

Monday, 19 September 2011

Independent Pricing and Regulatory Tribunal
Level 8
1 Market Street
Sydney NSW 2000

PRIVATE FERRIES FARE SUBMISSION 2011

In 2009 the Ministry of Transport used a consulting firm INDEC to prepare a report on the private Ferry Industry of NSW. It found that the slow ferries were not economically viable. It also found that there was no allowance for fleet renewal or upgrade. This has meant the ferry industry has been using its existing ferries, some dating back to the 1920's. Whilst the fare increases take into account the cost of providing the service, they do not consider the cost of fleet replacement, nor do they consider any profit margin. We believe that the private ferry industry, whilst believed to be more efficient than the government owned ferry service, is not provided with a sufficient profit margin to generate re-investment.

Whilst greater efficiencies are being strived for in most companies, given the vessel size each company has, with the crew requirements NSW maritime imposes for safety reasons, the only efficiencies can either come in increased numbers of passenger or a change in fleet. Given the difficulties of raising capital for small business, this often only leaves an increase in passenger numbers as a way of increasing efficiencies.

The Ferry services provide public transport. They have a set pool of customers, (residents) and thus, increasing numbers is not a simple task. In most cases the vessels owned by the company are running twelve plus hours a day with very little capacity to increase services.

The private ferry industry of NSW is struggling to maintain services and provide a safe and reliable service. Without an increase in prices, this is going to become more and more difficult with the aging fleet that it is forced to use. Without a profit margin increase this will continue. We believe the fares need to be have a margin of 10%* added on top of any CPI increases. This extra 10% can then be reinvested into upgrading ferries to ensure safety and reliability into the future. (* 10% was the lowest EBIT margin suggested by INDEC)

One case in point is the Church Point Ferry Service who have made a large investment to ensure the best possible public transport is offered to the community they service. It has, in part, been made possible by the additional funding offered by the Ministry for Slow Ferry Operators to assist viability, which is appreciated. However the funding proposed by the ministries consultant, INDEC, for fleet renewal was rejected. We would hope that this may be reconsidered when the increase in fares is considered

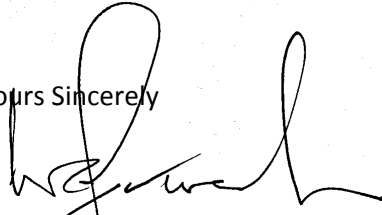
PROUD SPONSORS



The private ferry operators are a forgotten part of the NSW transport system by being left out of the Myzone ticketing system. These operators provide an essential service that would cause substantial hardship to the commuters that presently use these services. The CVA requests that IPART recommend that Government implement:-

- Fully integrated ticketing across the transport system
- Unify all services into a centralised management structure
- Improvement in information to passengers
- Better marketing programmes to support the current services.

Yours Sincerely



Warwick Fairweather
Executive Officer
Commercial Vessel Association of NSW