General Purpose Standing Committee No. 3

Removing or reducing station access fees at Sydney Airport

Ordered to be printed 28 February 2014 according to Standing Order 231.

How to contact the committee

Members of the General Purpose Standing Committee No. 3 can be contacted through the Committee Secretariat. Written correspondence and enquiries should be directed to:

The Director

General Purpose Standing Committee No. 3

Legislative Council

Parliament House, Macquarie Street

Sydney   New South Wales   2000

Internet www.parliament.nsw.gov.au

Email gpscno3@parliament.nsw.gov.au

Telephone 02 9230 3081

Facsimile 02 9230 2981

Terms of reference

1.   That General Purpose Standing Committee No 3 inquire into and report on the potential impact of removal or reduction of the station access fee at Sydney Domestic and International Airports, and in particular:

   a.   current patronage on the airport line

   b.   the impact of a fare reduction on patronage at Green Square and Mascot

   c.   the impact on patronage if the station access fee was removed or reduced at the airport stations

   d.   the funding implications of removing or reducing the station access fee

   e.   the contract provisions in relation to the station access fee

   f.   potential benefits to Port Botany and congestion on roads in and around the airport, including the M5

   g.   other measures to increase patronage on the airport line

   h.   any other related matter.

2.   That the committee report by Friday 28 February 2014.

These terms of reference were referred to the Committee by the Legislative Council on Wednesday 18 September 2013.

Committee membership

The Hon Natasha Maclaren-Jones MLC	**Liberal Party**	*Chair*
The Hon Niall Blair MLC	**The Nationals**	*Deputy Chair*
Mr Scot MacDonald MLC	**Liberal Party**	
Dr Mehreen Faruqi MLC	**The Greens**	
The Hon Penny Sharpe MLC	**Australian Labor Party**	
The Hon Mick Veitch MLC	**Australian Labor Party**	
The Hon Paul Green MLC	**Christian Democratic Party**	

Table of contents

Case

Figures

Tables

Chair's foreword

Sydney Airport is an international gateway and together with its precinct is a major contributor to the NSW economy. Each day approximately 150,000 people travel to the airport. However, by 2033 the expected number of passengers is expected to double, with an associated increase in employment and economic activity in the area. Hence it is important that efficient and varied transport options are available to service the airport.

We have an excellent train service that connects the airport to the Sydney Trains suburban network via the Airport Line. Although the Line is successful, only 15 per cent of trips to the airport are made by train, while the road transport share is 80 per cent. The roads around Sydney Airport are very congested and are estimated to reach peak capacity in 2017.

The airport stations are privately owned and are operated by Airport Link Company, which charges a station usage fee of $12.60 for an adult single trip to access the station. This fee is the main source of revenue for Airport Link Company. According to revenue sharing arrangements in the Airport Line contract, the NSW Government has been receiving approximately 50 per cent of the revenue generated from the fee since 31 January 2013. This amount will rise to approximately 85 per cent by late 2014. To transparently manage the revenue received by the Government, the Committee has recommended that a hypothecated transport fund be established.

There are different patron groups that travel to and from the Airport, including workers, volunteers, tourists, local travellers, business travellers and 'meeters and greeters'. Each of these groups have different needs when travelling to the Airport and some groups are more affected than others by the current cost of the station usage fee. However, the Committee acknowledges that full and part time workers at the airport are particularly affected. Hence we have recommended to remove or discount the fee for employees, volunteers and contractors, as well as people travelling in groups and families.

The Committee has also identified other possible measures to increase patronage on the Airport Line, including using new rolling stock on the line, introducing free wi-fi, providing escalators at Central Station and increased marketing and awareness at City Circle stations. Recommendations in each of these areas have been made to the Government.

On behalf of the Committee I would like to thank all those who participated in the Inquiry, including those who made submissions and gave evidence at the public hearings.

I would like to thank my fellow Committee members for their work and contribution. On their behalf, I would also like to thank the Committee secretariat Stewart Smith, Samuel Griffith and Angeline Chung.

Hon Natasha Maclaren-Jones MLC
Committee Chair

Summary of key issues

The terms of reference for the Inquiry were referred by the Legislative Council and focus on whether the station usage fee, charged at Domestic and International Airport train stations, should be removed or reduced. In considering all these options, the Committee investigated the patronage of the Airport Line, road congestion around the Sydney Airport precinct and the effect of the fee on patrons of the line.

The Airport Line

The Airport Line was constructed as part of a public private partnership and opened on 20 May 2000. The Airport Link Company and its owners operate the Airport Line stations: Mascot; Green Square; Domestic Airport; and International Airport.

Price of the station usage fee

The station usage fee is charged when entering or exiting the barriers at either Domestic or International Airport stations and is the main source of revenue for Airport Link Company. Currently the station usage fee costs $12.60 for an adult single trip. This amount is in addition to the Sydney Trains ticket fare.

Discounts are offered for families with two or more children and for periodicals, such as weekly tickets. The price of the fee is set by Airport Link Company and is not regulated by the Independent Pricing and Regulatory Tribunal.

NSW Government revenue sharing arrangements with Airport Link Company

According to revenue sharing arrangements in the contract between the NSW Government and Airport Link Company, the Government has been receiving approximately 50 per cent of the revenue generated from the station usage fee since 31 January 2013. This amount will rise to approximately 85 per cent by late 2014. It is forecast that the Government will be receiving approximately $50 million a year by 2016/17.

Patronage of the Airport Line

Currently the Airport Line has a 15 per cent mode share of all transport to Sydney Airport. This figure is low in comparison to international airports. Over the past five years, patronage on the train line has increased by one percentage point per year, and this trend in growth is forecast to continue. The current weekly discount on the station access fee does not assist casual and part time workers who pay the station usage fee costing $25.20 for a return trip.

It was contended that low patronage levels on the airport train line are due to the price of the station usage fee, which makes it very expensive to travel on the line. There are a range of patrons of the Airport Line, including: workers in the airport precinct; tourists; local travellers; 'meeters and greeters'; and business travellers. Of these groups, it is airport workers who are the most adversely affected by the price of the fee. This group of patrons must travel regularly to the airport, and although they receive a weekly discount, it is still an extra $1,092 more a year compared to workers alighting elsewhere in Sydney.

Congestion on the roads

The roads around Sydney Airport are very congested and are estimated to reach peak capacity in 2017. The road transport mode share to the airport is 80 per cent. This is a combination of cars, taxis, coaches and buses. It was argued by some that the heavy congestion on the roads could be alleviated, or at least significantly alleviated, if the station usage fee was removed or reduced.

The NSW Government was of the view that removing or reducing the station usage fee would not significantly reduce road congestion. Because of this, the Government is pursuing a number of road projects, including the WestConnex project. This includes enabling works to widen important roads around the airport, forecast to be completed in 2018.

Views on the station usage fee

Inquiry participants had differing views about what to do with the station usage fee as each of the options for maintaining, removing, reducing or discounting have positive or negative effects for different groups.

Maintaining the station usage fee is NSW Government policy. This option delivers the greatest direct benefit to the Government as it provides a large sum of money over the course of the next 16 years. It is arguable this option does not help increase patronage on the Airport Line.

A complete removal of the station usage fee provides the greatest direct benefit to the public, as it offers a cheaper fare to all and will assist in reducing road congestion. This option will cost the Government approximately $600 million gross over 30 years.

Both an across the board reduction to the station usage fee and the provision of certain discounts offer a middle ground between the above two options. They provide revenue for the Government, cheaper fares for (certain) patrons and a reduction in road congestion. However, none of these benefits will be as substantial as if the fee was maintained or removed. Many Inquiry participants called for airport precinct worker, family and/or group discounts.

Other measures to increase patronage on the Airport Line

A range of measures to increase patronage, not associated with the station usage fee, were also raised. These primarily centred on providing the best possible service for locals and tourists, such as: using only the newest trains; providing more services; providing dedicated airport trains with a dedicated baggage area; and free wi-fi on trains and at stations. In addition, a number of Inquiry participants raised the issue of increased signage and marketing for the Airport Line.

Recommendations

In considering the evidence, the Committee recommended that the Government establish a hypothecated transport fund into which Government revenue from the station usage fee be placed. This could then be used to fund other transport initiatives. The Committee also recommended that the fee be removed for full time airport precinct workers.

Summary of recommendations

Chapter 1   Introduction

This Chapter provides an overview of the Committee's terms of reference, a description of the Inquiry process, a discussion of terminology and a brief outline of the report structure.

Conduct of the Inquiry

Terms of reference

1.1   The Inquiry terms of reference were referred by the House on Wednesday 18 September 2013 and required the Committee to inquire into and report on whether the station access fee at Sydney International and Domestic train stations should be removed or reduced. The terms of reference stated that the Committee report by 28 February 2014.[1]

1.2   The terms of reference are reproduced in full on page iv.

Submissions

1.3   The Committee invited submissions by advertising in *The Sydney Morning Herald* and *The Daily Telegraph* on 2 October 2013. A media release announcing the Inquiry was sent to all media outlets around the State. The Committee also sought submissions by writing directly to individuals or organisations with a likely interest in the Inquiry, including government agencies, industry and community organisations and experts in the field. The closing date for submissions was 13 November 2013.

1.4   The Committee received a total of 32 submissions from a range of stakeholders, including from government, industry and individuals.

1.5   A list of submissions is available at **Appendix 1**.

Public hearings

1.6   The Committee held two public hearings in the Sydney central business district on 2 and 3 December 2013.

1.7   A list of witnesses who appeared at the hearings is reproduced in **Appendix 2**, and the list of witnesses who provided answers to questions taken on notice during those hearings is available in **Appendix 3.**

Site visit

1.8   The Committee conducted a site visit to Sydney Airport on 18 December 2013 by travelling on the train from the city on the Airport Line. The Committee caught the train to the

---

1   *Minutes*, Legislative Council, 18 September 2013, pp 2009-10.

Domestic Airport station and entered the terminal. Throughout the site visit the Committee spoke to patrons of the Airport Line and workers at the airport to ascertain their views of the service and the station access fee.

1.9   While no Hansard record was taken of the site visit, it served as an opportunity for the Committee to experience the journey first hand by viewing signage at stations and interacting with frequent users of the Airport Line.

Figure 1   Members of the Committee at Domestic Airport Station

Terminology

Station access fee or station usage fee?

1.10   The terms of reference for this Inquiry refer to the fee charged for travelling to and from Domestic and International stations as the 'station access fee'. However, both the contract summary document for the Airport Line and the NSW Government submission to the Inquiry refer to this fee as the 'station usage fee'.[2]

1.11   For the remainder of the Report, this fee will be referred to as the station usage fee.

---

[2]   NSW Treasury, *Contract Summary – Restated Stations Agreement*, November 2005, p 14, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.   See also Submission 31, NSW Government, p 2.

State Rail Authority of New South Wales, RailCorp, CityRail and Sydney Trains

1.12   During the lifespan of the Airport Line there have been a number of changes to the names and responsibilities of NSW Government transport authorities and service providers.

1.13   The State Rail Authority of New South Wales was the statutory authority responsible for the operation and maintenance of railways from July 1980 until December 2003 and signed the initial Airport Line contract with Airport Link Company in 1995.

1.14   RailCorp took over the responsibilities of the State Rail Authority of New South Wales in January 2004, including the operation of CityRail and CountryLink, and signed the Restated Stations Agreement with Airport Link Company in October 2005.

1.15   RailCorp underwent a restructure in June 2013 by transferring its functions as operator and maintainer of rail passenger services to two new government agencies, Sydney Trains and NSW Trains. As part of this process, CityRail was rebranded as Sydney Trains while CountryLink was rebranded as NSW Trains. Since 1 July 2013, Sydney Trains has provided train services throughout the Sydney CBD and metropolitan area.

1.16   RailCorp however remains the owner of real property, rail infrastructure and rolling stock.

1.17   To avoid confusion, for the remainder of the report RailCorp will be referred to when discussing contractual and ownership issues regarding the Airport Line while Sydney Trains will be referred to as the operator and maintainer of trains in the Sydney network.

Definition of worker

1.18   For the remainder of this report, the term 'worker' will refer to all workers in the Sydney Airport precinct and will encapsulate the following groups, as defined in section 7 (1) of the *Work Health and Safety Act 2011*:

   (1)   A person is a worker if the person carries out work in any capacity for a person conducting a business or undertaking, including work as:

   (a)   an employee, or

   (b)   a contractor or subcontractor, or

   (c)   an employee of a contractor or subcontractor, or

   (d)   an employee of a labour hire company who has been assigned to work in the person's business or undertaking, or

   (e)   an outworker, or

   (f)   an apprentice or trainee, or

   (g)   a student gaining work experience, or

   (h)   a volunteer, or

   (i)   a person of a prescribed class.[3]

---

3   *Work Health and Safety Act 2011* (NSW), Section 7.

Report structure

1.19   Chapter 2 explains what the station usage fee is and provides a background to the Airport Line, including a discussion of the contract between RailCorp and Airport Link Company.

1.20   Chapter 3 explores the different transport options currently available for travelling to Sydney Airport, including an overview of current patronage figures for the Airport Line and international patronage comparisons. The Chapter also explores infrastructure and transport projects that will impact on travelling to the airport.

1.21   Chapter 4 explores the effects of the station usage fee on Airport Line patrons, revenue gained by the NSW Government and road congestion around the airport. The Chapter also examines whether the station usage fee should be maintained, removed, reduced or discounted.

1.22   Chapter 5 considers measures other than the reduction or removal of the station usage fee to increase patronage on the Airport Line.

Chapter 2   Background

This Chapter provides a background to the Airport Line, including tracing its history and the contract between the Government and Airport Link Company. The Chapter also explains what the station usage fee is and details the decision by the Government in 2011 to subsidise the fee at Green Square and Mascot Stations.

Airport Line

2.1   The Airport Line (originally called the New Southern Railway) was constructed in readiness for the Sydney Olympics in 2000. It was opened on 20 May 2000 and has now been in operation for over 13 years.[4]

2.2   The Airport Line is an underground railway with two tracks between Central Station and Turrella on Sydney Trains' T2 Line, as seen in Figure 2. It serves the airport with stations at both the Domestic and International terminals.

2.3   The airport stations and line were developed as a public private partnership arrangement between the NSW Government and a consortium of private sector investors operating as Airport Link Company.[5]

2.4   The estimated cost of constructing the line and stations was $673 million, with the public sector component being $542 million and the private sector component being $131 million.[6]

2.5   The privately operated components of the line comprise four underground stations at:

- Green Square

- Mascot

- Domestic Airport

- International Airport.

2.6   Green Square and Mascot are suburban stations while Domestic and International Airport stations are situated at the Sydney Airport terminals.[7]

2.7   Separate from the privately operated components of the line is the Government owned Wolli Creek station which was constructed at the same time as other Airport Line stations and also opened on 20 May 2000. Wolli Creek station serves as an interchange station between the T2 and T4 train lines, see Figure 2. The Government also owns the tunnels, tracks, and signalling systems for the entire T2 Airport, Inner West and South Line.[8]

---

4   Submission 18, Airport Link Company, p 1.

5   Submission 31, NSW Government, p 5.

6   NSW Treasury, *New Southern Railway Stations Agreement*, http://www.treasury.nsw.gov.au/ppp/nsw_projects/projects_which_have_been_awarded/rail/new_southern_railway_stations_agreement.

7   Submission 31, NSW Government, p 5.

8   Submission 31, NSW Government, p 6.

Figure 2   Extract from current Sydney Trains suburban map[9]

Original Government contract with Airport Link Company (1995)

2.8   On 10 February 1995, RailCorp awarded Airport Link Company a concession to construct Green Square, Mascot, Domestic Airport and International Airport stations.[10] The terms of the concession were laid out in the Original Stations Agreement, which stated:

- Airport Link Company is to design, construct, finance, lease and then operate and maintain the four stations for a 30 year concession period following their practical completion and the completion of the Airport Line connecting them to the network

- RailCorp is to lease the station strata to Airport Link Company for the 30 year concession period prior to their reversion to RailCorp

- Sydney Trains is to provide train services to the stations

- revenue generated by the stations' business is to be distributed between the parties.[11]

2.9   As the stations commenced operation on 20 May 2000, the ownership of the four stations reverts to the NSW Government on 20 May 2030.

---

9   Transport for NSW, Sydney Trains Network, http://www.sydneytrains.info/stations/pdf/suburban_map.pdf.

10   Submission 18, Airport Link Company, p 2.

11   NSW Treasury, *Contracts Summary – Restated Stations Agreement*, November 2005, p 2, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.

2.10   The Original Stations Agreement is commercial in confidence and as such is not a publically available document.

Restated Stations Agreement (2005)

2.11   From the outset, disputes arose between RailCorp and Airport Link Company. The Airport Line failed to meet its patronage forecast and the company defaulted on debt payments within six months of being in operation.[12]

2.12   In October 2002, RailCorp agreed to pay Airport Link Company a capped amount of $80 million. This was paid between 30 September 2001 and 30 June 2005 by diverting 85 per cent of the train fares RailCorp received for travel to and from the airport stations. It was also agreed that the net present value of the company, as at 30 September 2001, was $120 million. In return for these arrangements, Airport Link Company agreed to a relaxation of performance standards and termination provisions.[13]

2.13   These arrangements resulted in RailCorp and Airport Link Company signing a Restated Stations Agreement on 13 October 2005.[14] The Restated Stations Agreement adopts many of the terms of the Original Stations Agreement while deleting redundant provisions, amending provisions to accommodate the settlement of disputes and introducing new provisions regarding the settlement of disputes.[15]

2.14   The Restated Stations Agreement will be in effect for the remainder of the original 30 year concession period, until 30 May 2030.

2.15   Like the Original Stations Agreement, the Restated Stations Agreement is not publically available. However, a Contracts Summary of the Restated Stations Agreement is available on the NSW Treasury website.[16]

Station usage fee

2.16   From the inception of the Airport Line, a station usage fee has been charged for entry and exit from Airport Line stations. The station usage fee is a flat fee and is charged in addition to the Sydney Trains fare component which entitles a passenger to use the relevant Sydney Trains service. Passengers currently pay the station usage fee for access to the Domestic and International Airport stations.

---

[12]   NSW Treasury, *Contracts Summary – Restated Stations Agreement*, November 2005, p 8, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.

[13]   NSW Treasury, *Contracts Summary – Restated Stations Agreement*, November 2005, p 8, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.

[14]   NSW Treasury, *Contracts Summary – Restated Stations Agreement*, November 2005, p 3, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.

[15]   NSW Treasury, *Contracts Summary – Restated Stations Agreement*, November 2005, p 11, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.

[16]   NSW Treasury, *New Southern Railway Stations Agreement*, http://www.treasury.nsw.gov.au/ppp/nsw_projects/projects_which_have_been_awarded/rail/new_southern_railway_stations_agreement.

2.17   The station usage fee is included in the concession to operate the station and is the primary source of revenue for Airport Link Company. The Restated Stations Agreement allows for the price of the fee to be set solely by the company. This means that the price is not regulated within the contract and, unlike Sydney Trains fares, the station usage fee is not subject to regulation by the Independent Pricing and Regulatory Tribunal.[17]

2.18   In determining the price of the fee, Airport Link Company primarily looks at the cost structure of the business, especially labour and other operational expenses, the level of debt that must be repaid and its shareholder obligations.[18] It costs the Company $20 million per year to operate the station, which includes staff costs and capital expenditure.[19]

2.19   According to Mr Tim Anderson, Chief Executive, Airport Link Company, other considerations in determining the price of the station usage fee are: other travel options to Sydney Airport; the comparative price of similar Australian and international services; the arrangements for weekly ticket holders; and revenue sharing arrangements with the Government.[20]

2.20   Any Government policy or decision to alter the terms of the station usage fee, such as its reduction or removal, would require the Government to enter commercial negotiations with Airport Link Company.[21]

Decision to remove the station usage fee at Green Square and Mascot stations (2011)

2.21   For the first 11 years of its operation, Airport Line passengers paid a station usage fee to enter and exit all four Airport Line stations.

2.22   On 7 March 2011, the NSW Government and Airport Link Company agreed to remove the user paid station usage fee from fares charged for travel to and from Green Square and Mascot stations. To compensate Airport Link Company, the NSW Government now pays the company a 'shadow' station usage fee at a fixed contracted rate of approximately $2.08 per entry and exit of these stations.[22]

2.23   After the removal of the fee in February 2011, a single adult fare from Green Square or Mascot to the City was $5.80. Following the removal of the station usage fee, the fare was reduced to $3.20.[23]

2.24   The March 2011 agreement did not apply to the station usage fee at the Domestic and International Airport stations.

---

17   Submission 31, NSW Government, p 6.

18   Answers to questions on notice, Mr Tim Anderson, Chief Executive, Airport Link Company, p 2.

19   Evidence, Mr Tim Anderson, Chief Executive, Airport Link Company, 2 December 2013, p 29.

20   Evidence, Mr Anderson, 2 December 2013, p 29, Answers to questions on notice, Mr Tim Anderson, Chief Executive, Airport Link Company, 10 January 2014, p 2.

21   Submission 31, NSW Government, pp 6-7.

22   Submission 31, NSW Government, p 6.

23   Submission 18, Airport Link Company, p 4.

2.25   On 25 March 2011 the Parliamentary Budget Office released a policy costing which estimated it would cost the Government a total of $80 million over the remainder of the contract term to pay the 'shadow' station usage fee at Green Square and Mascot stations to Airport Link Company. This was based on expected gross escalating payments by the Government of $4 million per year.[24]

2.26   Mr Peter Crimp, General Manager Finance, Sydney Trains stated that the figure is still 'in the realms of the net $4 million' because the increase of payments associated with the growth in patronage has been offset by the incremental raising of the base Sydney Trains fare.[25]

Revenue sharing arrangements

2.27   The 2005 Restated Stations Agreement sets out an arrangement whereby the NSW Government receives a share of the net revenue generated by Airport Link Company once certain monetary thresholds have been achieved. This revenue is generated from the station usage fee.

2.28   The first threshold is the Revenue Sharing Threshold of $181,969,549, which is approximately equal to the agreed value of Airport Link Company as at 30 September 2001, plus the $80 million capped amount debt repayments made between 2001 to 2005. The first threshold entitles RailCorp to receive 50 per cent of excess cash flow from the station usage fee. This threshold was reached on 31 January 2013.[26]

2.29   The second threshold is the Debt Equivalent Amount of $212,009,777, which is the agreed senior debt amount as at 30 September 2001. Reaching this threshold entitles RailCorp to receive 85 per cent of excess cash flow from the station usage fee. The second threshold is expected to be reached in late 2014.[27] Mr Anderson stated he expects that the figure will be reached between 10 days either side of 1 August 2014.[28]

2.30   This means that the NSW Government currently receives approximately 50 per cent of revenue earned from the station usage fee after Airport Link Company meets its operating costs, and by late 2014 that figure will rise to approximately 85 per cent.

2.31   Mr Anderson argued that the revenue sharing arrangements have a negative financial impact on Airport Link Company, as by August 2014 it will receive only 15 per cent of the revenue share. The company must meet any debt or shareholder obligations from this 15 per cent. For this reason, revenue sharing arrangements will increasingly become a critical factor in determining the price of the station usage fee.[29]

---

[24]   Answers to questions on notice, Transport for NSW, 9 January 2014, p 16.

[25]   Evidence, Mr Peter Crimp, General Manager Finance, Sydney Trains, 2 December 2013, p 15.

[26]   Submission 31, NSW Government, p 6.

[27]   Submission 31, NSW Government, p 6.

[28]   Evidence, Mr Anderson, 2 December 2013, p 30.

[29]   Answers to questions on notice, Mr Anderson, pp 2-3.

Station usage fee price and discounts

2.32   The price of the station usage fee at Domestic and International Airport stations is as follows:

- adult
  - single: $12.60
  - return: $25.20

- concession[30]
  - single: $10.60
  - return: $16.50.

2.33   In general, passengers purchase a combined ticket which entitles them to travel to or from a Sydney Trains station and an Airport Line station.

2.34   If a passenger already holds a valid Sydney Trains ticket, such as a MyMulti or Pensioner Excursion ticket, they will be required to purchase a GatePass for the price of the station usage fee when disembarking at an airport station.

2.35   The price of the combined ticket varies in line with other Sydney Trains fares, including for singles, returns, concessions and periodicals, distance travelled and time of day. By way of illustration, the cost of a combined ticket from airport stations is as follows:

- adult single
  - Domestic Airport to City: $16.40
  - International Airport to City: $17.20[31]
  - International Airport to Parramatta: $17.80

- adult return (peak)
  - Domestic Airport to City: $32.80
  - International Airport to City: $34.40
  - International Airport to Parramatta: $35.60.[32]

2.36   Airport Link Company offers a special rate of $5.40 for a one way Airport Transfer between terminals. This is inclusive of the $3.80 Sydney Trains fare. Because of the small return to the company, Airport Link Company contends that it makes a loss of over $2.30 per Airport Transfer ticket.[33]

2.37   The station usage fee is discounted to a flat rate of $21 for an adult weekly ticket. This allows unlimited trips to or from the airport stations within the week.[34] The discounted station usage fee is then added to the Sydney Trains fare as part of the combined weekly ticket. For example, an adult weekly ticket from Parramatta to the International Airport is $62.00

---

[30]   Note: For the purposes of the station usage fee, a concession also includes pensioner and Pensioner Excursion Ticket holders.

[31]   Note: The reason for the price differentiation between fares from Domestic and International stations to the City is because they are in different Sydney Trains ticket fare-bands.

[32]   Note: These prices include the fare rises as indicated in paragraph 2.42.

[33]   Answers to questions on notice, Mr Anderson, p 2.

[34]   Answers to questions on notice, Transport for NSW, p 1.

inclusive of the discounted station usage fee. Without this discount the ticket would be $167.00. In comparison, a weekly ticket from Parramatta to the City, where no station usage fee is charged, is $41.00.

2.38   Monthly, quarterly and yearly station usage fee tickets are also available. However, they do not provide further discounts on the fee and average out at $21 per week.[35]

2.39   The other discount available on the station usage fee is for children and families. Children under 4 travel free; while a family only has to pay for one child between the ages of 4 and 16.

2.40   There is an option to bulk buy tickets from the Airport Link Company website, however there is no discount available on this offer.

2.41   It is important to note that from the start of 2014 the following increases to the station usage fee were implemented:

- Adult
    - Single: $0.30 – 2.4 per cent increase
    - Return: $0.60 increase – 2.4 per cent increase
    - Weekly: $1.00 increase – 4.8 per cent increase

- Concession
    - Single: $1.00 – 9.5 per cent increase
    - Return: $2.00 – 12.2 per cent increase

- Airport Transfer: $0.40 – 7.5 per cent increase.

2.42   These increases are in addition to the increases announced by Sydney Trains for MyZone fares in 2014.[36]

---

[35]   Answers to questions on notice, Transport for NSW, p 1.

[36]   Media Release, Transport for NSW, 'My Zone fares to increase in line with CPI making Opal fares cheaper', 12 December 2013, see at: http://www.transport.nsw.gov.au/media-releases/my-zone-fares-increase-line-cpi-making-opal-fares-cheaper.

Removing or reducing the station access fee

Chapter 3   Transport options to Sydney Airport

This Chapter examines the different transport options such as train, car, taxi and bus that are currently available for travelling to Sydney Airport. Current patronage figures for the Airport Line are noted and compared to international examples. The Chapter also explores infrastructure and transport plans to alleviate heavy road congestion around Sydney Airport.

Sydney Airport precinct and Port Botany

3.1   It is important that efficient and varied transport options to Sydney Airport are in place, as it is both an international gateway and a major contributor to the NSW economy.

3.2   Sydney Airport is in close proximity to Sydney's CBD making it easily accessible for passengers. The Airport is at the juncture of a number of key roads and motorways used by commuters to access the city, and forms part of the commercial and freight route between the airport and Port Botany.[37]

3.3   The Sydney Airport Corporation estimated that the airport makes an economic contribution of $27.6 billion to the State, currently employs directly and indirectly 283,700 people and contributed $13.2 billion to household income.[38] Sydney Airport generates 6 per cent of Gross State Product with the adjoining Port Botany precinct generating another 4 per cent. On these figures, $1 in every $10 of State wealth is generated in this small area of Sydney.[39]

3.4   In 2012, approximately 37 million passengers passed through Sydney Airport, approximately 100,000 a day.[40] Including airport workers and people meeting or farewelling passengers, there were approximately 150,000 people a day travelling to and from the airport. Sydney Airport also facilitated the movement of 615,000 tonnes of international airfreight in 2012,[41] 48 per cent of all international air freight in Australia.[42]

3.5   By 2033, it is expected that Sydney Airport's economic impact will grow to $42.1 billion with associated employment growing to 432,000 jobs.[43] The number of passengers is forecast to increase from 37 million to 74 million during this time,[44] while air freight is forecast to increase to 1.011 million tonnes.[45]

---

[37]   *Joint Study on aviation capacity for the Sydney region*, Part 4: Capacity of existing airports to cope with forecast demand, March 2012, p 156.

[38]   Submission 15, Sydney Airport Corporation Limited, pp 1-2.

[39]   Evidence, Mr Ted Plummer, Head of Government and Community Relations, Sydney Airport Corporation Limited, 2 December 2013, p 45.

[40]   Submission 14, Associate Professor Philip Laird, p 1.

[41]   Submission 15, Sydney Airport Corporation Limited, pp 2-3.

[42]   Submission 26, Sydney Business Chamber, p 1.

[43]   Submission 31, NSW Government, p 2.

[44]   Evidence, Ms Sally Fielke, General Manager, Corporate Affairs, Sydney Airport Corporation Limited, 2 December 2013, p 36.

[45]   Submission 15, Sydney Airport Corporation Limited, pp 2-3.

3.6   In its submission, the NSW Government noted that the forecast growth in airport passenger movements will not only exacerbate transport access pressures in the precinct, but will 'reduce the economic productivity of Sydney Airport and Port Botany over time'.[46]

3.7   In addition to the growth of Sydney Airport is the development of the Green Square Urban Renewal Area, which lies between the CBD and the airport. This is the largest brownfields renewal project in Australia, with a projected population of over 50,000 residents and the generation of 25,000 jobs. Transport demand will grow rapidly in this area as homes will be completed at an average rate of one to two thousand per year for the next decade.[47]

3.8   The road network around the airport and between the airport and the CBD is one of the most congested in the country. Tourism and Transport Forum notes that existing road junctions at the entrance to the airport terminals 2 and 3 precinct could reach practical capacity by 2015, resulting in constant traffic jams on key commuter routes and the M5 motorway. On Airport Drive, airport-related traffic accounts for 48 per cent of movements in the morning and afternoon peak periods. The remaining 52 per cent include CBD commuters and Port Botany traffic.[48]

3.9   The *Joint Study on Aviation Capacity for the Sydney Region* also noted the impact of road congestion on Sydney Airport and Port Botany precinct:

> Sydney (Kingsford-Smith) Airport sits within the key economic precinct for Sydney and NSW, alongside Port Botany. Road congestion in the areas around the airport will increasingly impact on operations at the airport and affect the activity within the economic precinct. Increased activity at the airport will itself contribute to the problem. A key element of the strategy for making Sydney (Kingsford-Smith) Airport work into the future will be to increase the take-up of public transport by passengers, airport workers and others travelling to the airport precinct.[49]

3.10   Mr John Patterson, Special Project Manager, Botany Bay City Council discussed roads that are currently at or very nearly at full capacity:

> Varying times of the day, certainly Joyce Drive and General Holmes Drive adjacent to the airport. O'Riordan Street is another and Bourke Road is becoming increasingly so. I gather that there are moves afoot to look at making O'Riordan and Bourke roads one way in each to try to relieve some of that. I would suggest that there are still going to be issues as you approach the airport regardless of whether that happens. Botany Road is another.[50]

---

[46]   Submission 31, NSW Government, p 2.

[47]   Submission 27, City of Sydney, p 1.

[48]   Submission 28, Tourism and Transport Forum, p 2.

[49]   *Joint Study on Aviation Capacity for the Sydney Region*, Executive Summary, March 2012, pp 23-24.

[50]   Evidence, Mr John Patterson, Special Project Manager, Botany Bay City Council, 3 December 2013, p 3.

Current transport options to Sydney Airport

3.11 Currently there are five different transport options for travelling to Sydney Airport; either by the Airport Line train, or by the road based transport modes of car, taxi, coach or bus. This section of the Chapter will review each of these modes.

3.12 In 2012, Sydney Airport Corporation and Transport for NSW undertook a joint survey of over 14,000 people, including airline passengers, airport visitors and airport staff to provide information on the journeys people took to and from the airport.[51] This survey guided the preparation of the *Sydney Airport Draft Master Plan 2033* which will be discussed later in the Chapter. The results of the survey revealed that almost half (47 per cent) of the journeys made to and from the airport were by private vehicle. Seventeen per cent of journeys were by public transport with 15 per cent of these by train and 2 per cent by bus. The survey also showed that 80 per cent of journeys were by road – a combination of private vehicle, taxi, coach and bus (see Table 1).[52]

3.13 Barrier statistics from the NSW Bureau of Transport Statistics note that on a typical weekday there are approximately 16,000 entries/exits at the Airport stations. When considering there are approximately 150,000 people travelling to and from the Airport each day, this equates to an Airport Line transport mode share closer to 11 per cent.[53]

Table 1   Transport mode share for people accessing Sydney Airport[54]

Private vehicle	Taxis/ coaches	Trains	Buses	Walking	Other
47 per cent	31 per cent	15 per cent	2 per cent	2 per cent	3 per cent

3.14 While road based transport of car and taxi are by far the most popular transport options to Sydney Airport, the survey showed that the public transport mode share has increased by one percentage point a year over the past five years, from 12 per cent to 17 per cent. A further shift of five percentage points, comprising 4 per cent by train and 1 per cent by bus, has been estimated for the period to 2018. This would increase the public transport mode share to 22 per cent.[55]

3.15 Sydney Airport Corporation stated that, as annual passenger numbers are forecast to increase from around 37 million today to more than 46 million in 2018, a 'one percentage point increase per annum … represents a significant increase in the actual number of people using public transport to access Sydney Airport'.[56]

---

[51]   Answers to questions on notice, Sydney Airport Corporation, 6 January 2014, p 7.
[52]   Answers to questions on notice, Transport for NSW, 9 January 2014, p 20.
[53]   Answers to questions on notice, Transport for NSW, p 7.
[54]   Submission 31, NSW Government, p 3.
[55]   Answers to questions on notice, Sydney Airport Corporation, pp 7-8.
[56]   Answers to questions on notice, Sydney Airport Corporation, p 8.

Using the Airport Line train to access the airport

3.16 Since opening in May 2000, more than 50 million passengers have used the Airport Line stations.[57] The Airport Line currently has a 15 per cent transport mode share for people accessing Sydney Airport.[58]

3.17 Most Inquiry participants praised the Airport Line and the service it provides. For example, Tourism and Transport Forum stated:

> Sydney Airport is fortunate to be served by an excellent rail link. The train service provides fast and reliable services to the Sydney CBD and is integrated with the broader rail network.[59]

3.18 During the 2012/13 financial year, the Airport Line stations accommodated 11.41 million passengers, an increase of 13.7 per cent from the previous financial year. Patronage on the line is forecast to rise by almost 1 million passengers in 2013/14, with the greatest percentage at the airport stations (see Table 2).[60]

Table 2   Airport Line patronage figures[61]

Stations	Patronage for 2012/13	Forecast patronage for 2013/14	Patronage increase
Domestic	3.86 m	4.21 m	9.06 per cent
International	1.98 m	2.20 m	11 per cent
Green Square	2.43 m	2.62 m	7.8 per cent
Mascot	3.13 m	3.37 m	7.6 per cent
Total	**11.41 m**	**12.40 m**	**8.67 per cent**

3.19 From October 2012, Sydney Trains timetable reforms have increased the number of services to the airport from six trains per hour in peak time to a minimum of eight an hour between the airport and City Circle stations from 8:00 am to 9:00 pm on weekdays.[62] The new timetable also makes use of the Kingsgrove to Revesby track quadruplication, which allows

---

57   Evidence, Mr Tim Anderson, Chief Executive, Airport Link Company, 2 December 2013, p 23.

58   Submission 31, NSW Government, p 3.

59   Submission 28, Tourism and Transport Forum, p 1.

60   Submission 18, Airport Link Company Pty Ltd, p 3.

61   Submission 18, Airport Link Company Pty Ltd, p 3.

62   Submission 31, NSW Government, p 5.

longer distance express services to operate on separate tracks and overtake all-stations services. This reduces journey times for longer-distance patrons.[63]

3.20   The network has capacity for up to 20 trains per hour through this sector. However, rail enhancements will be required to achieve this on the Airport Line.[64]

3.21   The average Airport Line train arriving at Central Station between 8:00 to 9:00 am is currently at 95 per cent capacity.[65] This is because none of the trains accessing the airport are dedicated airport services, with many passengers travelling through to the CBD from other destinations.

Patronage at Domestic Airport and International Airport stations

3.22   In the period from 2008 to 2012, patronage at the airport stations has grown at an average rate of 10 per cent annually. The 2012/13 financial year saw a yearly patronage growth of 11.2 per cent at Domestic Airport Station and 8.6 per cent at the International Airport Station.[66]

3.23   Airport Link Company attributes this growth in patronage to the new ownership of the business in 2007, and its new management that was installed in 2008.[67] For instance, Mr Tim Anderson, Chief Executive, Airport Link Company argued that the ownership and management changes brought about significant infrastructure investment as well as new marketing and servicing initiatives:

> In more recent years we have expanded our labour by perhaps 25 people, we have increased our marketing significantly at the airport and we have rebuilt many of the stations to increase the frequency of ticket sales … I think that has largely created the 50 per cent growth we have had in the last four years.
>
> …
>
> [I]f you go into our stations then you will see significant maps, diagrams and so forth. We give away over one million brochures a year.[68]

3.24   The Government partly attributed the growth in patronage to improved advertising of the service, as well as to 'the relative efficiency of the rail services compared with the increasingly congested roads'.[69]

3.25   While there has been a continual growth in patronage at Sydney Domestic and International stations, this level of growth has been dwarfed by the increase in patronage at Mascot and Green Square stations, as explained in the next section.

---

[63]   Submission 31, NSW Government, p 5.

[64]   *Joint Study on aviation capacity for the Sydney region*, Part 4: Capacity of existing airports to cope with forecast demand, March 2012, p 157.

[65]   Answers to questions on notice, Transport for NSW, p 10.

[66]   Submission 18, Airport Link Company Pty Ltd, p 3.

[67]   Submission 18, Airport Link Company Pty Ltd, p 2.

[68]   Evidence, Mr Anderson, 2 December 2013, pp 23-24.

[69]   Submission 31, NSW Government, p 7.

Patronage at Mascot and Green Square Stations

3.26   The decision by the NSW Government in March 2011 to remove the station usage fee at Mascot and Green Square stations resulted in an increase in patronage that greatly exceeded expectations.[70]

3.27   Before the station usage fee was removed, a report commissioned by the Sydney Airport Corporation predicted a 17 per cent increase in patronage at the stations if the fee was to be removed.[71]

3.28   However, with the fee removed, by early 2012 patronage at Mascot station rose by an estimated 39 per cent and patronage at Green Square station rose by 114 per cent.[72]

3.29   Patronage growth at these stations has continued to be stronger than at the Domestic and International Airport stations. The 2012/13 financial year saw a yearly patronage growth of 13.47 per cent at Mascot and 22.85 per cent at Green Square.[73]

International comparisons

3.30   While patronage on the Airport Line stations has been steadily increasing, it remains low in comparison to airports overseas.

3.31   For example, Tourism and Transport Forum argued that international best practice in public transport mode share to access a major airport is about 40 per cent.[74] As noted in paragraph 3.11, in Sydney 17 per cent access the airport via public transport.

3.32   Sydney Airport Corporation provided the following international examples of the public transport mode share to an airport:

- Narita Airport, Japan – 59 per cent public transport mode share
  - Rail 36 per cent
  - Bus 23 per cent

- London Heathrow Airport, England – 36 per cent public transport mode share
  - Rail 24 per cent
  - Bus 12 per cent

- London Gatwick Airport, England – 31 per cent public transport mode share
  - Rail 24 per cent
  - Bus 7 per cent.[75]

---

[70]   Evidence, Mr Ken Morrison, Chief Executive, Tourism and Transport Forum, 2 December 2013, p 47, Submission 20, EcoTransit Sydney, p 4.

[71]   Submission 17, Botany Bay City Council, p 1, Submission 20, EcoTransit Sydney, p 4.

[72]   Submission 18, Airport Link Company Pty Ltd, p 4.

[73]   Submission 18, Airport Link Company Pty Ltd, p 3.

[74]   Evidence, Mr Morrison, 2 December 2013, p 47.

[75]   Answers to questions on notice, Sydney Airport Corporation, p 8.

3.33   For many Inquiry participants, the reason for the low level of patronage for the Airport Line compared to some overseas jurisdictions is price. For instance, Associate Professor Philip Laird noted that while many international airport train services may be more expensive than local services, this is usually because the airport is much farther from the city. For instance, at Narita Airport in Japan a one-way fare to the city costs approximately $26 and in Kuala Lumpur, Malaysia it is approximately $12. Both are 57 km journeys and take around 30 minutes.[76] In contrast, the Sydney Airport Line costs $16.60 and is an 8.27 km journey that takes less than 15 minutes.

3.34   Tourism and Transport Forum state that the station usage fee at Sydney Airport makes the cost per kilometre of rail service to the CBD one of the highest in the world at over $2 per kilometre.[77]

Car, taxi and coach

3.35   Car and taxi are the two most popular modes of transport to Sydney Airport. Together with coaches, these vehicles have a 78 per cent mode share of transport to the airport.

3.36   The largest mode share for accessing Sydney Airport is private vehicles (47 per cent). This primarily consists of airport workers, travellers and people dropping off or picking up passengers. The choice by these groups to drive, as opposed to catching the Airport Line train, will be discussed in detail in Chapter 4.

3.37   After private motor vehicles, taxis are the second biggest provider of ground transport services to the airport (taxies/coaches 31 per cent).[78] Other than this figure, the Committee did not receive any specific evidence in relation to coaches.

3.38   Taxis to the airport are one of the major demand generators for the NSW Taxi Industry and many taxis make multiple journeys a day to and from the airport.[79] According to the NSW Taxi Council, taxis are the preferred mode of travel for passengers and are often the first point of contact between a passenger and the city.[80]

3.39   Transport for NSW announced on 1 July 2013 that 250 new peak availability licences will be released to ensure there are enough taxis to meet growing demand. This means that more taxis will be available for customers when demand is high, including on Friday and Saturday nights before airport curfew.[81]

3.40   Sydney Airport Corporation levies a $3.50 charge per fare for taxis accessing the airport, and raised approximately $9.5 million from these fees in the 2011/12 financial year.[82]

---

[76]   Submission 14, Associate Professor Philip Laird, pp 4-5.

[77]   Submission 28, Tourism and Transport Forum, p 5.

[78]   Submission 29, NSW Taxi Council Ltd, p 2.

[79]   Submission 29, NSW Taxi Council Ltd, p 3.

[80]   Submission 29, NSW Taxi Council Ltd, p 3.

[81]   Submission 31, NSW Government, p 4.

[82]   Submission 31, NSW Government, p 4.

Bus

3.41   Sydney Airport has limited bus routes servicing it. The bus from Burwood to Bondi Junction (route 400) is the only public bus route that services the passenger terminals.[83] This bus has the capacity to convey approximately 400 passengers per hour in both directions.[84] Due to there being only one current route, public buses have a low transport mode share of 2 per cent for people accessing Sydney Airport.

3.42   The 410 bus route stops on Qantas Drive adjacent to the Qantas Jetbase, while a new east-west bus route between Burwood and Bondi Junction via Mascot, Sydenham and Ashfield was created in October 2013 as part of the public transport timetable improvements. This new route (the 418) was created by linking and slightly re-routing the previous 357 and 418 services. This new service provides a connection to the airport precinct, 'including access to the Airport Line at Mascot and to adjacent bus stops within walking distance of the Domestic Terminal'.[85]

3.43   There is currently no bus service from the airport to the Sydney CBD.

Restrictions on bus services

3.44   Provisions in the Restated Stations Agreement between Airport Link Company and the NSW Government affect the provision of buses in Sydney that service the airport. For instance, the contract contains a Material Event provision detailing that if a State or Commonwealth Government body is:

> developing or substantially upgrading … an alternative subsidised land based public transport route between the CBD and the airport (other than a route for motor traffic or car parking at or near the airport) … the parties are required to enter into good faith negotiations.[86]

3.45   This has been referred to by Inquiry participants and the media as the 'no compete' clause.

3.46   The Material Event provision means that if the Government implements a new bus route between the CBD and Sydney Airport, essentially replicating the Airport Line route, it would have commercial implications for Airport Link Company and the parties would need to enter into negotiations.[87]

3.47   Mr Anderson clarified that the provision does not preclude the Government from establishing a competing bus service, but would trigger good faith negotiations to potentially decide a level of compensation for the company.[88]

---

83   Submission 15, Sydney Airport Corporation Limited, p 4.
84   Submission 31, NSW Government, p 4.
85   Answers to questions on notice, Transport for NSW, pp 13-14.
86   NSW Treasury, *Contracts Summary – Restated Stations Agreement*, November 2005, pp 19-20, http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0009/3105/railways-contract.pdf.
87   Evidence, Mr Anderson, 2 December 2013, pp 27-28.
88   Evidence, Mr Anderson, 2 December 2013, pp 27-28.

3.48   Some Inquiry participants were dissatisfied with the level of public bus services to the airport, and attributed blame to the Material Event provision. They called for either a review of the provision[89] or its complete removal from the contract.[90]

3.49   Mr John Patterson, Special Project Manager, Botany Bay City Council argued that while it is impractical to run buses in direct competition with the rail link, if the Material Event provision was removed it would allow for more flexibility in running services across the metropolitan area.[91]

3.50   Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW, stated that Transport for NSW is currently reviewing bus routes, including where more services can be provided to the airport. She informed the Committee that this work is ongoing and that 'there is a tension and a challenge about whether we should provide bus services from the CBD to the airport when we already have a rail line'.[92]

Importance of more bus routes

3.51   Mr Patterson argued that there are significant gaps in Sydney's transport network,[93] meaning there is a potential demand for more bus services.[94]

3.52   Ms Carol Guiseppi, NSW Director, Tourism Accommodation Australia argued that there is a lack of public transport options to the airport, particularly for regions of Sydney not serviced by train. She contended that this limited the areas where employers can hire staff from.[95]

3.53   The Hon Patricia Forsythe, Executive Director, Sydney Business Chamber commented on the lack of buses to Port Botany, stating that the 309 service is the only route in operation. As the Port recently moved some of its workers from inner Sydney to Port Botany, Ms Forsythe stated she had heard anecdotal evidence that it is taking some workers two hours to get to work. The result is staff must either use their car to get to work or find employment elsewhere. She argued that further bus services in the region would encourage workers to use public transport and provide an incentive to work in the area.[96]

3.54   Mr Bryan Nye, Chief Executive Officer, Australasian Railway Association provided an alternate view, and noted that providing more buses to the airport will contribute to traffic congestion:

> If you add more buses you are increasing traffic flow in crowded streets. The real issue is how you reduce that congestion. Yes, there are bus networks from the eastern

---

[89]   Submission 15, Sydney Airport Corporation Limited, p 8.

[90]   Submission 17, Botany Bay City Council, p 3.

[91]   Evidence, Mr Patterson, 3 December 2013, p 4.

[92]   Evidence, Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW, 2 December 2013, p 9.

[93]   Evidence, Mr Patterson, 3 December 2013, p 2.

[94]   Evidence, Mr Morrison, 2 December 2013, p 49.

[95]   Evidence, Ms Carol Guiseppi, NSW Director, Tourism Accommodation Australia, 2 December 2013, p 64.

[96]   Evidence, The Honourable Patricia Forsythe, Executive Director, Sydney Business Chamber, 2 December 2013, p 56.

suburbs that have no rail access [and] there are many areas in Sydney that have no access to rail but the interesting questions are: where are you going to put them and where will people alight from and get on to them?[97]

3.55 A challenge to the provision of more buses servicing the airport is that there is no space to accommodate them. Ms McNally stated that the Government has had discussions with Sydney Airport Corporation about the provision of a bus turnaround and bus lay over facilities at the airport. Ms McNally noted that, as part of the *Sydney Airport Draft Master Plan 2033*, Sydney Airport Corporation has created space to accommodate more buses.[98]

Future bus routes to Sydney Airport

3.56 In December 2013, the NSW Government released *Sydney's Bus Future*, a long term plan to redesign Sydney's bus network. The plan identifies improvements to bus routes operating directly to the airport including:

- a new 'Suburban' bus route connecting Bondi Junction to Miranda via the airport and Eastgardens. This route will directly access the Domestic and International terminals
- a new 'Suburban' bus route connecting Chatswood to the Domestic Terminal via Sydney CBD and Botany Road. This route will encompass the southern section of the existing M20 Metrobus route.
- improvements to the existing route 400, which is identified as a 'Suburban' route in Sydney's Bus Future and will benefit from service level improvements in line with this classification.[99]

3.57 The NSW Government noted that further improvements to bus services in the airport precinct may be investigated following the start of the CBD and South East Light Rail along the Anzac Parade corridor. The completion of this project will enable the reconfiguration of Eastern Suburbs bus routes.[100] Additional services to the airport will also be 'investigated as part of the next stage of planning' following the completion of 'Rapid' and 'Suburban' routes identified in *Sydney's Bus Future*.[101]

Committee comment

3.58 It is evident to the Committee that major airports in some overseas jurisdictions have a much higher proportion of people travelling to the airport by public transport than Sydney. Airports with high public transport use tend to have a strong combination of train and bus patronage. In contrast, in Sydney neither the train nor bus modes are achieving particularly high levels, with the bus mode share currently very low at 2 per cent.

3.59 For this reason, the Committee encourages the Government to continue with its plan to increase the level of bus services to Sydney Airport, which will provide more transport options for workers and travellers alike.

---

[97] Evidence, Mr Bryan Nye, Chief Executive Officer, Australasian Railway Association, 3 December 2013, p 21.

[98] Evidence, Ms McNally, 2 December 2013, p 6.

[99] Answers to questions on notice, Transport for NSW, pp 13-14.

[100] Submission 31, NSW Government, p 4.

[101] Answers to questions on notice, Transport for NSW, p 14.

3.60   The Committee notes that, according to *Sydney's Bus Future*, there is currently no planned bus route between the major centre Bankstown and Sydney Airport. Hence the Committee recommends that as part of the Government's next stage of bus planning, the implementation of a 'Rapid' bus route between Bankstown and Sydney Airport be investigated.

Recommendation 1

That Transport for NSW, as part of the next stage of bus planning, investigate implementing a new 'Rapid' bus route from Bankstown to Sydney Airport.

3.61   The Committee notes that the Restated Stations Agreement is commercial in confidence. Therefore, the details of the Material Event provision are not publically available. As the bus mode share to Sydney Airport is currently low, the Committee recommends that Transport for NSW investigate the removal of the Material Event provision in the Agreement with a view to allowing more flexible, timely and direct bus services to the Airport.

Recommendation 2

That Transport for NSW investigate the removal of the Material Event provisions in the Restated Stations Agreement with a view to allowing more flexible, timely and direct bus routes to and from the Airport.

Infrastructure and transport plans

3.62   The NSW Government notes that patronage growth forecasts for Sydney Airport require investment in infrastructure to ensure that the precinct is able to meet increasing demands.[102] This section reviews Government and Sydney Airport Corporation studies and initiatives to manage this growth in patronage.

Joint Study on aviation capacity for the Sydney region

3.63   Presented in March 2012, the *Joint Study on aviation capacity for the Sydney region* was prepared for the Australian and NSW Governments by an independent Steering Committee of government and industry experts. The Joint Study was established to inform future infrastructure planning and investment by government and industry and analysed the short, medium and long-term aviation infrastructure and supporting surface transport requirements of the Sydney region.[103]

---

[102]   Submission 31, NSW Government, p 2.

[103]   *Joint Study on aviation capacity for the Sydney region*, Department of Infrastructure and Regional Development, Last updated 6 November 2013, http://www.infrastructure.gov.au/aviation/sydney_av_cap/.

3.64   The Joint Study concluded that, by 2014, the airport's three main entrance points are expected to experience extensive traffic queue lengths in the morning peak and that peak capacity will likely be reached by 2017. However, modelling indicated that this could be as early as 2015 or as late as 2023.[104]

3.65   The Joint Study recommended that the NSW Government, in consultation with the Australian Government and the Sydney Airport Corporation, develop and implement a strategy for increasing patronage on the Airport Line that includes the removal of the station usage fee.[105] The technical papers provided with the Joint Study called for the removal or partial removal of the fee as an immediate term option for relieving road congestion, and stated 'Apart from the motorway options, the removal of the [station usage fee] is estimated to have the greatest net benefit ($233 million)'.[106]

3.66   Modelling conducted for the Joint Study concluded that road congestion would be alleviated by 3,353 vehicle trips (26 per cent change) if the station usage fee was removed. (See Figure 3).[107] Further modelling was conducted for a 75 per cent reduction of the fee – which resulted in a 17 per cent reduction in congestion – and a 50 per cent fee reduction which led to a 10 per cent reduction in congestion.[108]

3.67   The Joint Study did, however, indicate that more analysis is needed as the appraisal did not take into account other associated costs such as the need to provide additional rolling stock with the expected increase in patronage.[109]

Figure 3   Estimated reduction in vehicle trips with the removal of the station usage fee[110]

Option	2011	2016	2021	2026	2031	2036
Base Case	12,890	15,441	18,192	21,127	23,912	24,694
Option A	16,243	19,723	23,512	27,816	31,766	33,093
Difference	3,353	4,282	5,320	6,690	7,854	8,399
% change	26%	28%	29%	32%	33%	34%

---

104   *Joint Study on aviation capacity for the Sydney region*, Part 4: Capacity of existing airports to cope with forecast demand, March 2012, pp 166-67.

105   *Joint Study on aviation capacity for the Sydney region*, Complete report, March 2012, p 20.

106   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p viii. This technical paper was prepared by Transport for NSW.

107   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p 44.

108   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p 44.

109   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p 41.

110   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p 44.

NSW Government transport plans

3.68   The NSW Government's infrastructure investment program and its strategy for Sydney Airport have prioritised increasing access to and reducing road congestion in and around the airport precinct. These initiatives are 'aimed at addressing the constraints experienced by the road and rail networks'.[111]

3.69   The NSW Government has published the following strategic planning documents which outline the State's infrastructure investment priorities over the short, medium and long term:

- State Infrastructure Strategy (October 2012)

- NSW Long Term Transport Master Plan (December 2012)
  - Sydney's Rail Future (June 2012)
  - Sydney's Bus Future (December 2013)

- Draft Metropolitan Strategy for Sydney (March 2013).[112]

3.70   The *NSW Long Term Transport Master Plan* outlined the WestConnex project, which is a duplication of the M5 East and extension of the M4 to the airport and inner city. One of the stated intentions is to reduce travel times between western Sydney and Sydney Airport. WestConnex is expected to be fully completed by 2023. The NSW Budget 2013/14 allocated '$1.8 billion to start construction on WestConnex and $282 million for the WestConnex Enabling Works (Port Botany and Sydney Airport Precinct)'.

3.71   The WestConnex Enabling Works include three priority road capacity upgrades that will reduce traffic congestion in the airport precinct in the short term (see Table 3). These projects are being progressed in consultation with Sydney Airport Corporation and are currently in the planning and investigation stages.[113]

Table 3   WestConnex Enabling Works (Port Botany and Sydney Airport Precinct)[114]

Project	Total cost	Expected completion
Mill Pond Road widening	$160m	June 2018
Joyce Drive widening	$62m	June 2018
General Holmes Drive (removal of rail crossing)	$60m	June 2018

---

[111]   Submission 31, NSW Government, p 2.

[112]   Answers to questions on notice, Transport for NSW, p 2.

[113]   Submission 31, NSW Government, p 3.

[114]   Submission 31, NSW Government, p 3.

3.72   Public transport projects in the *NSW Long Term Transport Master Plan* include increasing train services and investigating potential additional bus services to the airport.[115]

3.73   Peak services on the Airport Line will increase to 12 trains per hour following the completion of the South West Rail Link in 2016. In addition, *Sydney's Rail Future* outlines that if future upgrades to power supplies and safety measures are implemented, it could allow for up to 20 services per hour on the Airport Line.[116]

3.74   The maintenance of the station usage fee is Government policy;[117] therefore there is no plan to reduce the fee as an initiative to alleviate road congestion.

Sydney Airport Draft Master Plan 2033

3.75   In 2013, Sydney Airport Corporation developed a Draft Master Plan which outlines the strategic direction for the airport's development over a 20-year planning period to 2033. It is currently being considered by the Australian Government and is yet to be published.[118]

3.76   However, Sydney Airport exhibited for community and stakeholder comment, a Preliminary Draft Master Plan which is available on the Sydney Airport website.[119]

3.77   The Preliminary Draft Master Plan predicts that the number of airport passengers will increase from 37 million to 74 million over the 20 year period[120] and associated employment will grow to 432,000 jobs.[121] An associated document, the Five Year Ground Transport Plan, developed in consultation with the NSW Government's transport agencies, estimated that currently around 150,000 people travel to and from Sydney Airport every day. This number will dramatically increase with the growth in passengers and workers.

3.78   To ensure airline passengers, workers and visitors can get to and from Sydney Airport efficiently, Sydney Airport Corporation has proposed a number of projects to improve road traffic capacity in and around the airport, in particular:

> [P]roposed works to intersections around the T2/T3 passenger terminal precinct, proposed road works within the T1 passenger terminal precinct and the creation of public transport facilities … to reduce congestion and improve traffic flows in and around the airport.[122]

[115]   Answers to questions on notice, Transport for NSW, p 2.

[116]   Submission 31, NSW Government, p 5.

[117]   Evidence, Ms McNally, 2 December 2013, p 17.

[118]   Evidence, Ms Fielke, 2 December 2013, p 36.

[119]   Submission 15, Sydney Airport Corporation Limited, pp 2-3, Sydney Airport Corporation Limited, *Sydney Airport Preliminary Draft Master Plan 2033*, http://www.sydneyairport.com.au/corporate/master-plan.aspx.

[120]   Evidence, Ms Fielke, 2 December 2013, p 36.

[121]   Submission 31, NSW Government, p 2.

[122]   Submission 15, Sydney Airport Corporation Limited, p 3.

Chapter 4   Effects of maintaining, removing, reducing or discounting the station usage fee

This Chapter explores the effects of the station usage fee on patrons of the Airport Line, revenue generated by the NSW Government and road congestion around the airport. The Chapter then discusses the benefits and shortfalls of maintaining, removing, reducing or discounting the station usage fee, including whether the NSW Government should terminate the contract with Airport Link Company and buy back the stations.

Effects of the station usage fee on Airport Line patrons

4.1   There are a number of different types of patrons that use the Domestic and International Airport Line stations, including workers at Sydney Airport, passengers such as tourists and business people, and 'meeters and greeters'. Many patrons are residents of New South Wales, while some are international or interstate visitors.[123]

4.2   This section examines the different effects the station usage fee has on these patron groups, as background to considering whether a lower fare would significantly increase patronage on the Airport Line.

Workers

4.3   There are approximately 28,000 people who work across 800 individual businesses at Sydney Airport,[124] while the precinct employs directly and indirectly 283,700 people. Sydney Airport workers represent around 13 per cent of weekday ground access movements at the airport. These workers include ground staff, airline workers, freight staff, government agency staff and retail workers.[125]

4.4   The Flight Attendants Association argued that the station usage fee is a 'disincentive to all users of airport public transport', but has 'an especially strong impact upon [workers] who must travel to the airport daily'.[126]

4.5   Government figures show that around 80 per cent of airport workers use their vehicle to drive to work.[127]

4.6   As discussed in Chapter 2, Airport Link Company offers a substantial discount on the station usage fee for weekly tickets – $21 for a weekly ticket, compared to 10 single journeys costing $126. While this is a sizeable discount, the amount must be added to the Sydney Trains fare, meaning that airport workers must pay an additional $21 a week compared to other workers in

---

[123]   Evidence, Mr Tim Anderson, Chief Executive, Airport Link Company, 2 December 2013, p 24.

[124]   Evidence, Ms Sally Fielke, General Manager, Corporate Affairs, Sydney Airport Corporation Limited, 2 December 2013, p 36.

[125]   Submission 26, Sydney Business Chamber, p 2.

[126]   Submission 30, Flight Attendants' Association of Australia, p 4.

[127]   Evidence, Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW, 2 December 2013, p 21.

Sydney for their train ticket. Over a year this equates to an additional $1,092 on top of the Sydney Trains ticket.

4.7   Mr Ken Morrison, Chief Executive, Tourism and Transport Forum, argued that the station usage fee charged to workers is 'equivalent to the Government saying that it is going to charge workers at Barangaroo an extra $1,000 per year to use the Wynyard Walk'.[128]

4.8   Some Inquiry participants noted that, as not only do airport workers bear the cost of using the line, but many earn low wages. By way of example, Tourism Accommodation Australia compared the cost of a weekly ticket from Penrith to the International Airport ($73) with the weekly wage under the Hospitality Industry General Award 2010 for Level 1 staff ($640.20), showing that the cost of the weekly ticket is over 11 per cent of the weekly wage.[129]

4.9   The Sydney Airport Corporation also noted that, for airport workers, the current lack of bus services to the airport exacerbates the problem of the station usage fee and makes public transport an unattractive option for commuting to the airport.[130]

4.10   Data indicates that the most convenient transport option for many airport workers is the Airport Line train, as about 34 per cent of them commute from the Sutherland/St George area,[131] and approximately 15 per cent live in areas of western or south-western Sydney.[132] These areas are serviced by rail lines with good geographical coverage, including the T4 Illawarra Line which provides a direct interchange with the Airport Line via Wolli Creek station. The Sydney Business Chamber noted that while the Airport Line is the most convenient form of transport, the cost of catching the train renders this option unappealing.[133]

4.11   The Flight Attendants' Association of Australia conducted a survey of its members to ascertain their views of the station usage fee. The survey indicated that only 18 per cent of flight attendants currently use the Airport Line train. The survey also found that 98.6 per cent of the workers who currently use the train feel that the cost 'is overpriced relative to their needs'.[134]

4.12   The Flight Attendants' Association of Australia noted that many air crew workers do not use the Airport Line train because of the station usage fee, hence aircrew drive to the airport and park for extended periods, as the other option of walking from Mascot to avoid the extra fare is impractical:

> Many of these [air crew workers] leave their vehicles at the airport for extended periods while away on flying duty and therefore have a magnified impact on airport

---

[128]   Evidence, Mr Ken Morrison, Chief Executive, Tourism and Transport Forum, 2 December 2013, p 47.

[129]   Submission 21, Tourism Accommodation Australia, p 3.

[130]   Submission 15, Sydney Airport Corporation Limited, p 4, Evidence, The Honourable Patricia Forsythe, Executive Director, Sydney Business Chamber, 2 December 2013, p 56, Submission 26, Sydney Business Chamber, p 2.

[131]   Evidence, Ms Fielke, 2 December 2013, p 37.

[132]   Evidence, Mr Ted Plummer, Head of Government and Community Relations, Sydney Airport Corporation Limited, 2 December 2013, p 37.

[133]   Submission 26, Sydney Business Chamber, p 2.

[134]   Submission 30, Flight Attendants' Association of Australia, pp 4-5.

precinct congestion. Personal transport is currently considered mandatory for this very large group as the necessity to transport luggage makes using a non-airport station and then walking the remainder of the distance to the airport impossible.[135]

The impact on part-time and casual staff

4.13   Another issue of concern was the impact of the station usage fee on part-time and casual staff, particularly in the retail and hospitality industries. As these staff only work a couple of days a week it is not worthwhile for them to pay for a discounted weekly ticket.[136] This means they have to pay for a full price day return ticket each time they work. Because of this impost, many casual or part-time workers drive instead of catching the train. It is also possible that some people looking for part-time or casual work may not consider Sydney Airport as a viable place for employment.[137]

4.14   Mr Tish Nyar, General Manager, Rydges Sydney Airport explained why the station usage fee makes it very difficult for hotels near Sydney Airport to employ casual staff:

> The demands of the business fluctuate quite heavily. We deal with disrupted flights, so we can move from a 50 per cent occupancy to 100 per cent occupancy on an hour's notice ... That means that we can double our numbers for guests, but to call a staff member in will cost that staff member on short notice a one-off transport fee to the hotel $30 round trip minimum. That does not equate well when the normal fee for a train could be round about $5 or $6 outside of the precinct.[138]

4.15   Further to this, correspondence from Ms Carol Guiseppi, NSW Director, Tourism Accommodation Australia noted that since the opening of Rydges Sydney Airport hotel, 58 staff have resigned, with the most common reason being the cost of transport. Ms Guiseppi explained that staff are rostered on for five hour shifts at the hotel and earn on average $105 per day before tax. Over $30 of that wage goes towards a return Airport Line ticket. The hotel is either finding it increasingly difficult to recruit, or people are hired, find they cannot manage the cost, and then resign.[139]

4.16   A former casual worker at a Duty Free Store in Sydney Airport discussed the drawbacks of the station usage fee, stating:

> [B]ecause our pay was only moderate, workers went to extreme measures such as walking from and back to Wolli Creek Railway Station to avoid the gatepasses, which otherwise would take a substantial slice out of a night's wages.[140]

4.17   Ms Sally Fielke, General Manager, Corporate Affairs, Sydney Airport Corporation stated that for its own staff, Sydney Airport Corporation offer either a salary sacrifice package to encourage workers to purchase a yearly train ticket, or they offer a free car parking space.[141]

---

[135]   Submission 30, Flight Attendants' Association of Australia, p 4.

[136]   Evidence, Ms Forsythe, 2 December 2013, p 59.

[137]   Evidence, Ms Forsythe, 2 December 2013, p 59.

[138]   Evidence, Mr Tish Nyar, General Manager, Rydges Sydney Airport, 2 December 2013, p 63.

[139]   Correspondence from Ms Carol Guiseppi, NSW Director, Tourism Accommodation Australia, to Committee secretariat, 6 February 2014.

[140]   Submission 19, Mr Graham Hoskin, p 2.

[141]   Evidence, Ms Fielke, 2 December 2013, p 40.

<div style="border:1px solid #000; padding:1em;">

Case study - DHL Express workers

4.18   DHL Express is a global international express airfreight forwarder, which operates from three different sites in and around Sydney Airport. Two of these facilities are in Keith Smith Avenue, next to the Domestic Terminal, and employ 165 staff.

4.19   Half of the roles within the DHL airport facilities are entry-level warehouse or data entry roles and approximately 50 per cent of DHL workers are under 25 years of age. Many of these young workers do not own a motor vehicle and parking in the area is severely limited. Therefore, for many DHL workers public transport is the only method of transport available.

4.20   However, the high price of the train ticket due to the station usage fee is 'prohibitive even when considering the purchase of a weekly rail ticket'.[142] This creates two issues: firstly, it means the 'attraction and retention of this lower-paid portion of DHL's workforce becomes a significant challenge'; and secondly, to avoid paying the fee, many workers who do work at these DHL facilities travel to and from Mascot Station, as opposed to the Domestic Airport. In travelling to Mascot Station, workers must 'navigate dangerous and busy multi-lane roadways and intersections between O'Riordan Street, Qantas Drive, Joyce Drive and Sir Reginald Ansett Drive, where there is a minimum of five intersections to cross to get onto the correct side of the road'.[143]

4.21   In addition, Sydney Business Chamber argued this method of travelling to and from work not only involves crossing dangerous roads, but it can involve travelling through industrial premises after dark with few people around:

- The complexity of these pedestrian crossings encourage people to take short-cuts to speed up crossing this roadway, away from the traffic lights and pedestrian crossing signals – this is a very dangerous practice and whilst it is discouraged, is very hard to monitor.
- Feedback from staff suggests that many female and some male employees starting or finishing outside normal business hours are reluctant and often unwilling to navigate the busy intersection and the walk along O'Riordan Street in all weathers, and often in darkness, because the majority of buildings along the route are industrial premises with little after-hours activity. The impact is that many female employees who don't drive refuse to work afternoon or night shift because of this. The business impact of this can be significant.[144]

</div>

Tourists

4.22   Tourists are another key market patron group of the Airport Line as 40 per cent of all international visitors enter Australia through Sydney Airport.[145]

---

142   Submission 26, Sydney Business Chamber, p 3.

143   Submission 26, Sydney Business Chamber, pp 2-3.

144   Submission 26, Sydney Business Chamber, pp 2-3.

145   Evidence, Mr Morrison, 2 December 2013, p 48.

4.23   Tourism and Transport Forum criticised the price of the station usage fee as it creates a negative first impression of the city, especially for international visitors:

> Tourism is highly competitive and price sensitive. The cost of the airport rail link creates a negative first experience for those visiting Sydney and adds to the cost of their journey. The station usage fee at Sydney Airport makes the cost per kilometre of rail service to the CBD one of the highest in the world at almost $2 per kilometre.[146]

4.24   This view was shared by Mr Chris Baker who not only argued that the cost of the Airport Line gives a poor first impression, but stated it also immediately alienates visitors, rather than welcoming them.[147]

4.25   Another issue raised was the increase in the number of price-conscious travellers, including backpackers, who may be unwilling to pay the high fare for the Airport Line.[148] Tourism and Transport Forum noted that there has been an upsurge in domestic and international low-cost carriers; in '2010, an estimated 37 per cent of all passengers arrived at Sydney Airport on low-cost carriers'.[149]

4.26   The Hon Patricia Forsythe, Executive Director, Sydney Business Chamber also noted that the significant price of the Airport Line 'when you look at it compared to entering some other cities … is not the welcome mat that you might like to give backpackers who are coming for a long period of time on limited budgets'.[150]

4.27   Mr Morrison argued that affordability and choice are very important for tourists:

> A great number of those people want the opportunity to use a variety of different transport modes. So having affordable, accessible and efficient public transport is part of that package ... I think that with the rail link we have at the moment we have a very good service; the issue is affordability.[151]

4.28   The NSW Government[152] and Airport Link Company offered a different argument, stating that many tourists prefer the comfort and ease of travel that taxis offer and may not travel on the Airport Line, regardless of how cheap or expensive it is. For instance, Airport Link Company argued that, as 'price is isolated and not a determining element in many instances' the following tourists may be unlikely to use the Airport Line:

- Travellers with voluminous and/or heavy baggage,

- Travellers rushing for flights,

- Tired travellers seeking the fastest and easiest travel alternative,

- Travellers unfamiliar with the city, or not confident catching public transport,

---

146   Submission 28, Tourism and Transport Forum, p 5.
147   Submission 16, Chris Baker, p 1.
148   Evidence, Mr John Patterson, Special Project Manager, Botany Bay City Council, 3 December 2013, p 5.
149   Submission 28, Tourism and Transport Forum, p 4.
150   Evidence, Ms Forsythe, 2 December 2013, p 58.
151   Evidence, Mr Morrison, 2 December 2013, p 48.
152   Submission 31, NSW Government, p 7.

- Travellers seeking door-to-door travel and not wishing to change at Central Station, and

- Affluent travellers, who are much less sensitive to pricing differentials.[153]

Local travellers and 'meeters and greeters'

4.29   Other groups of patrons are local travellers and 'meeters and greeters'. The Sydney Airport Corporation's 2006 *Airport Ground Travel Plan* estimated that there are '12,000 to 14,000 meeters and greeters per day who either pick up or drop off passengers or travel separately to meet and greet them'.[154]

4.30   A recent survey conducted by the NSW Government and Sydney Airport Corporation showed that 10 per cent of passengers park and pay in one of the airport car parks and 20 per cent of passengers are dropped off or picked up by private car.[155] This means that almost one third of travellers use a private car to access the airport.

4.31   A Bureau of Infrastructure, Transport and Regional Economics analysis of independently commissioned data found that in 2010 'meeters and greeters' 'overwhelmingly use their own car to access the airport (94 per cent)'.[156]

4.32   Recently, Sydney Airport Corporation has installed free, limited period pickup zones at international and domestic terminals that can be used by the public to pick up passengers.[157] Ms Forsythe expressed her concern regarding these free zones:

> This has created chaos in that you now have a lot of people not paying the price of leaving their car, not using public transport and making use of this free public drop-off, and of course once you give something for free it is very hard to take it away.[158]

4.33   Sydney Airport Corporation countered this view by claiming families with lots of bags are unlikely to move to trains[159] and 'it is important that people accessing the airport are … provided with a range of choice concerning the way in which they travel'.[160]

4.34   Botany Bay City Council argued that Sydney based international travellers would still most likely be delivered by family or friends, while those families with a 'substantial amount of luggage and without the family/friends option may still choose taxi or hire car as an easier

---

[153]   Submission 18, Airport Link Company Pty Ltd, pp 5-6.

[154]   *Joint Study on aviation capacity for the Sydney region*, Part 4: Capacity of existing airports to cope with forecast demand, March 2012, p 158.

[155]   Evidence, Ms Fielke, 2 December 2013, p 36.

[156]   *Joint Study on aviation capacity for the Sydney region,* Part 4: Capacity of existing airports to cope with forecast demand, March 2012, p 160.

[157]   Evidence, Mr Craig Norton, General Manager, Ground Transport and Parking, Sydney Airport Corporation Limited, 2 December 2013, p 44.

[158]   Evidence, Ms Forsythe, 2 December 2013, p 61.

[159]   Evidence, Mr Plummer, 2 December 2013, p 40.

[160]   Evidence, Ms Fielke, 2 December 2013, p 36.

travel option'.[161] Also, travellers coming from areas not on the direct rail link may prefer the ease of direct travel by vehicle.[162] These views were shared by Airport Link Company.[163]

Business travellers

4.35   Sydney Airport is the main gateway to Sydney for business travellers, with the Melbourne to Sydney air corridor being the second busiest in the world.[164]

4.36   Ms Forsythe stated that when 'we sell Sydney for business conventions …we sell the real advantage of having an airport so close to the central business district'. However, she also argued that going to 'Sydney Airport costs something out of all proportion to any other public transport for the same length'.[165]

4.37   Although business travellers may travel with smaller luggage than tourists, making train travel easier, a number of Inquiry participants argued that business travellers are less cost-conscious than tourists and 'will just catch the cab and use their Amex—they do not care whether the train fare is $4 or $15'.[166]

4.38   This view was shared by Airport Link Company and Botany Bay City Council, with the Council stating 'business travellers to or from major ports would still be more likely to utilise taxis or hire cars to save time and as a charge to the corporate account'.[167]

Committee comment

4.39   From the evidence received by the Committee it is clear that workers are the group of patrons most significantly affected by the station usage fee. This group of patrons must travel regularly to the airport, and although weekly tickets are discounted, it is still an extra $1,092 more a year they must pay compared to workers alighting elsewhere in Sydney. A discounted weekly ticket is not feasible for casual and part-time workers, which makes return travel to the airport a few times a week very expensive.

4.40   While the station usage fee does impact on other patrons, such as passengers, business travellers and 'meeters and greeters', the Committee understands that in some instances these groups are more likely to catch a taxi or use a private vehicle than public transport as these options may provide relatively easy point-to-point travel. The Committee contends that a reduction in the station usage fees would mean that some of these groups accessing the airport would shift to public transport.

---

[161]   Submission 17, Botany Bay City Council, p 2.

[162]   Submission 17, Botany Bay City Council, p 2.

[163]   Submission 18, Airport Link Company Pty Ltd, pp 5-6.

[164]   Submission 28, Tourism and Transport Forum, p 2.

[165]   Evidence, Ms Forsythe, 2 December 2013, p 60.

[166]   Evidence, Mr Plummer, December 2013, p 40.

[167]   Submission 17, Botany Bay City Council, p 2, see also: Submission 18, Airport Link Company Pty Ltd, pp 5-6.

Effects of the station usage fee on NSW Government revenue

4.41   As discussed in Chapter 2, the Restated Stations Agreement provides revenue sharing arrangements between Airport Link Company and the NSW Government. Since February 2013, RailCorp has received 50 per cent of the station usage fee; near the end of 2014 that amount will rise to 85 per cent after threshold revenues are reached.

4.42   Transport for NSW stated that 'revenue received by RailCorp over the full length of the Airport Line contract is expected to help recover the Government's investment in the tunnels, track and related infrastructure of the Airport Line'.[168] This cost recovery will be achieved not only through RailCorp's share of net revenue generated by the station usage fee but also from train fare revenue from patronage of the four Airport Line stations. The amount received will depend on patronage levels and the cost of the station usage fee and Sydney Trains fares over the term of the concession.[169]

4.43   In monetary terms, RailCorp currently receives $25 million per annum from the station usage fee, approximately $2.1 million per month.[170] By late 2014, as RailCorp's revenue share increases, this is expected to rise to approximately $4 million per month[171] and to generate $50 million per annum by 2016/17.[172]

4.44   Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW stated that the Government has accounted for the revenue that will be received from the station usage fee in the forward estimates, meaning that any change to the terms regarding the fee would negatively impact on the budget.[173]

4.45   Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW, argued that, based on a study conducted in 2011, the impact to the budget of removing the station usage fee over the course of the 30 year concession period would be around $600 million. The forecast was based on a projected growth in ticket sales volume for the remaining contract term. Actual and projected growth in ticket sales has increased since that forecast, so the cost of removing the station usage fee would be higher today.[174]

Station usage fee and road use

4.46   A key issue raised during the Inquiry was whether the station usage fee not only discourages the use of public transport, but encourages people 'to use various forms of road transport to access the airport, which, of course, adds to traffic congestion'.[175] As figures detailed in

---

168   Answers to questions on notice, Transport for NSW, 9 January 2014, p 2.

169   Answers to questions on notice, Transport for NSW, p 2.

170   Answers to questions on notice, Mr Tim Anderson, Chief Executive, Airport Link Company, 10 January 2014, p 3.

171   Answers to questions on notice, Mr Anderson, p 3.

172   Submission 31, NSW Government, p 6.

173   Evidence, Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW, 2 December 2013, p 14.

174   Answers to questions on notice, Transport for NSW, p 19.

175   Submission 15, Sydney Airport Corporation Limited, p 4.

Chapter 3 show, 80 per cent of all trips to the airport are made on road based transport, primarily cars and taxies.

4.47   Ms Forsythe argued that because of the station usage fee, people who are price-conscious are more likely to either drive to the airport, get someone to drop them off in a car, or catch a taxi if there are two or more passengers.[176]

4.48   This is particularly true for workers at the airport, many of whom choose to drive because of the price of the fee.[177]

4.49   For airport passengers and 'meeters and greeters', price is one of a range of issues when deciding which mode of transport to take to or from the airport. It was argued that many passengers choose to take road based transport as it is more convenient and comfortable, as well as being more cost effective.[178]

4.50   A price-based reason for many people to catch a taxi is that the fare from the airport to the CBD is around the same price or cheaper than the rail fare for two or more passengers.[179]

4.51   The average taxi fare from the airport to the CBD is approximately $35 to $50 while the cost for two passengers from the International Airport station on the Airport Line is $32.20. So even for two travellers, the slight savings afforded by using the train become less important than the comfort and convenience of a taxi service. If the station usage fee was removed entirely, the Airport Line fare would be well over $25 cheaper than the average taxi ride to the city for two passengers.[180]

4.52   Mr Tim Anderson, Chief Executive, Airport Link Company stated that while many groups of people will choose to catch a taxi, the Airport Line offers a more reliable service due to the congested roads, particularly on a Friday afternoon:

> … 30 per cent of people are buying tickets in pairs at stations. What we can offer that taxis do not offer is virtually guaranteed timing. Your point is valid that often people will catch a taxi, but if one had to race from Domestic station by a taxi or the train to Wynyard … on a Friday afternoon or any time, I reckon I would back my money on the train.[181]

4.53   Mr John Patterson, Special Project Manager, Botany Bay City Council also noted that as more people drive to the airport, residential streets have become a substitute parking area:

> The principal impact on the residents, apart from the fact that they are required to negotiate the streets surrounding the airport getting to and from their business, the immediate surrounding residential streets have become substitute parking areas for both users and staff at the airport, such that council is progressively introducing

---

[176]   Evidence, Ms Forsythe, 2 December 2013, p 61.
[177]   Evidence, Ms McNally, 2 December 2013, p 21.
[178]   Submission 17, Botany Bay City Council, p 2.
[179]   Submission 26, Sydney Business Chamber, p 2, see also: Submission 1, Mr Gavin Imhof, p 1, Submission 5, Mr Jon Short, p 1.
[180]   Submission 28, Tourism and Transport Forum, p 4.
[181]   Evidence, Mr Anderson, 2 December 2013, p 31.

resident-only parking schemes. But as it is introduced in one street they simply move another block and so on….[182]

Should the station usage fee be maintained, removed, reduced or discounted?

4.54 This section examines the arguments made by different Inquiry participants regarding whether the station usage fee should be maintained, removed, reduced or discounted. The benefits and shortcomings of each of these methods are considered individually.

4.55 Maintaining the station usage fee delivers the greatest benefit to the Government as it provides a large sum of money over the course of the next 16 years that can be used to fund major infrastructure and transport projects in the State. This option does not help increase patronage on the Airport Line.

4.56 Inquiry participants all agreed that a reduction or removal of the station usage fee would increase patronage on the Airport Line. For instance, Ms McNally stated:

The more the access fee is reduced the greater the benefit. That is a no-brainer.[183]

4.57 This is important, as is shifts the debate from merely a discussion about patronage increase, to a debate about what the benefits of a patronage increase actually are, and if these benefits are significant enough for the Government to forego the money gained from the fee.

4.58 A complete removal of the station usage fee provides the greatest direct benefit to the public, as it offers a cheaper fare to all and will assist in reducing road congestion. This option will cost the Government approximately $600 million gross over 30 years.

4.59 Both an across the board reduction to the station usage fee and the provision of certain discounts offer a middle ground between the above two options. There will be revenue for the Government, cheaper fares for (certain) patrons and a reduction in road congestion. However, none of these benefits will be as substantial as if the fee was maintained or removed.

Arguments to maintain the station usage fee

4.60 The NSW Government and the Australasian Railway Association were the two main advocates for the station usage fee to be maintained.

4.61 The focus of the Government's argument to maintain the station usage fee is that it is current policy and that it will provide revenue to the Government until 2030. The Government also argued that the removal of the fee would not alleviate road congestion around the airport to a significant extent.

4.62 During evidence, transport officials focussed more on solving the issue of road congestion around Sydney Airport than on the issues of increasing patronage and providing cheaper fares to passengers, with Ms McNally arguing:

---

[182] Evidence, Mr Patterson, 3 December 2013, p 2.
[183] Evidence, Ms McNally, 2 December 2013, p 7.

> From my transport planning expertise I would not abolish the [station usage fee]. Probably the easiest to solve is removal of cars off the road. If you want to give people cheaper fares, that is a different problem.[184]

4.63   As the maintenance of the station usage fee is NSW Government policy,[185] Ms McNally contended that there are currently a range of other Government measures in operation to alleviate road congestion around the airport, such as the Westconnex project. She referred to the *Joint Study on aviation capacity for the Sydney region* arguing that there is no 'golden solution' to decongesting the roads and it 'really does require a range of measures'.[186] This Joint Study is discussed in Chapter 3.

4.64   Transport for NSW analysed modelling in the Joint Study's technical papers which estimated that with the removal of the fee, 3,353 vehicle trips per day would move onto the Airport Line. It argued that with a vehicle occupancy rate of 1.1, this amounts to removing around 3,000 cars off the road.[187]

4.65   When referring to these figures, Ms McNally was of the view that a mode shift of 3,000 cars is not enough to make a significant difference to road congestion:

> If you think removing the station access fee will relieve congestion around the airport, the numbers do not stack up to be significant enough to make that difference.[188]

4.66   It is important to note that, in contrast to this view, the *Joint Study on aviation capacity for the Sydney region* recommended removal of the fee as the most effective immediate term option to alleviate road congestion.[189] It does, however, discuss other short, medium and long term options, including the current Government projects to improve road connections to the airport.[190] As these road projects are expensive, the Government needed to consider how to fund them.[191]

4.67   The Government will be receiving a large amount of revenue until 2030 from the revenue sharing arrangements with Airport Link Company. The company forecast that $65 million will be generated by the station usage fee in 2014/15 alone,[192] from which the Government will have approximately an 85 per cent share. Any reduction of the fee would have an impact on the Government's budget.[193]

---

[184]   Evidence, Ms McNally, 2 December 2013, p 12.

[185]   Evidence, Ms McNally, 2 December 2013, p 17.

[186]   Evidence, Ms McNally, 2 December 2013, p 17.

[187]   Answers to questions on notice, Transport for NSW, p 3.

[188]   Evidence, Ms McNally, 2 December 2013, p 12.

[189]   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p viii.

[190]   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, pp 40-45.

[191]   Evidence, Ms McNally, 2 December 2013, p 17.

[192]   Submission 18, Airport Link Company Pty Ltd, p 8.

[193]   Evidence, Ms McNally, 2 December 2013, p 2, Evidence, Mr Reardon, 2 December 2013, p 14.

Transport Hypothecation Fund

4.68   The Australasian Railway Association recommended the establishment of a dedicated transport fund using hypothecated revenue from the station usage fee to reinvest in Sydney's public transport system.[194] The Association noted that while the more popular option might be to remove or reduce the station usage fee, it considered this not to be a practical option as the Government must get its revenue from somewhere to fund the many transport and infrastructure projects in the State:[195]

> The current approach to transport funding, relying on the allocation of general Government funds is not sustainable. Australia's infrastructure backlog is testament to this. Maintaining the airport access fees and establishing a dedicated transport fund that all revenue is hypothecated into would develop a revenue stream that could be utilised to continue investing in improved rail and other transport access around Sydney Airport or other areas of the Sydney public transport network.[196]

4.69   Mr Bryan Nye, Chief Executive Officer, Australasian Railway Association argued that international evidence shows that 'if people realise what their money is going into on public transport, they are accepting of higher fares'.[197]

4.70   Ms Emma Woods, Manager, Urban Policy, Australasian Railway Association provided some examples of this practice and referred the Committee to a recent Australasian Railway Association report on the matter:[198]

> For instance, in LA county in 2008 almost 63 per cent of residents voted to increase the sales tax, only by 0.5 per cent, but they still voted to increase it for 30 years with the intention that that would generate $40 billion for public transport and roads in the county. Likewise, Kansas City voted for what is called a Transport Development District, which has introduced a land value capture and a sales tax within a region in which they want to introduce a light rail network. They will fund the construction of the light rail network through these taxes. That went to community and residential voters and 319 voted yes versus 141 for no.[199]

4.71   Other Inquiry participants, Ms Anne Jaumees and Dr Peter Hales were also of the view that the station usage fee should be maintained. They argued that the revenue received by the Government should be returned in a clear and transparent fashion and go towards improving public transport and the train service including infrastructure, service and maintenance.[200]

---

[194]   Submission 13, Australasian Railway Association, p 3.

[195]   Evidence, Mr Bryan Nye, Chief Executive Officer, Australasian Railway Association, 3 December 2013, p 20.

[196]   Submission 13, Australasian Railway Association, p 3.

[197]   Evidence, Mr Nye, 3 December 2013, p 17.

[198]   Australian Railway Association, *Innovative Funding and Financing for Public Transport: A review of alternate, sustainable funding and funding sources*, February 2014.

[199]   Evidence, Ms Emma Woods, Manager, Urban Policy, Australasian Railway Association, 3 December 2013, pp 17-18.

[200]   Submission 6, Ms Anne Jaumees, p 1, Submission 10, Dr Peter Hales, p 1.

Independent Pricing and Regulatory Tribunal oversight

4.72   While being firmly of the opinion that the station usage fee should be reduced, Associate Professor Philip Laird argued that if the fee cannot be lowered, then IPART should have an ongoing role examining the cost of the fee and any proposed increases in the future.[201] This could be done in the same way as Sydney Trains fares are regulated.

4.73   Mr Ted Plummer, Head of Government and Community Relations, Sydney Airport Corporation stated that he had raised this matter previously with the IPART and was told that it was outside IPART's jurisdiction.[202] The price of the station usage fee is currently set by Airport Link Company, as it is a commercial decision for the fee holder.[203]

4.74   Mr Reardon clarified that both the Airport Line and the Sydney Light Rail fares are not regulated by the IPART as they are bespoke arrangements that have come about through public-private partnerships. In the case of the Airport Line fee, it is merely an access fee to alight at the stations and 'therefore outside the broader realm of the public transport service'.[204]

4.75   Airport Link Company objected to the referral of the station usage fee to the IPART as it was not part of the original concession and would be a significant variation to the Restated Stations Agreement.[205]

Arguments to remove the station usage fee

4.76   The complete removal of the station usage fee was the most popular option among Inquiry participants.[206]

4.77   There are two main ways that the station usage fee could be removed; either through the Government paying a 'shadow' fee to Airport Link Company in compensation, similar to the current situation at Green Square and Mascot stations; or the Government could terminate the agreement with Airport Link Company and buy back the stations.

4.78   Arguments put forward for the removal of the fee include reducing road congestion, and the benefits of increasing patronage on the Airport Line.

---

[201]   Evidence, Associate Professor Philip Laird, 3 December 2013, p 10.

[202]   Evidence, Mr Plummer, 2 December 2013, p 46.

[203]   Evidence, Mr Reardon, 2 December 2013, pp 9-10.

[204]   Evidence, Mr Reardon, 2 December 2013, p 16.

[205]   Answers to questions on notice, Mr Anderson, p 3.

[206]   Submission 1, Mr Gavin Imhof, Submission 2, Mr Dudley Horscroft, Submission 4, Mr Kevin Eadie, Submission 8, Name Suppressed, Submission 11, Mrs June Wilson, Submission 12, Action for Public Transport (NSW) Inc, Submission 16, Mr Chris Baker, Submission 19, Mr Graham Hoskin, Submission 20, EcoTransit Sydney, Submission 23, Dr Peter McNamara, Submission 24, Dr Ross Mewton, Submission 25, The Greens NSW, Submission 26, Sydney Business Chamber, Submission 27, City of Sydney, Submission 28, Tourism and Transport Forum, Evidence, Mr Patterson, 3 December 2013, p 2.

4.79   Full removal of the station usage fee would have the most significant impact on Airport Line patronage and road congestion, particularly in the short term. As referred to in Chapter 3, the *Joint Study on aviation capacity for the Sydney region* describes removal of the fee as the most effective 'immediate term option', as opposed to the effective longer term options of significant road projects.[207] This modelling stated that road congestion would be alleviated by 3,353 vehicle trips (26 per cent change) if the fee was removed. This amount would rise over time to 8,399 vehicle trips (34 per cent change) by 2036.[208]

4.80   Botany Bay City Council agree that removal of the fee would provide immediate relief to the congestion which currently exists and cause an upsurge in patronage for workers and travellers.[209]

4.81   While not advocating for the removal of the station usage fee, Airport Link Company estimated that the full removal will increase patronage somewhere in the range of 20 to 40 per cent. The company also estimated that the airport stations' patronage for the 2013/14 financial year will be approximately 6.4 million passengers, meaning there could be 1.28 million to 2.56 million additional passengers in the first year if the fee was removed.[210]

4.82   Ms McNally estimated that if the station usage fee was removed, patronage would increase around 26 to 30 per cent.[211]

4.83   Mr Morrison referred to the Booz and Co. study that found patronage would increase by 35 per cent in the first year if the fee was removed, and stated that Infrastructure NSW, the Productivity Commission and Airport Link Company have all pointed to strong patronage growth if the price was cut.[212]

4.84   Action for Public Transport stated that the removal of the station usage fee would improve patronage and argued that, as the cost of the fee is significantly higher than at Green Square and Mascot stations, patronage growth could be considerably higher.[213]

4.85   Sydney Airport Corporation contended that the dramatic increase in patronage at Green Square and Mascot stations, due to the removal of the station usage fee, vindicated two of its central arguments; namely that removing the fee is possible and it delivers a significant mode shift in favour of public transport.[214]

---

[207]   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p viii.

[208]   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p 44.

[209]   Submission 17, Botany Bay City Council, p 2.

[210]   Submission 18, Airport Link Company Pty Ltd, p 6.

[211]   Evidence, Ms McNally, 2 December 2013, p 3.

[212]   Evidence, Mr Morrison, 2 December 2013, p 47.

[213]   Submission 12, Action for Public Transport (NSW) Inc, p 1.

[214]   Submission 15, Sydney Airport Corporation Limited, p 6.

4.86   The Corporation also argued that in addition to the benefits for airline passengers travelling to the airport, large scale developments surrounding the airport such as Port Botany, the Mascot Town Centre, and Green Square would all benefit from the removal of the fee.[215]

4.87   Tourism and Transport Forum acknowledged that the commuter patrons using Green Square and Mascot differ from the airline passenger market using the Domestic and International Airport stations. However, the similarity lies in the fact that many workers in the Sydney Airport precinct may start using Domestic and International Airport stations if the fee is removed.[216]

4.88   An issue of concern regarding removing the station usage fee was whether trains, particularly in peak hour, could cope with the extra capacity of increased patronage. Transport for NSW alleviated these concerns stating that if the removal of the fee had the initial impact of increasing patronage at the two airport stations by up to 30 per cent,[217] modelling showed there would still be spare capacity in the peak periods to accommodate these passengers.[218]

4.89   Mr Plummer noted that even though the Government will lose revenue by not receiving the station usage fee, it will still receive money from the Sydney Trains fare. Mr Plummer noted that the net loss is not the entire value of the reduction in the station usage fee because there will be a significant increase in patronage.[219]

4.90   It was acknowledged that removing the fee will cost the Government revenue. Mr Morrison argued it was worth the cost, as the benefits for the public, the visitor economy and the workforce outweighed the negative of the Government losing revenue.[220]

Should the Government buy the stations?

4.91   One option available to the Government is to purchase the line from Airport Link Company.[221] On 25 March 2011, the Parliamentary Budget Office released a policy costing which stated it would cost the NSW Government approximately $276 million to buy back the stations.[222] No further costing has been done since 2011.

4.92   Inquiry participants that discussed this purchase option noted that the Government could put a premium fare on Airport Line tickets once the stations have been bought from Airport Link Company. They argued that it is not unusual for airport rail services to be priced slightly

---

[215]   Submission 28, Tourism and Transport Forum, p 5.

[216]   Submission 28, Tourism and Transport Forum, p 4.

[217]   Answers to questions on notice, Transport for NSW, p 10.

[218]   Answers to questions on notice, Transport for NSW, p 21.

[219]   Evidence, Mr Plummer, 2 December 2013, p 44.

[220]   Evidence, Mr Morrison, 2 December 2013, p 52.

[221]   Submission 27, City of Sydney, p 2, Evidence, Mr Gavin Gatenby, Co-convenor, Ecotransit Sydney, 3 December 2013, p 26.

[222]   Parliamentary Budget Office, *Policy Costing, Buyout of the privately owned airport stations – International, Domestic, Mascot, Green Square*, March 2011, p 3.

higher than other services.[223] However, this fare must be at a smaller rate than the current station usage fee so as not to discourage patronage at the stations.[224]

4.93 Transport for NSW stated that there are no plans to purchase the stations from Airport Link Company as the revenue, which has been included in the forward estimates, would be foregone.[225]

Arguments to reduce the station usage fee

4.94 During the Inquiry, a number of participants argued in favour of reducing the cost of the station usage fee,[226] while others who advocated for the removal of the fee also stated that any reduction would be beneficial to patrons.[227]

4.95 Reducing the station usage fee, as opposed to removing it entirely, means that there is more of a balanced impact to the increase in patronage on the line, the decrease in road congestion and the effects on Government revenue. These impacts are greater or less depending on how much or how little the fee is reduced.

4.96 Sydney Airport Corporation argued that reducing the fee would ensure there is real choice for the 150,000 people who need to travel to and from Sydney Airport every day.[228] The Corporation was also of the view that for reductions greater than 50 per cent, there would be a point at which the percentage reduction would essentially achieve the same increase in rail patronage as its complete removal. This view is based on elasticity modelling conducted by Booz and Co. in its first Report.[229]

4.97 This modelling showed that by 2030, the difference between a 50 per cent reduction in the station usage fee and its complete removal was 1.9 million passengers. The difference between complete removal and 'business as usual' levels was 2.9 million passengers.[230]

4.98 Ms Fielke noted that the modelling demonstrated that the removal of the station usage fee was not necessarily the answer, as a reduction would achieve a similar result.[231]

4.99 Associate Professor Laird called for a reduction of the station usage fee to $5, stating that this is a reasonable amount to pay, would provide the Government with reasonable revenue levels

[223] Submission 27, City of Sydney, p 2.

[224] Evidence, Mr Gavin Gatenby, Co-convenor, Ecotransit Sydney, 3 December 2013, p 26.

[225] Answers to questions on notice, Transport for NSW, p 9.

[226] Submission 3, Mr John Peterson, Submission 5, Mr Jon Short, Submission 7, Name Suppressed, Submission 14, Associate Professor Philip Laird, Submission 15, Sydney Airport Corporation Limited.

[227] Evidence, Mr Patterson, 3 December 2013, p 2, Submission 19, Mr Graham Hoskin, Submission 25, The Greens NSW.

[228] Submission 15, Sydney Airport Corporation Limited, p 6.

[229] Answers to questions on notice, Sydney Airport Corporation, 6 January 2014, pp 2-3.

[230] Answers to questions on notice, Sydney Airport Corporation, p 3.

[231] Evidence, Ms Fielke, 2 December 2013, p 37.

and is in line with international examples such as the surcharge on the Vancouver 'Canada Line'.[232]

4.100   Airport Link Company argued that a significant station usage fee reduction would be required to stimulate any material patronage increase. A small reduction would likely have no, or at least very low, impact.[233]

4.101   As referred to in Chapter 3, the *Joint Study on aviation capacity for the Sydney region* showed that, as at 2011, a 75 per cent reduction to the station usage fee would cause 2,176 fewer trips by vehicle (17 per cent change) and a 50 per cent reduction would cause 1,319 fewer trips (10 per cent change). These figures can be compared to a 100 per cent removal which would cause 3,353 fewer trips by vehicle (26 per cent change).[234]

Arguments to discount the station usage fee for particular patron groups

4.102   Some Inquiry participants called for the discounting or further discounting of the station usage fee for particular groups of patrons as opposed to an across the board removal or reduction. The main patrons this discount is suggested for are workers, people travelling in groups and families.

Discounts to workers

4.103   A common theme that developed throughout the Inquiry was that workers in the airport precinct are currently disadvantaged by the station usage fee and many would make the transition from driving to travelling on the Airport Line if the fee was removed.

4.104   To implement this, different types of discounts would need to be available to workers; a further discount to the weekly ticket for full-time workers, and a discount on either single or return tickets for air crew, casual and part-time staff.

4.105   Mr Plummer stated that 'it is airport workers where there is a real opportunity to get a big modal shift' from road to rail.[235]

4.106   Mr Patterson was of the view that the removal of the station usage fee would have substantial positive impacts for workers, not just at the airport itself, but in the commercial precinct adjoining Mascot station.[236]

4.107   The Flight Attendants' Association of Australia conducted internal research of its members which indicated that workers use of the Airport Line could double if there were further reductions to the fee:

---

[232]   Evidence, Associate Professor Laird, 3 December 2013, p 12.

[233]   Submission 18, Airport Link Company Pty Ltd, p 8.

[234]   *Joint Study on aviation capacity for the Sydney region*, Technical Papers Volume 3, Sydney's Kingsford Smith Airport: Land transport capacity 2006 – 2036, March 2012, p 44.

[235]   Evidence, Mr Plummer, 2 December 2013, p 40.

[236]   Evidence, Mr Patterson, 3 December 2013, p 5.

> Investigation by the Association—both by survey and member focus groups—indicates the number of employees currently using the airport train services could reasonably be expected to double to almost 40 per cent if airport employees were granted relief from the airport train station surcharge currently levied. This has been the experience of other overseas jurisdictions such as London Heathrow, Stansted and Gatwick airports and Moscow Sheremetyevo and Domodedovo airports where employees are provided with discounted train travel. At these airports the vast majority of employees utilise airport train services daily.[237]

4.108   A number of Inquiry participants suggested that airport staff should be able to use their work photo ID to receive a discount on the station usage fee.[238] Research by the Flight Attendants' Association also suggested that an overwhelming majority of Association members would consider using the Airport Line if further discounts were available.[239]

4.109   Sydney Business Chamber, while advocating for an across the board reduction to the fee, stated that at the very least there should be a rebate or exemption for onsite airport workers.[240]

4.110   Mr Anderson stated that while he is sympathetic to the views of airport workers,[241] he noted that the weekly ticket is already very heavily discounted, and hence he questioned whether a further reduction would stimulate much growth in patronage.[242]

4.111   Ms McNally agreed with Mr Anderson that the station usage fee is already heavily discounted for a weekly ticket. She also argued that it 'tends to be the major employers who provide subsidies or support for workers', not the Government.[243]

Discounts to groups and families

4.112   There is currently a small discount available on the station usage fee for families and no discount available for groups. This section discusses discounts to these patrons so as to make the option of travelling to the airport by train more cost effective than catching a taxi. This will help reduce road congestion and increase patronage on the line.[244]

4.113   Currently a family only has to pay for one child, meaning the cost of Airport Line tickets from International station to the City is $47.30 for two adults and two children.

4.114   Mr Nyar also voiced concerns regarding the current cost of tickets for families and groups:

> One of the discussions we have had around this family pass is one passenger, $30 round trip, is okay; two passengers, round trip $60, is starting to get into the realm of

---

[237]   Submission 30, Flight Attendants' Association of Australia, p 6.

[238]   Submission 13, Australasian Railway Association, p 4, Submission 21, Tourism Accommodation Australia, p 3, Submission 30, Flight Attendants' Association of Australia, p 7.

[239]   Submission 30, Flight Attendants' Association of Australia, p 7.

[240]   Submission 26, Sydney Business Chamber, p 4.

[241]   Evidence, Mr Anderson, 2 December 2013, p 29.

[242]   Evidence, Mr Anderson, 2 December 2013, p 28.

[243]   Evidence, Ms McNally, 2 December 2013, p 9.

[244]   Evidence, Ms Carol Guiseppi, NSW Director, Tourism Accommodation Australia, 2 December 2013, p 63, Submission 23, Dr Peter MacNamara, p 1.

the price of a taxi; three passengers or a group of four and you may as well get a taxi because it is cheaper.[245]

4.115   Ms Guiseppi argued that a family pass should only charge the fee to the two adults, not the children.[246] She also stated that with the rise in price-conscious tourists travelling in groups there is an expectation that group discounts will be offered:

> Equally, when talking about groups, the whole profile of travellers is changing. We are getting more low-cost airlines in and we are getting more budget travellers in… Equally in terms of access to the airport, these large groups expect to be able to go on a train and expect to be able to pay a group price for tickets on that train. That was our thinking around a group or family ticket. It would make the train service much more attractive, it would lower the cost and would avoid a perception that Sydney is a high cost city.[247]

Committee comment

4.116   The Committee notes the economic importance of the Sydney Airport precinct and the large number of people who travel to the area, both to go to work and to travel. The Committee is aware that the transport task for the precinct will grow significantly over the next 20 years or so, and simply maintaining the 'status-quo' will not be sufficient.

4.117   The Committee accepts that removing or reducing the station usage fee will increase patronage on the Airport Line and will help to decrease road congestion.

4.118   The Committee believes that a reduction in the station usage fee will achieve an increase in patronage on the line, and will help with an immediate reduction in road congestion, while still maintaining an income stream for Government to use for transport related projects.

4.119   The Committee also acknowledges that the Government has adopted some of the measures of the *Joint Study on aviation capacity for the Sydney region*, which highlighted that a range of measures need to be undertaken to make a significant difference to alleviating road congestion. To date, the Government has announced the construction of Westconnex, including the Enabling Works around the airport, announced the provision of more bus services to the airport and increased the number of trains on the Airport Line. In addition, Sydney Airport Corporation has undertaken work in the airport precinct, including the construction of a bus turnaround and bus lay over facilities.

4.120   Where the airport travel mode is currently falling behind is bus mode share, which stands at 2 per cent. The recent announcement by the Government in *Sydney's Bus Future* to provide more bus services to the airport should see this percentage rise, which in turn will see an increase in public transport mode share as a whole.

4.121   Soon the Government will be receiving over $50 million per annum from the station usage fee. The Committee considers it important that there is a level of transparency to how this money is spent. For this reason, the Committee supports the recommendation by the

---

[245]   Evidence, Mr Nyar, 2 December 2013, p 67.

[246]   Submission 21, Tourism Accommodation Australia, p 2, Evidence, Ms Guiseppi, 2 December 2013, pp 65-66.

[247]   Evidence, Ms Guiseppi, 2 December 2013, pp 65-66.

Australasian Railway Association to develop a dedicated transport fund using hypothecated revenue from the fee to reinvest in the public transport system.

Recommendation 3

That Transport for NSW establish a transport fund into which the government revenue from the Airport Line station usage fee is hypothecated, with funds to be transparently reinvested back into the transport system and to be reported in the Transport for NSW annual report.

4.122   Chapter 5 will explore a number of alternative measures, not involving the removal or reduction of the station usage fee, that could be introduced to further increase patronage on the Airport Line. A transparent, hypothecated transport fund would be an ideal way of implementing some of these measures.

4.123   The Committee was persuaded by the arguments of Associate Professor Laird that the station usage fee should be reviewed by IPART. This is important for two reasons; firstly it provides a level of transparency and accountability to the process, particularly once the Government will be receiving almost 85 per cent of the revenue gained; and secondly, as Airport Link Company will only receive a 15 per cent share of the fee, it is important there are checks and balances in place to ensure price rises are not just equitable for Airport Link Company, but equitable for patrons. Hence the Committee recommends that RailCorp negotiate with Airport Link Company to establish a reference to IPART so it can determine the maximum price of the fee.

Recommendation 4

That Transport for NSW negotiate with Airport Link Company to establish a reference to the Independent Pricing and Regulatory Tribunal to have an ongoing role determining the maximum price of the station usage fee.

4.124   Airport workers must currently pay a large amount of money every week to travel to work on the Airport Line. This has meant that approximately 80 per cent of airport workers drive to work. While there are a number of reasons for driving, for instance, some workers must start work before trains begin running in the morning, the overwhelming evidence received by the Committee indicates that a large number of workers would make a mode shift from road to rail if the fee was removed.

4.125   The Committee therefore recommends that, for the benefit of full-time staff, RailCorp enter into negotiations with Airport Link Company to implement a complete removal of the station usage fee for weekly tickets. Modelling may need to be done by the Government to see how best this could be achieved. It is likely that the Government will need to pay Airport Link Company a 'shadow' fee for these conditions. The cost of this 'shadow' fee to the Government will likely be offset by the upsurge in patronage, as the Government will receive the fee from the regular Sydney Trains weekly ticket.

Recommendation 5

That Transport for NSW model the most appropriate method, and publically report the findings, to remove the station usage fee for weekly tickets for workers in the Sydney Airport precinct to Domestic and International Airport stations. If found feasible, then Transport for NSW should enter into negotiations with Airport Link Company to implement this measure.

4.126   The Committee also notes the high impost of the station usage fee on casual, part-time and air crew workers at Sydney Airport precinct. This could be done through these workers showing a valid ID when purchasing their ticket. Providing a discount on these tickets is not as straightforward as removing the station usage fee for weekly tickets, hence the Committee recommends that Transport for NSW investigate the feasibility to remove or discount the station usage fee for single and return tickets for workers in the Sydney Airport precinct.

Recommendation 6

That Transport for NSW investigate the feasibility and publically report the findings to remove or discount the station usage fee cost for single and return tickets to Domestic and International Airport stations for workers in the Sydney Airport precinct. If found feasible, then Transport for NSW should enter into negotiations with Airport Link Company to implement this measure.

4.127   Similarly, the Committee supports the suggestion to discount fares for groups and further discount family fares. This will help make the Airport Line more competitive when compared to rival services such as taxies. The Committee accepts the argument that currently many small groups are far more likely to take a taxi to the airport than the train, as not only is it a more convenient door-to-door service, but in many cases it is also cheaper. The Committee therefore recommends that that Transport for NSW investigate the feasibility to offer these discounts.

Recommendation 7

That Transport for NSW investigate the feasibility and publically report the findings to offer a station usage fee discount to groups of three or more passengers travelling together to or from Domestic or International Airport stations. If found feasible, then Transport for NSW should enter into negotiations with Airport Link Company to implement this measure.

Recommendation 8

That Transport for NSW investigate the feasibility and publically report the findings to offer a further station usage fee discount to families travelling together either to or from Domestic or International Airport stations. If found feasible, then Transport for NSW should enter into negotiations with Airport Link Company to implement this measure.

4.128   Finally, the Committee did not receive enough evidence to comment on whether the Government should terminate the concession with Airport Link Company and buy back the stations.

Chapter 5   Other suggested measures to increase patronage

This Chapter examines a range of measures to increase patronage on the Airport Line that do not involve removing or reducing the station usage fee. Mr Tim Anderson, Chief Executive, Airport Link Company discussed the benefits of implementing some of these measures as a way of increasing the level of service on the line:

> Can you imagine in two or three years time if we have got good frequency with an Opal card … and you walk down the escalators, pass through the gates, the train rolls up in two or three minutes and you are on your way to the city in a new Waratah, it is going to be hard to beat that anywhere around the world.[248]

Effective integration of the Opal Card

5.1   The Opal Card is a new electronic ticketing system for public transport services that will operate in Sydney, the Blue Mountains, Central Coast, Hunter, Illawarra and Southern Highlands. It is a smartcard that has the ability to be used for travel on ferries, trains, buses and light rail. The Opal Card is in the process of being rolled out for these modes of transport, with full train, ferry and bus rollout due by the end of 2014.[249]

5.2   Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW stated that the Opal Card can and will be used on the Airport Line.[250] He clarified that the station usage fee 'is an add-on component which can be contemplated within' the Opal Card.[251]

5.3   Some Inquiry participants expressed concern that the Opal Card will not have the functionality to cope with Airport Line weekly tickets that include a discount on the station usage fee, meaning its introduction may 'remove weekly ticket discounts'.[252]

5.4   The Hon Patricia Forsythe, Executive Director, Sydney Business Chamber argued that if the Opal Card cannot provide the discount, it is important a solution is found, particularly for workers:

> As I understand it, an Opal card, weekly tickets and things like that do not necessarily work, so trying to find a solution that at least supports employees gets more complex as we move into technology, …[253]

---

[248]   Evidence, Mr Tim Anderson, Chief Executive, Airport Link Company, 2 December 2013, p 32.

[249]   Transport for NSW, *The Opal card: Transforming the way we move around*, Last updated 24 January 2014, http://www.transport.nsw.gov.au/opal.

[250]   Evidence, Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW, 2 December 2013, p 18.

[251]   Evidence, Mr Reardon, 2 December 2013, p 18.

[252]   Submission 27, City of Sydney, p 1.

[253]   Evidence, The Honourable Patricia Forsythe, Executive Director, Sydney Business Chamber, 2 December 2013, p 59.

5.5 Mr Anderson has formally raised these issues with Opal representatives and is expecting a response shortly:

> I have had a number of discussions with Opal representatives in the last few months. I have been asking them some questions about the implementation of the Opal card on the Airport Line and how it will work, in particular regarding weekly tickets. The rollout of the Opal system on the general network next year is on my mind. I am awaiting a response from them and some formal correspondence back to us on this topic, which I understand is coming quite soon.[254]

5.6 Mr Anderson also outlined other costing issues related to integration with the station usage fee that need to be clarified:

> But there are issues. For example, as I understand it at the moment the Government, at least on their website, have made statements such as 'One cannot spend more than $15 a day on Opal' and 'After the eighth trip there is no charge'. I am just waiting to see how that passes through onto the Airport Line.[255]

5.7 While Mr Anderson has some issues with Opal Card implementation, he is an advocate for its use on the Airport Line.[256]

Airport Line service

5.8 A number of suggestions were made by Inquiry participants regarding improving the service of the Airport Line in order to increase patronage. This section reviews these suggestions.

Providing the best trains

5.9 Inquiry participant, Dr Peter Hales, suggested that only the best trains should be used on the Airport Line[257] to impress tourists when they first arrive in Sydney.

5.10 Others agreed with this view. Tourism and Transport Forum argued that only the newer model Waratah and Millennium trains should be used on the line, noting that it creates a very poor impression of Sydney if a traveller's first experience of the city is a decades-old train without air-conditioning.[258]

---

254   Evidence, Mr Anderson, 2 December 2013, p 25.

255   Evidence, Mr Anderson, 2 December 2013, p 25.

256   Evidence, Mr Anderson, 2 December 2013, p 26.

257   Submission 10, Dr Peter Hales, p 1.

258   Submission 28, Tourism and Transport Forum, p 5.

5.11 Similarly, Ms Emma Woods, Manager, Urban Policy, Australasian Railway Association argued that the older trains may be satisfactory for locals, but it is not a warm welcome for tourists:

> …the Waratahs with more modern trains onto that line is a benefit in just general perception for visitors to Sydney. It is a more attractive welcome to Sydney than we got on a stinking hot double-decker train to come into Central this morning. That is fine for us. We know there are nice trains out there but as a welcome to Sydney I think that would be a nice gesture of service improvement for that line.[259]

5.12 Mr Anderson noted that the Government is already servicing the line with many Waratah trains and this should increase once the Government's new train sets are introduced in the next two years:

> To its credit, I understand that RailCorp has ensured that almost all the Waratah trains that have come onto the system have been put on the Airport Line. It is more than 50 per cent. Fortunately there are very few old silver trains on the line. I understand that 74 new train sets will be in operation in the next year or two and in a perfect world virtually all the trains on the line will be Waratahs or at least Tangaras and Waratahs.[260]

Increasing services

5.13 Another option to increase patronage is to increase the number of trains servicing the Airport Line. As discussed in Chapter 3, currently there are a minimum of eight services every hour and a maximum of 10 servicing the Airport Line. This is set to rise to 16 services per hour by 2016 following completion of the South West Rail Link. Providing more trains on the line will allow the system to cope with the expected increase in patronage and allow for the journey to be more comfortable for passengers, particularly during peak times.

5.14 Mr Anderson stated that he is working with the Government to increase the level of service:

> We are working with RailCorp to increase the train services perhaps up to 12 and we have had some discussions with our electricians about electrifying the tunnel, which could get up to 20 trains each way by 2020.[261]

5.15 Transport for NSW stated that while it will be possible to increase the rate of services in the future, this will require many upgrades on the line:

> Increasing the number of trains in the Airport Line tunnel beyond 12 trains per hour has implications for Fire and Life Safety and tunnel ventilation and subsequently to the signalling system. Upgrades may be required to maintain ventilation, limit temperatures and manage smoke in emergencies.[262]

---

[259] Evidence, Ms Emma Woods, Manager, Urban Policy, Australasian Railway Association, 3 December 2013, p 22.

[260] Evidence, Mr Anderson, 2 December 2013, p 33.

[261] Evidence, Mr Anderson, 2 December 2013, p 31.

[262] Answers to questions on notice, Transport for NSW, 9 January 2014, p 8.

Providing earlier and later services

5.16   To increase the number of airport workers travelling on the Airport Line, some Inquiry participants called for there to be earlier and later train services.[263]

5.17   Ms Sally Fielke, General Manager, Corporate Affairs, Sydney Airport Corporation stated that shift workers at the International terminal need to be at work at 4 am. However, the earliest train does not arrive at International station until just before 5 am.[264]

5.18   Mr Tish Nyar, General Manager, Rydges Sydney Airport also explained the difficulties of accommodating passengers from delayed night flights at airport hotels. It requires hotel staff to stay back late and miss the last train out of the airport. Mr Nyar stated that the hotel must then pay for taxis to transport the staff home because there is no other method of public transport available.[265]

5.19   In response to this issue, Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW noted that the Government had assessed the impact and benefit of providing services beyond the current hours and concluded it was not justifiable. Ms McNally argued that workers 'come in at different times outside the peak [and] it is hard to justify putting on a whole train for a relatively small group of people'.[266]

Providing dedicated baggage areas on trains

5.20   Many Inquiry participants discussed the need for trains which service the airport to have dedicated space for luggage.[267]

5.21   Ms Forsythe argued that it is very difficult to travel with luggage on the train during peak hour and discussed how the service compares with London, Heathrow:

> When you compare our train system with, say, London when you get on at Heathrow, we are talking chalk and cheese in terms of the facilities. It had an obvious place for a traveller to put some luggage. That is not as obvious at Sydney. Indeed, if you go on the train at peak times a person with luggage, it is quite a competitive environment to get that luggage in. You really do not want to go up or down on the trains. You are really in that area just inside the door.[268]

5.22   Responding to this issue, Ms McNally referred to *Sydney's Rail Future* stating that dedicated luggage spaces will not be provided until there is a dedicated fleet on the line:

---

[263]   Submission 12, Action for Public Transport (NSW) Inc, p 2.

[264]   Evidence, Ms Sally Fielke, General Manager, Corporate Affairs, Sydney Airport Corporation Limited, 2 December 2013, p 41.

[265]   Evidence, Mr Tish Nyar, General Manager, Rydges Sydney Airport, 2 December 2013, p 65.

[266]   Evidence, Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW, 2 December 2013, p 8.

[267]   Submission 17, Botany Bay City Council, p 3, Submission 28, Tourism and Transport Forum, p 5, Evidence, Evidence, The Honourable Patricia Forsythe, Executive Director, Sydney Business Chamber, 2 December 2013, p 58, Evidence, Ms Fielke, 2 December 2013, p 37, Evidence, Associate Professor Philip Laird, 3 December 2013, p 12.

[268]   Evidence, Ms Forsythe, 2 December 2013, p 58.

> One issue we have been looking at is luggage racks. I must say that when I started in this job two years ago it was one of the first questions I asked because I travel from Canberra quite a lot, so I do use the Airport Line. The answer I was given then, which I have now proven true myself, is that it takes a lot of capacity out of the actual rail car. Sydney's Rail Future talks about dedicated fleet and dedicated lines. Until we can get some dedicated fleet on dedicated lines, you really are impacting the whole of the capacity right across the network to actually put in those luggage racks.[269]

5.23   Mr Anderson stated he is not convinced of the need for luggage racks as the journey to the city is so short.[270]

Providing dedicated airport station services

5.24   Another suggestion to increase the level of service is to have dedicated airport station trains, particularly during peak hour. Currently, the Airport Line is part of the T2 train line that also transports commuters into the city. This means that trains during peak hour are very busy and there is often little room for airport passengers to travel with their luggage.[271] This issue is exacerbated as commuter peak hour also coincides with the peak period for passengers travelling from the airport in the mornings. This is because Sydney Airport is subject to a curfew from 11:00 pm to 6:00 am, restricting takeoffs and landings.[272]

5.25   Associate Professor Philip Laird argued that busy peak hour commuter trains make a bad first impression for tourists travelling on the Airport Line:

> Australia spends millions of dollars each year trying to attract international tourists to visit. Many of these will arrive at Sydney Airport, often during weekdays, at morning peak hour times. Based on good overseas experience with trains serving airports, they may decide to go by train. Although they may have a concern then about price, they will certainly wonder what has happened when they make their way to a platform to catch a CBD bound train to find it packed. Not only is there hardly any room for their luggage, it will be at times hard to find a space in the carriage vestibule to stand.[273]

5.26   Mr Anderson described the difficulties of providing a dedicated Airport Line service and explained its shortfalls, such as in London, Heathrow:

> There is not a turn back at Wolli Creek so it would be very difficult to have dedicated trains. Often people say to me, "You should have dedicated train travels", and I think that is fine, but it comes at a cost, not just in terms of money but if you take, say, the Heathrow Express, which is dedicated—or most dedicated trains around the world run frequencies between 15 and 20 minutes, and that is what dedicated trains do. But the benefit of being on a suburban line is that we have got very high volumes, and that is what people want and that is why our growth is going up. I think people trade off luggage racks and so forth for frequency.[274]

---

[269]   Evidence, Ms McNally, 2 December 2013, p 22.

[270]   Evidence, Mr Anderson, 2 December 2013, p 27.

[271]   Evidence, Mr John Patterson, Special Project Manager, Botany Bay City Council, 3 December 2013, p 6.

[272]   Submission 14, Associate Professor Philip Laird, p 1.

[273]   Submission 14, Associate Professor Philip Laird, p 1.

[274]   Evidence, Mr Anderson, 2 December 2013, p 32.

Providing free wi-fi

5.27   Some Inquiry participants called for free wi-fi service to be available at the Domestic and International Airport stations and in the tunnels between the airport and the city. [275]

5.28   Tourism and Transport Forum were in favour of this measure stating it would be particularly beneficial to 'international tourists who want to access information about Sydney and Australia on their portable devices without incurring exorbitant global roaming costs'.[276]

5.29   Mr Trent Zimmerman, Deputy Chief Executive and Director of Transport Policy, Tourism and Transport Forum expanded on this point discussing the benefits of providing free wi-fi to tourists:

> The first thing you do when you get off the plane is check your email and online traveller's guide and your hotel bookings and it would be a competitive advantage for the railway line if it could offer that wi-fi service … The mobile network in the tunnels is okay for voice calls but does not really have the capacity to service internet usage at the moment and strengthening it would also be of assistance.[277]

Installing escalators at Central Station

5.30   To make it easier for travellers with heavy luggage to access the platforms, a number of Inquiry participants called on Transport for NSW to install escalators on the Airport Line platforms 22 and 23 at Central Station.[278] Forty per cent of Airport Line patrons depart at Central Station and there is currently only a small lift at either end of the platform.[279]

5.31   Airport Link Company suggested that Central Station platforms 20 and 21, which service City Circle stations, should also be provided with escalators.[280] Airport Link Company described the difficulties faced by airport travellers at Central Station:

> Each day, thousands of passengers use those platforms to access the Airport Line, travelling either to or from Sydney Airport. One lift is at the city end of those platforms. Lack of escalators on these platforms is particularly undesirable because a large portion of passengers travelling to or from the airport have luggage. At every hour of the day one can observe many passengers, and often foreign travellers, lugging heavy baggage up and down the stairs at Central Station, en-route to or from Sydney Airport. It is a struggle for all and a particular burden for the elderly and families with

[275]   Evidence, Mr Trent Zimmerman, Deputy Chief Executive and Director of Transport Policy, Tourism and Transport Forum, 2 December 2013, pp 50-51, Evidence, Mr Bryan Nye, Chief Executive Officer, Australasian Railway Association, 3 December 2013, p 22, Submission 16, Mr Chris Baker, p 1.

[276]   Submission 28, Tourism and Transport Forum, p 6.

[277]   Evidence, Mr Zimmerman, 2 December 2013, pp 50-51.

[278]   Submission 18, Airport Link Company Pty Ltd, pp 8-9, Evidence, Mr Ken Morrison, Chief Executive, Tourism and Transport Forum, 2 December 2013, p 50, Evidence, Mr Nye, 3 December 2013, p 17, Answers to questions on notice, Associate Professor Philip Laird, 6 January 2014, p 1.

[279]   Evidence, Mr Anderson, 2 December 2013, p 26.

[280]   Submission 18, Airport Link Company Pty Ltd, pp 8-9

children. The installation of escalators at those Central Station platforms would be of tremendous benefit to the travelling public and certainly enhance patronage on the Airport Line.[281]

5.32 Similarly, Mr Ken Morrison, Chief Executive, Tourism and Transport Forum stated that not providing escalators on these platforms is poor service for tourists:

> You would expect Central to be a major one and to have people queuing up with all those bags to try and access one lift, again it is poor service. There is a prioritisation process to address the accessibility requirements of stations and that should be right up the top. We should be thinking about the visitor economy, not just commuters, when we are prioritising that work.[282]

Improving signage

5.33 Several Inquiry participants suggested that signage for the Airport Line needs to be improved to increase patronage on the line.

5.34 Ms Woods expressed the view that signage and information at the airport terminals should be simplified, and be in 'real time'. Ms Woods argued that for a traveller 'you do not need a timetable you just need to know … how many more minutes until the trains leaves, and can I get it'[283] Providing this simplified signage at the airport would indicate how quickly the Airport Line can transport travellers to the city.

5.35 Regarding the provision of signage in the city, Ms Forsythe stated that it is not obvious when you walk into Wynyard Station that there is an Airport Line available and which platform it is on.[284]

5.36 Mr Zimmerman was also of the opinion that the city side of the Airport Line is an important place for signage. He further stated it 'should be highlighted to travellers going through Martin Place how close they are to St James for a transfer'.[285]

5.37 Mr Zimmerman also argued that the Airport Link Company and Transport for NSW should do more to provide signage, information and ticket machines in other languages to assist tourists:

> Also for the international tourists we must be looking at what we are doing in other languages both in relation to signage and information that is available. If you go down to the transport information booth at Circular Quay today you will not be able to get a brochure about the transport system in a foreign language. The ticketing machines at airports and city railway stations where you have a high number of visitors are not in other languages. If you go to Europe or anywhere else it is unusual to find a ticket machine that does not have an option to serve you in English or other major

---

[281] Submission 18, Airport Link Company Pty Ltd, pp 8-9.

[282] Evidence, Mr Morrison, 2 December 2013, p 50.

[283] Evidence, Ms Woods, 3 December 2013, p 23.

[284] Evidence, Ms Forsythe, 2 December 2013, p 58.

[285] Evidence, Mr Zimmerman, 2 December 2013, p 49.

languages and that is something that can be looked at for Sydney as well to make public transport usage to the airport that much easier.[286]

5.38   In response to this, Ms McNally stated that signage has been subject to formal customer testing which demonstrated 'there is no impediment to tourists and migrants using the system'.[287]

5.39   Mr Anderson stated that the Company has recently improved signage, brochures and customer service at the airport terminals and Airport Line stations. He stated that over one million brochures are taken each year.[288]

5.40   Ms McNally noted that there is very good signage at the Airport Line stations but argued more needs to be done in the airport terminals to provide 'pre-information' to travellers:

> We have certainly raised it with the airport corporation about signage within the airport … when we did the study one issue around signage was that it needs to occur as soon as people get off the plane and they need pre-information ... It is more about getting people wise to the fact that Sydney has rail as an option for travel.[289]

Removing the M5 cashback scheme

5.41   The NSW Government M5 Cashback Scheme allows New South Wales residents to claim back the value of tolls paid while using a vehicle registered in the State for private, pensioner or charitable use on the M5 South Western Motorway.[290]

5.42   According to the Roads and Maritime Services, the Cashback Scheme cost the Government $70 million in the 2012/13 financial year.[291]

5.43   Mr Gavin Gatenby, Co-convenor, Ecotransit Sydney argued that instead of maintaining the station usage fee, the Government should remove the Cashback Scheme on the M5 as a way of generating revenue. He also observed that with a subsidy on the M5 and station usage fee on the train line, public transport users are heavily penalised, while car commuting is encouraged.[292] He concluded that this makes the Airport Line 'uncompetitive and uninviting'.[293]

5.44   Mr Gatenby argued that if the Cashback Scheme on the M5 was removed, a hypothecated fund for the revenue received could be set up to fund various transport infrastructure projects:

---

286   Evidence, Mr Zimmerman, 2 December 2013, p 49.

287   Answers to questions on notice, Transport for NSW, p 4.

288   Evidence, Mr Anderson, 2 December 2013, p 24, 34-35.

289   Evidence, Ms McNally, 2 December 2013, p 13.

290   Roads and Maritime Services, *M5 Cashback Scheme*, http://www.rms.nsw.gov.au/usingroads/ motorwaysandtolling/m4m5_cashbackscheme.html.

291   Roads and Maritime Services, *Annual Report for year ended 30 June 2013*, p 7.

292   Submission 20, EcoTransit Sydney, p 3.

293   Submission 19, Mr Graham Hoskin, p 2.

> We have advocated that the Government should gradually remove, in a series of stages, the Cashback Scheme on the M5 and then hypothecate that money to building a series of add-ons to the airport rail line. We have flagged in particular another station at Doody Street in the central industrial area, an area that it does not cover at all but ought to, and also a major park and ride bus turnback and airport check-in at Kingsgrove—what we call the Kingsgrove last chance park and ride. That is before the tunnel and if you were to soak off a lot of traffic before the tunnel—1,500 to 2,000 vehicles a day—essentially you have relieved all the pressure in the tunnel.[294]

5.45 Dr Ross Mewton agreed with this view, arguing that the Cashback Scheme is distorting people's choice of transport mode to the airport and provides an inequitable transfer of costs from the private car driver to the rail user.[295]

5.46 Associate Professor Laird also supported this suggestion stating that it would encourage more use of the Airport Line, and would improve 'demand management of road vehicle use of the M5 (and likely M5 East)'.[296]

5.47 Responding to these suggestions, Transport for NSW stated the M5 Cashback Scheme is current Government policy.[297]

Committee comment

5.48 The Committee notes the various methods proposed to improve the level of service on the Airport Line and acknowledges that many of these suggestions are being pursued by the Government, either in the short or long term.

5.49 For instance, providing more trains on the Airport Line will be possible following the completion of new train sets in the next two years, services will be incrementally increased in conjunction with other rail projects and Airport Line trains with room for baggage may be considered as part of *Sydney's Rail Future.*

5.50 The Committee supports the rollout of the Opal Card on the Airport Line. However, it is very important that this is done in conjunction with implementing a system to provide exemptions and/or discounts for workers, families and groups, as recommended in Chapter 4. This is to ensure workers are able to travel at an equitable rate on the line and there is an uptake in patronage. Hence the Committee recommends that Transport for NSW ensure that the Opal Card can provide for station usage fee discounts before it is implemented on the Airport Line.

Recommendation 9

That Transport for NSW ensure that the Opal Card can provide for station usage fee exemptions and/or discounts before it is implemented on the Airport Line.

---

[294] Evidence, Mr Gavin Gatenby, Co-convenor, Ecotransit Sydney, 3 December 2013, p 27.
[295] Submission 24, Dr Ross Mewton, p 1.
[296] Answers to questions on notice, Associate Professor Laird, p 2.
[297] Answers to questions on notice, Transport for NSW, p 10.

5.51 The Committee notes that there is currently both old and new rolling stock used on the Airport Line. We understand that old, non-airconditioned trains may provide a bad first impression for tourists. Currently, almost all Waratah trains in use have been allocated to the Airport Line, meaning over half the trains on the line are modern. The Committee further notes that new rolling stock will be in operation in the next year or two, and supports the view they should service the Airport Line. Hence the Committee recommends that, as new rolling stock is introduced, it is used to service the Airport Line.

Recommendation 10

That Transport for NSW ensure that, as new rolling stock is introduced, it is used to service the Airport Line.

Recommendation 11

That Transport for NSW investigate the feasibility and publically report the findings of introducing dedicated airport services in the morning peak.

5.52 The Committee notes the high use of wi-fi enabled devices by travellers and considers the provision of a free wi-fi service on the Airport Line platforms and in the tunnel as a thoughtful and beneficial measure. Hence the Committee recommends that Transport for NSW install a free wi-fi service at International and Domestic Airport Stations and in the Airport Line tunnel.

Recommendation 12

That Transport for NSW, in consultation with Airport Link Company, install a free wi-fi service at International Airport and Domestic Airport stations and in the Airport Line tunnel.

5.53 The Committee notes the difficulty of travellers, often with heavy baggage, navigating the stairs of Central Station. Installing escalators on the Airport Line platforms 22 and 23 at Central Station is a practical measure to assist travellers departing and alighting at the Station. Hence the Committee recommends that Transport for NSW provide escalator access to Platforms 20 and 21 and Platforms 22 and 23 at Central Station.

Recommendation 13

That Transport for NSW provide escalator access to Platforms 20 and 21 and Platforms 22 and 23 at Central Station.

5.54 Regarding the issue of signage, the Committee was impressed with the level of signage and customer service offered at the Airport Line stations during its site visit to Domestic Station.

5.55 On the site visit, the Committee did however note that signage is almost non-existent at St James Station, a station with direct access to the airport. This observation is consistent with the views of other Inquiry participants. The Committee also notes evidence that called for Airport Line signage at Martin Place Station that signals how close patrons are to a direct airport train at St James Station. The Committee therefore recommends that Transport for NSW, in consultation with Airport Link Company, devise a strategy to better market the Airport Line at City train stations.

Recommendation 14

That Transport for NSW work in conjunction with Airport Link Company to devise and implement a strategy to increase marketing and awareness levels of the Airport Line at Martin Place and City Circle stations.

5.56 Finally, the Committee notes the measures suggested regarding the M5 Cashback Scheme but understands that the Scheme has been in place for many years and remains Government policy.

Removing or reducing the station access fee

Appendix 1   Submissions

No	Author
1	Mr Gavin Imhof
2	Mr Dudley Horscroft
3	Mr John Peterson
4	Mr Kevin Eadie
5	Mr Jon Short
6	Ms Anne Jaumees
7	Name suppressed
8	Name suppressed
9	Mr Eric Tierney
10	Dr Peter Hales
11	Mrs June Wilson
12	Action for Public Transport (NSW) Inc
13	Australasian Railway Association
14	Associate Professor Philip Laird
15	Sydney Airport Corporation Limited
16	Mr Chris Baker
17	Botany Bay City Council
18	Airport Link Company Pty Ltd
19	Mr Graham Hoskin
20	EcoTransit Sydney
21	Tourism Accommodation Australia
22	Mr John Lewis
23	Dr Peter McNamara
24	Dr Ross Mewton
25	The Greens NSW
26	Sydney Business Chamber
27	City of Sydney
28	Tourism & Transport Forum
29	NSW Taxi Council Ltd
30	Flight Attendants' Association of Australia
31	NSW Government
32	Mr Jeff Willmott

Appendix 2   Witnesses at hearings

Date	Name	Position and Organisation
Monday, 2 December 2013 Hobart Room, Sofitel Sydney Wentworth, Sydney	Mr Tim Reardon	Deputy Director General, Policy and Regulation, Transport for NSW
	Ms Carolyn McNally	Deputy Director General, Planning and Programs, Transport for NSW
	Mr Ken Kanofski	Director Journey Management, Roads and Maritime Services
	Mr Peter Crimp	General Manager Finance, Sydney Trains
	Mr Tim Anderson	Chief Executive, Airport Link Company Pty Ltd
	Ms Sally Fielke	General Manager Corporate Affairs, Sydney Airport Corporation Limited
	Mr Craig Norton	General Manager Ground Transport and Parking, Sydney Airport Corporation Limited
	Mr Ted Plummer	Head of Government and Community Relations, Sydney Airport Corporation Limited
	Mr Ken Morrison	Chief Executive, Tourism & Transport Forum
	Mr Trent Zimmerman	Deputy Chief Executive and Director of Transport Policy, Tourism & Transport Forum
	Mr Benoit Bost	Transport Policy Officer, Tourism & Transport Forum
	The Hon Patricia Forsythe	Executive Director, Sydney Business Chamber
	Mrs Carol Guiseppi	NSW Director, Tourism Accommodation Australia
	Mr Tish Nyar	General Manager, Rydges Sydney Airport

Date	Name	Position and Organisation
Tuesday, 3 December 2013 Hobart Room, Sofitel Sydney Wentworth, Sydney	Mr John Patterson	Project Manager, Botany Bay City Council
	Associate Professor Philip Laird	
	Mr Brian Nye	Chief Executive Officer, Australasian Railway Association
	Mrs Emma Woods	Manager Urban Policy, Australasian Railway Association
	Mr Gavin Gatenby	Co-Convenor, Ecotransit Sydney

Appendix 3   Answers to questions on notice

The Committee received answers to questions on notice from:

1   Tourism Accommodation Australia
2   Botany Bay City Council
3   Australasian Railway Association
4   Associate Professor Philip Laird
5   Sydney Airport Corporation Limited
6   Tourism and Transport Forum
7   Transport for NSW
8   Airport Link Company Pty Ltd.

Appendix 4   Minutes

Minutes No. 33
Thursday 19 September 2013
General Purpose Standing Committee No. 3
Members' Lounge, Parliament House, Sydney, at 4.00 pm

1.   **Members present**
      Mrs Maclaren-Jones, *Chair*
      Mr Blair, *Deputy Chair*
      Dr Faruqi
      Mr Khan
      Ms Sharpe
      Mr Veitch

2.   **Apologies**
      Mr Green

3.   **Substitutions**
      The Chair advised the following member would be substituting for the hearing:
      • Mr Khan for Mr MacDonald.

4.   *******

5.   **Inquiry into removing or reducing station access fees at Sydney airport**

      5.1   Advertising
      Resolved, on the motion of Ms Sharpe: That on 2 October 2013 advertisements calling for submissions be placed in the *Sydney Morning Herald* and *Daily Telegraph*.

      Resolved, on the motion of Ms Sharpe: That a media release announcing the inquiry and calling for submissions be issued by the Chair.

      5.2   Closing date for submissions
      Resolved, on the motion of Mr Blair: That the closing date for submissions be 13 November 2013.

      5.3   Stakeholders
      Resolved, on the motion of Mr Khan: That the Committee consider the draft list of stakeholders to be invited to make written submissions, and that members nominate additional stakeholders by 5.00 pm, Tuesday 24 September 2013. Further, that the Committee write to the stakeholders agreed to by the Committee and invite them to make a written submission.

      5.4   Correspondence to Director General, Transport for NSW
      Resolved, on the motion of Mr Blair: That the Chair write to Mr Les Wielinga, Director General of Transport for NSW, inviting Transport for NSW to make a submission to the inquiry.

5.5   Hearing dates
Resolved**,** on the motion of Mr Blair: That hearing dates be determined by the Chair after consultation with members regarding their availability.

5.6   Answers to questions on notice and supplementary questions
Resolved, on the motion of Mr Blair: That for the duration of the inquiry:
- supplementary questions may be lodged with the secretariat up to two days following the receipt of the hearing transcript
- witnesses be requested to provide answers to questions on notice and supplementary questions within 21 days of the date on which the questions are forwarded to the witness.

5.7   Submission publication
Resolved, on the motion of Mr Blair: That the Committee authorise the publication of all submissions to the inquiry into removing or reducing station access fees at Sydney airport, subject to the Committee Clerk checking for confidentiality, adverse mention and other issues.

6.   Next meeting
Wednesday 9 October 2013, Ballina (public hearing – Inquiry into tourism and local communities).

Stewart Smith
Clerk to the Committee

Minutes No. 38
Monday 2 December 2013
General Purpose Standing Committee No. 3
Hobart Room, Sofitel Sydney Wentworth, 10.00 am

1.   Members present
Mrs Maclaren-Jones, *Chair*
Mr Blair, *Deputy Chair*
Dr Faruqi
Mr Green
Mr MacDonald
Ms Sharpe
Mr Veitch

2.   Correspondence
The Committee noted the following items of correspondence:

Sent
- 28 November 2013 – Letter from the Chair to Minister for Transport advising that representatives from Transport for NSW and Sydney Trains have been invited to give evidence on 2 December 2013.
- 28 November 2013 – Letter from the Chair to Minister for Roads and Ports advising that a representative from Roads and Maritime Services been invited to give evidence on 2 December 2013.

3.   Inquiry into removing or reducing station access fees at Sydney Airport

3.1   Submissions

The Committee noted that submission nos 1 to 31 were published by the Committee Clerk under the authorisation of an earlier resolution.

3.2   Report deliberative date

Resolved, on the motion of Mr Blair: That the Committee meet at 10.00 am on Monday 24 February 2014 to hold a deliberative meeting to adopt the Chair's draft report for the Inquiry into removing or reducing station access fees at Sydney Airport.

3.3   Allocation of question times

Resolved, on the motion of Mr Green: That the time for the questioning of witnesses for the hearings on 2 and 3 December 2013 be divided evenly between the Opposition, Crossbench and Government.

3.4   Public forum and site visit to Sydney Airport

Resolved, on the motion of Mr MacDonald: That the Committee conduct a site visit to Sydney Airport via the Airport Line and conduct a public forum at the Airport on Wednesday 18 December 2013.

3.5   Amendment to answers to questions on notice motion

Resolved, on the motion of Mr MacDonald: That for the hearings on 2 and 3 December 2013 witnesses be requested to provide answers to questions on notice and answers to supplementary questions by Friday 10 January 2014.

3.6   Public hearing

Witnesses, the public and media were admitted.

The following witnesses were sworn and examined:
- Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW
- Ms Carolyn McNally, Deputy Director General, Planning and Programs, Transport for NSW
- Mr Ken Kanofski, Director Journey Management, Roads and Maritime Services
- Mr Peter Crimp, General Manager Finance, Sydney Trains.

The witnesses withdrew.

The following witness was sworn and examined:
- Mr Tim Anderson, Chief Executive, Airport Link.

The witness withdrew.

The following witnesses were sworn and examined:
- Ms Sally Fielke, General Manager Corporate Affairs, Sydney Airport Corporation Limited
- Mr Craig Norton, General Manager Ground Transport and Parking, Sydney Airport Corporation Limited
- Mr Ted Plummer, Head of Government and Community Relations, Sydney Airport Corporation Limited.

The witnesses withdrew.

The following witnesses were sworn and examined:
- Mr Ken Morrison, Chief Executive, Tourism & Transport Forum
- Mr Trent Zimmerman, Deputy Chief Executive and Director of Transport Policy, Tourism & Transport Forum
- Mr Benoit Bost, Transport Policy Officer, Tourism & Transport Forum.

The witnesses withdrew.

The following witness was sworn and examined:
- The Hon Patricia Forsythe, Executive Director, Sydney Business Chamber.

The witness withdrew.

The following witnesses were sworn and examined:
- Mrs Carol Giuseppi, NSW Director, Tourism Accommodation Australia
- Mr Tish Nyar, General Manager, Rydges Sydney Airport.

The witnesses withdrew.

The public hearing concluded at 5.00 pm.

4.   **Adjournment**
The Committee adjourned at 5.00 pm until Tuesday 3 December 2013, at 9.30 am in the Hobart Room, Sofitel Sydney Wentworth.

Samuel Griffith
Clerk to the Committee

Minutes No. 39
Tuesday 3 December 2013
General Purpose Standing Committee No. 3
Hobart Room, Sofitel Sydney Wentworth, 9.30 am

1.   **Members present**
Mrs Maclaren-Jones, *Chair*
Mr Blair, *Deputy Chair*
Dr Faruqi
Mr Green
Mr MacDonald
Ms Sharpe
Mr Veitch

2.   **Inquiry into removing or reducing station access fees at Sydney Airport**

2.1   **Public hearing**
Witnesses, the public and media were admitted.

The following witness was sworn and examined:
- Mr John Patterson, Project Manager, Botany Bay City Council.

The witness withdrew.

The following witness was sworn and examined:
- A/Prof Philip Laird.

The witness withdrew.

The following witnesses were sworn and examined:
- Mr Bryan Nye, Chief Executive Officer, Australasian Railway Association
- Mrs Emma Woods, Manager Urban Policy, Australasian Railway Association.

The witnesses withdrew.

The following witness was sworn and examined:

- Mr Gavin Gatenby, Co-Convenor, EcoTransit Sydney.

Dr Faruqi left the hearing at 12.02 pm.

The witness withdrew.

The public hearing concluded at 12.32 pm.

The public and media withdrew.

2.2 Amendment to public forum and site visit to Sydney Airport motion
Resolved, on the motion of Mr MacDonald: That the Committee conduct a site visit only to Sydney Airport via the Airport Line on Wednesday 18 December 2013.

3. Adjournment
The Committee adjourned at 12.36 pm *sine die*.

Samuel Griffith
Clerk to the Committee

Minutes No. 40
Wednesday 18 December 2013
General Purpose Standing Committee No. 3
Legislative Council Foyer, 10.00 am

1. Members present
Mrs Maclaren-Jones, Chair
Dr Faruqi
Mr MacDonald
Ms Sharpe

2. Apologies
Mr Blair, *Deputy Chair*
Mr Green
Mr Veitch

3. Previous minutes
Resolved, on the motion of Ms Sharpe: That draft Minutes Nos. 38 and 39 be confirmed.

4. Inquiry into removing or reducing station access fees at Sydney Airport

4.1 Submission
The Committee noted that Submission No. 32 was published by the Committee secretariat under the authorisation of an earlier resolution.

4.2 Site visit to Sydney Airport

The Committee conducted a site visit to Sydney Airport via the Airport Line, travelling from St James Station to Domestic Station.

5. Adjournment

The Committee adjourned at 12.10 pm until Monday 24 February 2014, at 10.00 am in Room 1136.

Samuel Griffith
Clerk to the Committee

Draft Minutes No. 41
Monday 24 February 2014
General Purpose Standing Committee No. 3
Room 1136, 10.05 am

1. Members present

Mrs Maclaren-Jones, *Chair*
Mr Blair, *Deputy Chair*
Dr Faruqi
Mr Green
Mr MacDonald
Ms Sharpe
Mr Veitch

2. Previous minutes

Resolved, on the motion of Mr MacDonald: That draft minutes No. 40 be confirmed.

3. Correspondence

Received:
- 11 December 2013 –Ms Carol Giuseppi, NSW Director, Tourism Accommodation Australia to Secretariat providing answers to questions on notice taken during the hearing.
- 13 December 2013 –Mr John Paterson, Special Project Manager, Botany Bay City Council to Secretariat providing answers to questions on notice taken during the hearing.
- 20 December 2013 –Ms Emma Woods, Manager, Urban Policy, Australasian Railway Association to Secretariat providing answers to questions on notice taken during the hearing.
- 6 January 2014 – Associate Professor Philip Laird to Secretariat providing answers to questions on notice taken during the hearing.
- 6 January 2014 – Ms Sally Fielke, General Manager, Corporate Affairs, Sydney Airport Corporation Limited to Secretariat providing answers to questions on notice taken during the hearing and answers to supplementary questions.
- 8 January 2014 – Mr Ken Morrison, Chief Executive, Tourism and Transport Forum to Secretariat providing answers to questions on notice taken during the hearing.
- 9 January 2014 – Transport for NSW to Secretariat providing answers to questions on notice taken during the hearing and answers to supplementary questions.
- 10 January 2014 – Mr Tim Anderson, Chief Executive, Airport Link Company to Secretariat providing answers to questions on notice taken during the hearing and answers to supplementary questions.
- 6 February 2014 – Ms Carol Guiseppi, NSW Director, Tourism Accommodation Australia to Secretariat providing further information regarding hospitality employees.

4.   **Inquiry into removing or reducing station access fees at Sydney Airport**
     The Chair submitted her draft report entitled *Removing or reducing station access fees at Sydney Airport,* which, having been previously circulated, was taken as being read.

     Chapter 1 read.

     Resolved, on the motion of Mr Green: That for the remainder of the report the term 'worker,' as defined in section 7 of the *Work Health and Safety Act 2011*, be used to describe all workers in the Sydney Airport precinct and that the following section be inserted after paragraph 1.17 to reflect this:

     'Definition of worker

     For the remainder of this report, the term 'worker' will refer to all workers in the Sydney Airport precinct and will encapsulate the following groups, as defined in section 7 (1) of the *Work Health and Safety Act 2011*:

     (1)   A person is a worker if the person carries out work in any capacity for a person conducting a business or undertaking, including work as:

           (a)   an employee, or

           (b)   a contractor or subcontractor, or

           (c)   an employee of a contractor or subcontractor, or

           (d)   an employee of a labour hire company who has been assigned to work in the person's business or undertaking, or

           (e)   an outworker, or

           (f)   an apprentice or trainee, or

           (g)   a student gaining work experience, or

           (h)   a volunteer, or

           (i)   a person of a prescribed class. REFERENCE: *Work Health and Safety Act 2011* (NSW), Section 7.'

     Resolved, on the motion of Mr MacDonald: That Chapter 1, as amended, be adopted.

     Chapter 2 read.

     Resolved, on the motion of Mr MacDonald: That paragraph 2.36 be amended by inserting the words 'Airport Link Company contends that' after the words 'return to the company'.

     Resolved, on the motion of Mr MacDonald: That Chapter 2, as amended, be adopted.

     Chapter 3 read.

     Resolved, on the motion of Ms Sharpe: That a new paragraph be inserted after paragraph 3.8 to read:

     'The *Joint Study on Aviation Capacity for the Sydney Region* also noted the impact of road congestion on Sydney Airport and Port Botany precinct:

           Sydney (Kingsford-Smith) Airport sits within the key economic precinct for Sydney and NSW, alongside Port Botany. Road congestion in the areas around the airport will increasingly impact on operations at the airport and affect the activity within the economic precinct. Increased activity at the airport will itself contribute to the problem. A key element of the strategy for making Sydney (Kingsford-Smith) Airport work into the future will be to increase the take-up of public transport by passengers, airport workers and others travelling to the airport precinct. REFERENCE: *Joint Study on Aviation Capacity for the Sydney Region*, Executive Summary, March 2012, pp 23-24.'

     Resolved, on the motion of Dr Faruqi: That a new paragraph be inserted after paragraph 3.11 to read:

Barrier statistics from the NSW Bureau of Transport Statistics note that on a typical weekday there are approximately 16,000 entries/exits at the Airport stations. When considering there are approximately 150,000 people travelling to and from the Airport each day, this equates to an Airport Line transport mode share closer to 11 per cent. REFERENCE: Answers to questions on notice, Transport for NSW, p 7.

Dr Faruqi moved: That paragraph 3.27 be amended by inserting the words 'However 'patronage', as defined by the Bureau of Transport Statistics, refers to people to purchasing a ticket at those stations, not to usage (entries and exits). Barrier counts from the Bureau of Transport Statistics show a 260 per cent increase (2010 to 2013) in usage (entries/exits) at Green Square and 130 per cent at Mascot' after 'Green Square.'

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald.

Question resolved in the negative.

Resolved, on the motion of Ms Sharpe: That paragraph 3.57 be amended by omitting the words 'is encouraged with the Government's' and inserting instead 'encourages the Government to continue with its' after the words 'the Committee'.

Dr Faruqi moved: That paragraph 3.57 be amended by inserting the words 'from areas currently not serviced by rail or the existing rail network' after the words 'Sydney Airport'.

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald.

Question resolved in the negative.

Dr Faruqi moved: That paragraph 3.58 and Recommendation 1 be omitted.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Ms Sharpe moved: That the following paragraph and recommendation be inserted after Recommendation 1:

'The Committee notes that the Restated Stations Agreement is commercial in confidence. Therefore, the details of the Material Event provision are not publically available. As the bus mode share to Sydney Airport is currently low, the Committee recommends that Transport for NSW investigate the removal of the Material Event provision in the Agreement with a view to allowing more flexible, timely and direct bus services to the Airport.

'New Recommendation

That Transport for NSW investigate the removal of the Material Event provisions in the Restated Stations Agreement with a view to allowing more flexible, timely and direct bus routes to and from the Airport.'

The Committee divided.

Ayes: Dr Faruqi, Mr Green, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mrs Maclaren-Jones, Mr MacDonald.

Question resolved in the affirmative.

Ms Sharpe moved: That paragraph 3.71 be amended by inserting the words 'Although Transport for NSW acknowledges the issues associated with road congestion on surface roads around the Airport,' before the words 'The maintenance'.

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald.

Question resolved in the negative.

Resolved, on the motion of Mr MacDonald: That Chapter 3, as amended, be adopted.

Chapter 4 read.

Mr MacDonald moved: That paragraph 4.39 be amended by omitting the word 'adversely' and inserting instead 'significantly'.

The Committee divided.

Ayes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones

Noes: Dr Faruqi, Ms Sharpe, Mr Veitch.

Question resolved in the affirmative.

Resolved, on the motion of Ms Sharpe: That paragraph 4.40 be amended by omitting the words 'many instances' and inserting instead 'some instances'.

Resolved, on the motion of Ms Sharpe: That paragraph 4.40 be amended by inserting at the end the words 'The Committee contends that a reduction in the station usage fees would mean that some of these groups accessing the airport would shift to public transport.'

Resolved, on the motion of Mr MacDonald: That paragraph 4.41 be amended by inserting at the end of the sentence the words 'after threshold revenues are reached'.

Resolved, on the motion of Dr Faruqi: That paragraph 4.58 be amended by inserting at the end of the sentence the words 'gross over 30 years'.

Dr Faruqi moved: That paragraph 4.61 be amended by inserting at the end of the last sentence the words 'No evidence such as traffic modelling was provided to substantiate this claim'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Resolved, on the motion of Ms Sharpe: That paragraph 4.67 be amended by omitting the words 'This means that revenue from the station usage fee is important to the Government as it can be used to fund these projects. Any reduction of the fee would have a large impact on the Government's budget and capacity to fund transport and infrastructure projects.' and inserting instead 'Any reduction of the fee would have an impact on the Government's budget' after the words '85 per cent share'.

Dr Faruqi moved: That the following recommendation be inserted after paragraph 4.101:

'New Recommendation

That Transport for NSW, on behalf of the Government, negotiate with the Airport Link Company and its owners for the buy-back of the Airport Line Stations and that, once the transaction is completed, thereafter no station access fee is charged for the use of the stations.'

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Resolved, on the motion of Ms Sharpe: That paragraph 4.117 be amended by omitting 'may help' and inserting instead 'will help to'.

Ms Sharpe moved: That a new paragraph be inserted after paragraph 4.117:

'The Committee believes that a reduction in the station usage fee will achieve an increase in patronage on the line, and will help with an immediate reduction in road congestion, while still maintaining an income stream for Government to use for transport related projects.'

The Committee divided.

Ayes: Dr Faruqi, Mr Green, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the affirmative.

Ms Sharpe moved: That paragraph 4.118 be amended by inserting at the end of the last sentence the words 'The Committee notes that construction of some of these projects is at least a decade away from completion.'

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the negative.

Dr Faruqi moved: That paragraph 4.119 be amended by omitting the words 'Where the airport travel mode is currently falling behind is bus mode share, which stands at 2 per cent', and inserting instead 'Airport travel by bus mode is also falling behind, at 2 per cent of mode share'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Dr Faruqi moved: That paragraph 4.120 be amended by inserting at the end of the last sentence the words 'that does not compete with existing public transport options to the airport. The Committee also supports the first priority of such a fund to be the subsidisation of station access fees'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Dr Faruqi moved: That Recommendation 2 be amended by inserting at the end the words ', the first priority being to subsidise the station access fee, the subsidy to be progressively increased as the revenue increases.'

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Resolved, on the motion of Ms Sharpe: That Recommendation 2 be amended by inserting at the end of the sentence the words 'and to be reported in the Transport for NSW annual report'.

Ms Sharpe moved: That the following recommendation be inserted after Recommendation 2:

'New Recommendation

That the Government investigate the feasibility of reducing the station usage fee by 60 per cent to $5.00 and publically report back on the findings with a view to implementation in 2015.'

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Green, Mr Blair, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the negative.

Resolved, on the motion of Mr Blair: That paragraph 4.124 be amended by omitting the word 'fare' wherever occurring and inserting instead the word 'fee'.

Ms Sharpe moved: That Recommendation 4 be amended by inserting the words ', and publically report the findings' after the words 'the most appropriate method'.

The Committee divided.

Ayes: Dr Faruqi, Mr Green, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the affirmative.

Resolved, on the motion of Ms Sharpe: That Recommendation 4 be amended by inserting the words 'for workers in the Sydney Airport precinct' after the words 'cost for weekly tickets'.

Resolved, on the motion of Mr Blair: That Recommendation 4 be amended by omitting the words 'stations and then enter into' and inserting instead 'stations. If found feasible, then Transport for NSW should enter into' after the words 'International Airport'.

Ms Sharpe moved: That Recommendation 5 be amended by omitting the words 'or discount'.

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the negative.

Ms Sharpe moved: That Recommendations 5, 6 and 7 be amended by inserting the words 'and publically report the findings' after the words 'investigate the feasibility'.

The Committee divided.

Ayes: Dr Faruqi, Mr Green, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the affirmative.

Resolved, on the motion of Mr MacDonald: That Chapter 4, as amended, be adopted.

Chapter 5 read.

Dr Faruqi moved: That paragraph 5.49 be amended by inserting at the end of the last sentence the words 'Increasing the capacity from 12 to 20 trains per hour can be expedited by removing the M5 cashback and diverting the funds to Airport Line capacity improvement works'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Dr Faruqi moved: That the following recommendation be inserted after Recommendation 8:

'New Recommendation

That Transport for NSW ensure that Airport Line capacity is increased from 12 to 20 trains per hour and this increase be funded by removing the M5 cashback and diverting the funds to Airport Line capacity improvement works.'

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mr MacDonald, Mrs Maclaren-Jones, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Resolved, on the motion of Ms Sharpe: That paragraph 5.50 be amended by inserting the words 'exemptions and/or' after the words 'implementing a system to provide'.

Resolved, on the motion of Ms Sharpe: That Recommendation 8 be amended by inserting the words 'exemptions and/or' before the words 'station usage fee'.

Ms Sharpe moved: That a new recommendation be inserted after Recommendation 9:

'New Recommendation

That Transport for NSW investigate the feasibility and publically report the findings of introducing dedicated airport services in the morning peak.'

The Committee divided.

Ayes: Dr Faruqi, Mr Green, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr MacDonald, Mrs Maclaren-Jones.

Question resolved in the affirmative.

Resolved, on the motion of Mr MacDonald: That Chapter 5, as amended, be adopted.

Summary of key issues read.

Resolved, on the motion of Dr Faruqi: That paragraph 2 on page x be amended by omitting the words 'owns and operates' and inserting instead 'and its owners operate' after the words 'Airport Link Company'.

Resolved, on the motion of Ms Sharpe: That paragraph 6 on page x be amended by inserting at the end of the last sentence the words 'The current weekly discount on the station access fee does not assist casual and part time workers who pay the station usage fee costing $25.20 for a return trip'.

Dr Faruqi moved: That paragraph 2 on page xi be amended by inserting the words 'However no evidence such as traffic modelling was provided to substantiate this claim' after the words 'reduce road congestion'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Ms Sharpe moved: That the following paragraph be inserted after paragraph 2 on page xi:

'Other studies including the Joint Study into Aviation Capacity for the Sydney Region have recommended removal of the fee as the most effective, immediate term option to alleviate road congestion.'

The Committee divided.

Ayes: Dr Faruqi, Ms Sharpe, Mr Veitch

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald.

Question resolved in the negative.

Mr MacDonald moved: That paragraph 4 on page xi be amended by inserting the words 'It is arguable' before the words 'This option'.

The Committee divided.

Ayes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald

Noes: Dr Faruqi, Ms Sharpe, Mr Veitch.

Question resolved in the affirmative.

Resolved, on the motion of Dr Faruqi: That paragraph 5 on page xi be amended by inserting the words 'gross over 30 years' after the words '$600 million'.

Dr Faruqi moved: That paragraph 8 on page xi be omitted and the following paragraph inserted instead:

'In considering the evidence, the Committee recommended that the Government buy-back the Airport Line stations and that, once the transaction is completed; there is no station access fee'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Dr Faruqi moved: That paragraph 8 on page xi be amended by inserting the words 'the first priority being to subsidise the station access fee' after the words 'other transport initiatives'.

The Committee divided.

Ayes: Dr Faruqi

Noes: Mr Blair, Mr Green, Mrs Maclaren-Jones, Mr MacDonald, Ms Sharpe, Mr Veitch.

Question resolved in the negative.

Resolved, on the motion of Mr Green: That the summary of key issues, as amended, be adopted.

Resolved, on the motion of Mr Blair:
- That the draft report as amended be the report of the Committee and that the Committee present the report to the House;
- That the transcripts of evidence, submissions, tabled documents, answers to questions on notice, minutes of proceedings and correspondence relating to the Inquiry be tabled in the House with the report; andk
- That upon tabling, all transcripts of evidence, submissions, tabled documents, answers to questions on notice, minutes of proceedings and correspondence relating to the Inquiry not already made public, be made public by the Committee, except for those documents kept confidential by resolution of the Committee.

Resolved, on the motion of Mr Blair: That any dissenting statements be provided to the Secretariat within 24 hours after receipt of the draft minutes of the meeting.

5. **Adjournment**
The Committee adjourned at 12.31 pm until Monday 3 March 2014.

Samuel Griffith
Clerk to the Committee

Appendix 5   Dissenting statements

DISSENTING STATEMENT

By Dr Mehreen Faruqi MLC, The Greens

<u>Overview</u>

This inquiry has been a timely investigation into the effects of the station access fee on rail transport to Sydney Airport, which remains well below both the original target and international comparisons. There is also now some more clarity around the way the fee functions and the interaction between the Airport Link Company and Transport for NSW. The committee heard from a wide range of witnesses, the overwhelming majority of which felt that the complete removal of the station access fee would result in increased usage of the airport line and decreased road congestion around the airport.

The Committee has made several useful recommendations in order to investigate removal and/or discounting the station access fee, especially for workers in the Sydney Airport precinct. The recommendations, however, do not fully address the under-utilisation of the airport line nor reduce congestion on roads around the airport.

<u>Buyback of the Airport Line stations and removal of station access fees</u>

The committee heard consistently that the complete removal of the station access fee would yield the greatest public and economic benefit, leading to increases in patronage on the airport line, reduced congestion and lower economic burden on workers using the line. The best possible option for the Government is therefore to completely remove the station access fee by entering into negotiations with Airport Link Company (or its owners) to purchase the stations.

The increase in patronage of the Airport stations will lead to significant reduction in the M5 traffic stream and the congestion at the Airport entry points. This reduction will ensure that the M5 can provide the appropriate level of service without any modifications and the Westconnex enabling works estimated to cost $282 million may not be required. The Government has stated that that removing the station access fee would not reduce congestion, but provided no evidence to this effect.

The estimate of the cost to the Government for removing the access fees is $600 million, which is mostly revenue forgone as opposed to costs. In 2011, the NSW parliamentary budget office estimated the buyback of the Airport Line Stations and relevant assets to be between $356 million and $450 million. These costs can be offset by increases in revenue from patronage as well as relief from $80 million dollars the government is currently paying to subsidise the access fee at Green Square and Mascot Stations. Barrier counts from the Bureau of Statistics show that patronage has increased 130% at Mascot and 260% at Green Square after the removal of the station access fee.

Recommendation: That Transport for NSW, on behalf of the Government, negotiates with the Airport Link Company and its owners for the buyback of the Airport Line Stations and that, once the transaction is completed, thereafter no Station Access Fee is charged for the use of the station.

Prioritisation of hypothecated fee funds

Given that the committee has not recommended buying back the stations, the proposed hypothecated fund needs to be prioritised for lowering or partly subsidising the station access fee. The resulting increase in sales revenue can also be used for the provision of buses for areas without existing rail connections to the airport.

Recommendation: That Transport for NSW establish a transport fund into which the government revenue from the Airport Line station usage fee is hypothecated, with funds to be transparently reinvested into the transport system, the first priority being to subsidise the station access fee.

Increasing Airport Line Capacity from 12 to 20 trains per hour

Increasing the Airport Line capacity from 12 to 20 trains per hour will provide a better level of service to the public currently using motor vehicles to access the Airport and the City. This will also result in an increase in revenue from rail ticket sales. The enhancement works can be expedited by removing the cash back from the M5.

Recommendation: That Transport for NSW phase out the M5 cash back and divert the funds to the Airport Line capacity improvement works.

Bus Routes Linking the Airport

The committee has recommended that a bus route be established (Recommendation 1) connecting Bankstown to the airport. It is unclear why this particular bus route would be required, as Bankstown is already connected to the Airport by rail.

Whilst the Greens NSW are supportive of increasing bus services, priority should be given to areas not serviced by rail, such as Maroubra and providing short-haul feeder bus services to service the Southern Industrial Area (SIA) located between Mascot and Green Square Stations.

Conclusion

The committee heard evidence that the best way to improve public transport patronage to the airport is to remove the station access fee. This would also significantly reduce congestion in and around the airport as well as remove the disproportionate impact of the fee on workers. The most effective remove the station access fee now and into the future is to begin negotiations to purchase the four Airport Line Stations and bring this vital piece of infrastructure into public ownership.

Dr Mehreen Faruqi MLC

DISSENTING STATEMENT

By the Hon Mick Veitch MLC and the Hon Penny Sharpe MLC, Australian Labor Party

It is our strong view that the Government should investigate the feasibility of reducing the station usage fee and publically report back on the findings. It is also our view that the Government should be in a position to implement a reduction of the station usage fee in 2015.

A reduction in the station usage fee will achieve an increase in patronage on the line, and will help with an immediate reduction in road congestion, while still maintaining an income stream for Government to use for transport related projects. These positive impacts will achieve results both in the short and longer term.

The importance of a short term positive impact on rail patronage and road congestion is highlighted when it is acknowledged that Government road construction projects are at least a decade away from completion.

Hon Mick Veitch MLC

26th February 2014

Hon Penny Sharpe MLC