



Report **04.219**
Date 20 April 2004
File T/11/10/01

Committee **Passenger Transport Committee**
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East By West Proposal for a Trial Commuter Ferry Service from Petone to Wellington

1. Purpose

To advise the Committee of the reasoning that led to the Hutt Corridor Plan not including a proposal for a subsidised commuter ferry service for Petone or Seaview to Wellington.

To present to the Committee details of the East by West proposal for a trial commuter ferry service from Petone to Wellington.

To advise the Committee of the process requirements relating to any trial service or any current contract variation.

To ask the Committee to decide if they wish to support a commuter ferry service from Petone to Wellington and if so how to achieve this.

2. Background

At the 30 March 2004 meeting of the Committee the following resolutions were adopted:

“(2) That a report be prepared for a future meeting which include:

- (i) financial information and transport outcomes
- (ii) the outcome of consultations with East By West Company Ltd
- (iii) the rationale for rejecting an expression of the ferry service in the Hutt Valley Corridor Plan.”

3. Comment

3.1 The Hutt Corridor Plan

New ferry services were considered as part of the public transport options in the analysis that led to the development of the Hutt Corridor Plan which was concluded in 2003. The detailed analysis is presented in the Hutt Corridor Study Stage 1 produced on behalf of GWRC by consultants Beca Carter Hollings and Ferner Ltd dated March 2002.

The Hutt Corridor Plan development used the Council's strategic transport model to examine sets of proposals in order to select a package of measures that best achieved the Regional Land Transport Strategy's objectives. These objectives were accessibility and economic development, safety, affordability, economic efficiency, and sustainability. For stage 1, analysis of options were independently considered in three groups. The first group of proposals were concerned with upgrades to State Highway 2. The second group of proposals were public transport options and the third group of options considered ways of connecting by road the Seaview-Gracefield industrial area firstly to State Highway 2 and then State Highway 1. It was not until stage 2 and subsequent stages that elements from the various groups were combined into composite packages.

Amongst each group of options a series of sub-options were considered. For example there were four levels of public transport investment considered in the public transport group. The first was option P1 which looked at new ferry options and improved bus services. Option P2 included increased rail speeds and more frequent services. Option P3 considered new rail infrastructure such as the extension of the Melling line to Waterloo using LRT, a new LRT option up to Stokes Valley and the extension of electrified conventional rail to Cruickshank Road and Timberlea. Option P4 is the sum of options P1 to P3.

One of the purposes of the Stage 1 modelling is to check the credibility of the various proposals so that poor performing options can either be optimised or removed altogether. This is to ensure that all proposals that were included in the Stage 2 and subsequent modelling stages had some merit.

For the purposes of the modelling a base year of 2001 and a future year of 2016 were selected. In option P1 the new ferry services were between Petone and Taranaki Wharf and Seaview and Taranaki Wharf. These were the two most promising options from a simple origin-destination desire line analysis conducted using spreadsheets. A one hour headway was used for both new services. In addition, doubling the frequency of the existing ferry service was also considered.

The modelling showed that the new ferry services would be poorly used with both 2001 and 2016 patronage levels less than the margin of error. The reasons for this include that both new services require long pedestrian walks at each end from origin to wharf and wharf to destination and in the case of the Seaview wharf are not close to a large residential area. If the bus is used to reduce the amount of walking then there appears to be a preference by

commuters to stay on the bus to avoid a transfer. The low level of patronage would indicate that such services would require large subsidies to remain viable.

The other issue is that such new ferry services would compete directly with the Wainuiomata to city direct bus service. This bus service has a high level of penetration both in the residential areas of Hutt City and at the Wellington City CBD end.

Doubling the frequency of the existing Days Bay to Wellington City service had a much stronger response in terms of patronage but was not sufficient to be economic to justify doubling the frequency of the existing service. This point further illustrates a difficulty with ferry services in Wellington in that it is economically very difficult to provide a frequency of service that will enable ferry services to have an equivalent peak period level of service as the bus or passenger rail.

As a result of this analysis additional ferry services and frequency improvements were removed from consideration in the Stage 2 and subsequent stages of the Hutt Corridor Plan.

The Hutt Corridor Plan, the Western Corridor Plan and the Regional Land Transport Strategy are the guiding strategic transport documents of the Council and all transport agencies of the region. These documents directly influence the funding priorities of all transport agencies and for the Council are reflected in the Long Term Council Community Plan. To fund projects that are not included in these plans or derived by them is not prohibited but would be exceptional as to do so would be to suggest that the new project had priority for funding over those in these plans. Transfund support may not be available as they must not act in a manner that is inconsistent with any RLTS.

3.2 The East by West Ferry proposal

A meeting has been held with Mr Ward of East by West to ascertain the fundamentals of the proposal he presented verbally to the Committee. His proposal is that East by West purchase a new boat of a similar size to that used on the existing Eastbourne to Wellington service. That this new boat then provide a fourth peak service from Eastbourne and two peak services from Petone. The use of the boat outside these times would need to be determined. He has approached CentrePort regarding extra use of Queens Wharf and Hutt City Council. He is satisfied that Petone Wharf can accommodate his proposed vessel. He assures us that Hutt City Council would provide car parking facilities at Petone.

The current Eastbourne to Wellington ferry service has an annual contract price of \$77,000. As the number of peak sailings with two ferries would be twice the existing service a ball park figure for the additional cost of the new Petone ferry service (and additional Eastbourne peak trip) would be similar at \$77,000.

The fares Mr Ward proposed for the new service would be the same as that for the Eastbourne service. These fares are more than twice the fares on the equivalent bus service from Petone.

3.3 Contract extension and/or trial service

The competitive pricing procedures approved by Transfund New Zealand and how they administer them is subject to substantial change from 1 July 2004. Transfund is changing its patronage funding scheme and as a consequence is to relax its previous direct control over how councils contract for services. These changes are not however there to diminish the responsibility of councils to procure services at best value. Competition is still expected to be a legitimate method of achieving this outcome. The advice we have received from Transfund, if the Council wishes to trial a ferry service from Petone, is to either run an expedited tender process to run the ferry for a trial period, or vary the existing ferry contract to allow the existing operator to operate the Petone leg of their services on a trial basis. The Council's choice of approach should reflect the interest, if any, from other potential providers. Also the Council needs to consider the potential customer confusion that a second operator might create as there is likely to be a different ticketing system. In any event at the end of the trial the service should be openly tendered if it were to continue.

4. The Risks

There is little doubt that few current public transport users from the Hutt Valley would switch from bus or train to the proposed ferry services. Mr Ward acknowledges this but is convinced that users will come from car drivers and their passenger, if any, and speculates that commuter numbers out of the Petone Wharf will build up to around 100 a day. Clearly car users have the benefit of no parking charges to offset the fare. Again however most of the potential users of park and ride services are already parking and riding in the Hutt Valley by using rail commuter carparks and the more frequent and cheaper rail services. There is a clear risk that the client base Mr Ward anticipates may not eventuate. This risk could be evaluated further by undertaking a market survey.

The likely cost of trialling the service suggests that expenditure on a survey or any other analysis would be best spent on testing the service as long as the risks of failure rest with the operator.

Mr Ward is extremely confident that his proposed service will succeed, he would even purchase a new vessel rather than lease one, and is prepared to carry the risk of failure by agreeing to a trial. The Council would be in a position to abandon the trial if user numbers don't match his expectations.

However, if a service is initiated the Council risks being unable to abandon the service if user numbers prove to be below Mr Ward's expectations because of public pressure that traditionally supports the continuation of passenger services regardless.

5. Summary

- The Council's policy documents (the Hutt Corridor Plan and RLTS) do not support a commuter ferry service from Petone to Wellington but this does not prevent the Council supporting such a service.
- If Council support a Petone ferry service it will be at the expense of some other passenger transport activity.
- The cost to verify or otherwise the patronage expectations of East By West could best be spent trialling the service.
- A trial service is possible to organise (after 1 July) by either an expedited tender process or a contract variation with the current ferry operator.
- There are other known potential operators.
- The annual cost of a Petone/Wellington ferry service should be no more than the annual cost of the Eastbourne/Wellington service, that is \$77,000.

6. Communications

If the Committee moves to support a ferry service from Petone to Wellington that will be of public interest and the subject of an appropriate media release from the Committee Chairperson.

7. Recommendations

1. *That the Committee note that the Council's transport policy documents do not support a subsidised ferry service from Petone to Wellington.*
2. *That the Committee:*
 - (a) *agrees to a trial Petone to Wellington ferry service using an expedited tender process, or*
 - (b) *agrees to a contract variation with East By West to provide a trial Petone to Wellington ferry service, or*
 - (c) *does not agree to a trial subsidised Petone to Wellington ferry service.*

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