

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

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

I wish to make a submission and for ease will use the listed factors.

▼ 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.

▼ relativities with the Government owned ferry services, including in terms of service, efficiency, cost and ticketing products

The circumstances 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 MyZone and Funday Sunday. 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 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 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 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.

There are no taxis on the Stockton side

IPART should also note that land transport does not always match the ferry service therefore severely restricting the travel options.

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 need examining by IPART.

It should also be noted that there is no vehicular ferry

▼ 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 ferries.

A car carrying ferry would save about 30 minutes in journey times.

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

The service has two near identical ferries. The Hunter and the Shortland. Both are aging ferries being about 25 years old. Their condition is basically good (one is currently undergoing a major service). 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 modern and located in a 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. 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.

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 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)

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

The 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 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. These increases are likely to continue to improve during the next pricing period.

To raise fares is simply not reasonable as it will reduce passenger growth and increase the numbers of people stranded.

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 16.1% I also question how fuel prices for ferries have increased at a greater rate than bus fuel (See Country bus indexes).

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. There is also no passenger usage data or details of the characteristics of the patrons.

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 bus.(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 tourists since the Sunday Funday introduction – I have seen groups of city visitors use it.

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.

❖ Productivity

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

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.

❖ 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