



Hawkesbury City Council

ordinary
meeting
supplementary
business
paper

date of meeting: 27 November 2012
location: council chambers
time: 6:30 p.m.

ORDINARY MEETING

Table of Contents

Meeting Date: 27 November 2012

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE
	SECTION 4 - Reports for Determination	3
	SUPPLEMENTARY REPORTS	3
Item: 217	IS - Lower Portland Ferry - (95495)	3

ORDINARY MEETING

Table of Contents

Meeting Date: 27 November 2012

ORDINARY MEETING

Meeting Date: 27 November 2012

SECTION 4 - Reports for Determination

SUPPLEMENTARY REPORTS

Item: 217 **IS - Lower Portland Ferry - (95495)**

Previous Item: Item 156, Ordinary (28 August 2012)
 Item 102, Ordinary (26 June 2012)

REPORT:

Executive Summary

Council operates the Lower Portland Ferry providing access across the Hawkesbury River between The Hills Shire and Hawkesbury Council areas.

The current vessel is at the end of its economic life and whilst it was anticipated that the vessel could continue to be licensed for up to another 18 months, the annual survey/inspection undertaken by RMS (Maritime) last week has resulted in a suspension of the licence. The vessel has deteriorated more rapidly than anticipated, and repair of the vessel is not practical or viable.

RMS have made available a replacement vessel on a short term basis, and further negotiations are being held to determine ongoing availability, until ongoing arrangements are finalised.

Council has previously committed to maintaining the ferry service, in anticipation that an RMS ferry may become available in late 2014.

Given the current events, this report recommends that action be taken to prepare specifications and tender documentation for the provision and operation of the ferry. In addition, negotiations are proposed to be held with RMS to determine whether the operation of this service could be incorporated into their fleet operations on a 'fee for service' basis.

Due to the long term nature of these options, the report recommends that The Hills Shire Council be requested to confirm its preparedness to enter into a formal cost share or contract agreement.

Consultation

Council formed a Working Party to provide community input into the operation of the ferry and in accordance with Council's Community Engagement Strategy a further meeting will be convened to ensure both consultation and broader communication with the community.

Background

Council owns and operates (through a contractor) the Lower Portland Ferry, providing a connection between The Hills Shire Council on the eastern side of the Hawkesbury River and Hawkesbury City Council on the western side. The operational costs of the service are shared between the two councils.

The vessel was built in the early 1900's and has undergone extensive refits since that time to maintain its licence to operate as a commercial vessel. Most recently the vessel was overhauled at the end of 2011 with RMS (Maritime) conducting an 'out of water' inspection, and Council undertaking the necessary repairs to achieve ongoing licensing.

The vessel received a limited licence renewal of 12 months (expiring 27 November 2012), following that inspection of the vessel, which determined the condition and suitability of the vessel for licence renewal.

ORDINARY MEETING

Meeting Date: 27 November 2012

RMS (Maritime) indicated that the vessel should be retired from service and that further licence renewal would be subject to a replacement strategy/commitment being in place, and ongoing achievement of performance and safety compliance.

Council previously considered this matter at its meeting of 26 June 2012 and resolved to establish a Working Party to examine options to continue the service. A meeting was subsequently held with community representatives, RMS (Maritime), RMS (Fleet Services) and representatives of both Councils.

The meeting established that subject to the NSW Government funding approval for a new RMS ferry, a RMS ferry could become available in late 2014 and could be made available as a replacement for the Council vessel under terms to be determined. RMS (Maritime) subsequently indicated that subject to this option being concluded, and the current vessel being maintained to "Survey Standard", an extension of the licence would be possible to 2014.

The current vessel has now been inspected by RMS (Maritime) in accordance with the license requirements and the survey revealed that there has been significantly more deterioration of the vessel than anticipated, and the license was immediately suspended. It is now not possible to adequately repair the vessel to coincide with the availability of the RMS ferry, as previously anticipated. Any repair work would be uneconomic, and with no surety of ongoing licensing being achieved.

Given this situation, RMS (Fleet Services) were requested to advise whether the "spare" ferry could be made available on a short term basis and a vessel was provided to enable a resumption of service on Saturday, 24 November 2012. They have made this vessel available until mid January, and indicated that it would not be available again until March 2013 (to be confirmed). Further advice has been sought from RMS (Maritime) on any other alternatives.

Council has previously confirmed its ongoing commitment to the continued operation of the service and given the current situation, it is recommended that immediate action be taken to tender for a replacement vessel on a supply, own, operate arrangement (or similar variation) on a long term contract. A commitment from The Hills Shire Council would be sought, given the long term financial commitment required.

Conformance to Community Strategic Plan

The proposal is consistent with the Shaping Our Future Together Directions statement;

- Be financially sustainable to meet the current and future needs of the community based on a diversified income base, affordable and viable services.

and is also consistent with (or is a nominated) strategy in the Community Strategic Plan being:

- Work with public and private sectors to ensure funding and delivery of improved services and infrastructure.

Financial Implications

The replacement cost of a similar sized vessel to meet current design and licence standards is estimated at \$1.85m, including civil works/ramp to suit a new vessel.

Under a long term contract to supply and operate, this capital cost is estimated to result in an increased annual cost of up to \$170,000 to be distributed between the two councils. The cost may be reduced if an operator utilised an existing vessel.

Current total annual operating cost of the service, excluding capital, is approximately \$600,000 per annum (including operational contract, annual maintenance and cyclic major overhaul). There is likely to be some savings through a deferral of maintenance, if a contractor supplied a new vessel, which would require lower maintenance in the initial years.

ORDINARY MEETING

Meeting Date: 27 November 2012

The increased cost of any new contract or service would need to be incorporated into Council's future budget. A formal agreement with The Hills Shire Council, confirming cost sharing/joint contract would be sought.

RECOMMENDATION:

That Council:

1. Note the information contained in the report on the Lower Portland Ferry.
2. Seek advice from The Hills Shire Council confirming its preparedness to enter into a formal cost share or contract agreement in respect of the ongoing operation of the Lower Portland Ferry.
3. Prepare specifications and tender documentation for the supply and operation of the ferry service on a long term contract.
4. Hold discussions with RMS on the potential to operate the Lower Portland ferry service, on a fee for service basis, as part of its fleet operations on the Hawkesbury River.
5. Seek the further assistance of RMS to secure use of a RMS ferry to ensure continuity of service.
6. Write to the Member for Hawkesbury, Mr Ray Williams, to outline Council's actions and seek any assistance in securing a long term solution.

ATTACHMENTS:

There are no supporting documents for this report.

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