

4.1 Background

Sydney Ferries is the major provider of funded ferry services in NSW. It operates services in Sydney Harbour and on the Parramatta River. Reliability standards are included in the *Ferries Performance Agreement* with the Minister for Transport. The agreement seeks two outcomes:

- > Sydney Ferries, as an integrated part of Sydney's public transport system, is to provide safe, reliable and quality ferry services that meet the needs of its customers and the wider community.
- > Sydney Ferries must demonstrate that public funds expended in the delivery of its services are used in a cost-effective and responsible manner.

The most significant development in 2007-08, the Special Commission of Inquiry into Sydney Ferries, is discussed in section 4.3.

4.2 Current performance results

Sydney Ferries is required to report to the Minister for Transport on performance in line with its Performance Agreement. Copies of these monthly reports are also provided to the Ministry of Transport and ITSRR. The performance targets and results are shown in Table 4.1.

Operational performance

Operational performance indicators in the Ferries Performance Agreement are service cancellations and on-time running, aggregated over all routes and all times of the day. While there were modest improvements in performance in 2007-08, when compared with 2006-07, performance again was slightly below targets.

The performance of assets, in this case vessels, impacts on operational performance. Vessel availability and reliability also improved when compared with 2006-07 but performance was slightly below targets. Commentary in the reports from Sydney Ferries make clear that the JetCat fleet accounted for a disproportionate amount of service disruptions. This may have been a significant factor in operational performance.

Patronage

Reported patronage on Sydney Ferries declined by 1.2% in 2007-08.

Sydney Ferries suggests that while there was a decrease in leisure travel, there was an increase in commuter use of ferries. It also suggests that the overall result is due mainly to adverse weather in the summer period.

Customer matters

Customer matters include complaints and customer satisfaction.

While the total number of customer complaints fell in 2007-08 they greatly exceeded the target set in the Ferries Performance Agreement. The 2007-08 target of 800 complaints was exceeded by February 2008.

Sydney Ferries organises annual surveys of customer satisfaction, most recently in June 2008. Sydney Ferries has commissioned the annual survey to identify target areas for planning of priority customer service improvements.

Table 4.1: Performance, Sydney Ferries

Indicator ⁴⁸	Target	Performance		Target met?
		2006-07	2007-08	
Service reliability				
Scheduled services that run	99.5%	99.3%	99.4%	No
Services that run on time	99.5%	98.0%	98.3%	No
Number of customer complaints	<800	1,808	1,220	No
Vessel				
Availability	80%	76.6%	78.6%	No
Reliability	95%	93.3%	94.4%	No
Sustainability				
Patronage growth	1%	1.0%	-1.2%	No
Customer Satisfaction Index		75.0%	76.3%	

48 This is not a complete list of indicators from the Ferries Performance Agreement. Only those of relevance to this report are presented here.

4.3 Special Commission of Inquiry

The *Report of the Special Commission of Inquiry into Sydney Ferries Corporation* (B Walker SC, October 2007) made 17 recommendations, including that:

- > Sydney Ferries' Harbour routes be opened to a competitive tender with bids sought from the private sector. If these bids do not compare favourably with the prospects offered by a continued Sydney Ferries service, Sydney Ferries should be retained;
- > a service contract, needed to underpin this process, be created;
- > there be early commencement of processes to establish such a contract.

The current arrangements between Government and Sydney Ferries for the conduct of services was questioned. Criticisms were made regarding the need for a Funding Agreement and the absence of a service contract was noted.

The Commission took the view that a service contract would involve, among other things, Government:

- > specification of regions or routes and service standards;
- > monitoring of operator contract performance;
- > payment of fees in exchange for services, with a 'fixed price' basis;
- > approval and possible ownership of a new fleet, while responsibility for fleet replacement would be addressed under a service contract.

The Commission also suggested ending some services such as those operated by the JetCats and on the upper Parramatta River.

In its Report, the Commission identified the importance of, but current shortcomings in:

- > Data needed for planning, decision making, monitoring and reporting. A particular concern was the ability to assess or forecast patronage.⁴⁹
- > Regulation of ferry services separately from the broader transport system. The Commission supported the recommendation made by the Auditor-General regarding the establishment of a transport coordination body.⁵⁰

In October the Premier announced the Government's response to the recommendations of the Special Commission.⁵¹ Key elements of the response are:

- > implement a service contract for Sydney Ferries
- > start a commuter service to Parramatta
- > determine if the private sector can better run the ferries.

4.4 Adequacy of performance measurement

A number of facets of the Ferries Performance Agreement makes it difficult to substantively comment on current performance results.

There are some issues regarding reporting of patronage. For example, there were substantial differences in reported patronage for particular months in the last two years – patronage in December 2007 was 14.6% below that in December 2006, but patronage in June 2008 was 20.3% above June 2007.⁵² The reason for these large variations warrants further exploration.

Further, the highly aggregated nature of the performance indicators over all routes and all times may

mask particular issues. The Special Commission of Inquiry's comments are directly relevant to the process, type and content of the performance benchmarks set by Government for ferries. For example, route specification would require substantially greater disaggregation of reporting on patronage and operational performance than currently is the case.

Over a number of years Sydney Ferries' operational performance has been just below target. The reporting of operational performance is highly aggregated – over all routes and over all times. This level of aggregation makes it difficult to determine the initiatives required to achieve the target.

4.5 Summary

Overall the performance of Sydney Ferries in 2007-08 appeared to be little changed from 2006-07. Reported operational performance was virtually the same in both years, but total patronage fell and the number of customer complaints, although declining substantially from the previous year, continues to exceed the target.

Disaggregation of performance indicators, for example, by peak and off-peak services and by route, may improve current reporting and assist transport planning.

The Government has commenced implementing key recommendations of the Special Commission of Inquiry into Sydney Ferries.

49 Patronage forecasting would be assisted with a new ticketing system to increase the capture of passenger data. At this time only Manly and Circular Quay wharves are gated and so capable of automatically recording the number of passengers.

50 Reported in the *Transport Reliability Report 2006-07*.

51 The Hon. N Rees (Premier of New South Wales), *Rees to shake up Sydney ferry services*, news release, 21 October 2008.

52 Sydney Ferries has advised that patronage in December 2007 was less than usual due to poor weather. Sydney Ferries also advised that a delay in the processing of sales data for certain tickets artificially inflated patronage data for June 2008.