The industry's ability to

meet requirements under service contracts held with the Ministry of Transport is diminishing due to a lack of investment.

### **Factoring Productivity into Labour Costs**

The private ferry industry must improve labour productivity in order to ensure its long term survival. While the industry has argued that crewing requirements for their existing vessels make productivity improvements difficult, we would argue that labour productivity must be considered as part of the fare review process to ensure optimum efficiency.

### **Mid Term Review of Fuel Costs**

Action for Public Transport does not favour a mid-term review of fuel costs, except in circumstances where the viability of the industry is threatened. The fare review process, based on the SFCI & FFCI for private ferries, is biased too much towards analysis of changes in costs, and fails to consider adequately impacts on passengers and the wider community. The application of a more holistic approach would, in our view, benefit operators and make the industry more viable.

### **Conclusion**

The private ferry industry in 2009 appears increasingly disengaged from developments in Sydney's public transport network. To ensure its survival and to enable it to meet passenger expectations, private operators need to upgrade their service offering to match Sydney Ferries. The anticipated passenger-friendly outcome from this fare review provides operators with an opportunity to engage with their customer base to better understand their needs, and for the operators to adapt accordingly.

Yours faithfully,

Graeme Taylor  
Action for Public Transport (NSW)

### **References**

Family Funday Sunday – [www.sydneyferries.info/tickets-fares/family/funday-sunday.htm](http://www.sydneyferries.info/tickets-fares/family/funday-sunday.htm)