

Action for Public Transport (NSW)

www.aptnsw.org.au

P.O. Box K606,
Haymarket NSW 1240
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Mr James Cox
CEO, Independent Pricing and Regulatory Tribunal of NSW
Level 2, 44 Market Street
SYDNEY NSW 2000
PO Box Q290
QVB POST OFFICE NSW 1230
Telephone: (02) 9290 8400
Fax: (02) 9290 2061
ipart@ipart.nsw.gov.au

Dear Mr Cox,

2010 Review of Stockton and Private Ferry Fares

Introduction

The need for significant, structural change to the private ferry industry in New South Wales is the central issue advanced in this submission by Action for Public Transport for the 2010 review of private ferry and Stockton ferry fares. We are conversant with the cost index methodology employed by the Independent Pricing and Regulatory Tribunal to set private ferry fares and anticipate little or no change in fares from this year's review. However, setting fares for private ferries in isolation to other modes of public transport which now boast integrated ticketing will neither protect the viability of the industry nor ensure consumers pay a competitive price for travel. Private ferries need to join the *integrated ticketing club* and keep pace with developments in public transport across Sydney so they can continue to attract sufficient custom to remain viable.

Private Ferries, Trams and MyZone

Private ferry services along with the tram from Central to Lilyfield, as well as the Monorail, share the dubious distinction of being the only modes of public transport in greater Sydney not included in the new integrated ticketing system known as MyZone. Both regular and casual passengers who use private ferries are disadvantaged when their journey also requires travel by train or bus because they must pay separate fares for travel on each mode. The result is a higher cost to the consumer in comparison to an integrated fare for a journey of equivalent length. In submissions to last year's IPART private ferry fare review, both the Charter Vessel Association and Action for Public Transport advocated integration of private ferry fares.

If MyZone tickets can be sold on private buses, then they should be made available on private ferries too. Even the publicly operated Stockton Ferry in Newcastle offers integrated ticketing for customers who purchase either of the two Newcastle TravelPass tickets. Both MyZone and TravelPass are the forerunners to a new electronic smartcard ticketing system which will be trialled on Sydney's public ferries. The cost to government of funding integrated fares for private ferries, which only carry 500,000 passengers per annum, would not be significant in terms of the overall transport budget. The price of inaction on this issue is likely to be falling patronage on private ferries creating a downward cycle of underinvestment.

Cost Movements and Investment

The discussion paper prepared by IPART for the 2010 private ferry review indicates cost movements for the industry in the preceding twelve months are so small that no increase in fares could be justified. As the master fares used to calculate increases are less than actual fares, Action for Public Transport could not support any increase in fares for either private ferries or the Stockton Ferry, subject to a mid-year review. However, there has been a lack of investment by private ferry operators and their vessels and service delivery fall well short of the standards set by the publicly owned Sydney Ferries and Newcastle Ferries. The notion that fare increases could pay for the required upgrades is simply unrealistic. There will need to be some government support provided to the private ferry industry to help it acquire new capital equipment and adopt new technologies.

Deregulation vs. Centralised Transport Planning

The demise of the publicly operated fast ferry to Manly has seen the deregulation of this service. The two new private operators on the route compete against each other and set their own fares based on market demand. These commercial ventures are, to the best of Action for Public Transport's knowledge, the only public transport services in New South Wales not regulated by a service contract with Transport NSW. The risks associated with deregulation are largely commercial, leading in some instances to restricted hours of operation or even the closure of services if the operator fails. Action for Public Transport does not support the fully deregulated model for public transport services and recommends, if the two operators of fast ferries to Manly were to amalgamate at some future time, the service be reregulated with fares set by IPART to ensure the amalgamated entity does not exploit its market power to set unreasonably high fares.

Recommendations

- No fare increase be granted for the Stockton Ferry
- No fare increase be granted for private ferry services
- A process of fare harmonisation be commenced between private and public ferries
- Transport NSW to change the basis of service contracts with private ferry operators and pay them a set fee for each service operated
- All revenue from fares would go directly to Transport NSW
- Fully integrated ticketing for private ferries could then be introduced

Conclusion

It is time that the private ferry industry ceased to be the poor cousin of Sydney's public transport system. Changing the fare system is the key to revitalising the private ferry industry. IPART can play an important role by advocating inclusion of private ferries in the MyZone fare system, as well as the new electronic ticketing system. The subsidisation of integrated fares by government will bring three interrelated benefits; growth in patronage, investment in new vessels to renew and expand the private ferry fleet, and a narrowing of the gap in service quality between private and public ferries.

Graeme Taylor
 Action for Public Transport
 Ph. 8754 3866
 Email: graeme.taylor5@bigpond.com

References

Action for Public Transport 2009 submission to IPART -

<http://www.ipart.nsw.gov.au/files/SUBMISSION%20-%202009%20Review%20of%20fares%20for%20Private%20Ferries%20and%20the%20Stockton%20Ferry%20-%202014%20October%202009%20-%20Action%20for%20Public%20Transport%20NSW%20-%20Graeme%20Taylor%20-%20Website.PDF>

Charter Vessel Association 2009 submission to IPART -

<http://www.ipart.nsw.gov.au/files/SUBMISSION%20-%202009%20Review%20of%20fares%20for%20private%20ferries%20and%20the%20Stockton%20ferry%20-%20Commercial%20Vessel%20Association%20-%20Warwick%20Fairweather%20-%202013%20October%202009%20-%20WEBSITE%20VERSION.PDF>

IPART Fact Sheet – Review of Stockton and Private Ferry fares 2010 -

<http://www.ipart.nsw.gov.au/files/Information%20paper%20-%20Review%20of%20fares%20for%20Private%20Ferries%20and%20the%20Stockton%20Ferry%202010%20-%20October%202010%20-%20Website%20version.PDF>

Manly Fast Ferry - <http://www.manlyfastferry.com.au/>

MyZone Integrated Fares - <http://www.myzone.nsw.gov.au/>

Sydney fast Ferry - <http://www.sydneyfastferries.com.au/>