

Attachment A**Answers to questions taken on notice*****Question 1***

The Hon. PENNY SHARPE: In your opening remarks you talked about supporting a reduction in the airport fee. Can you unpick that a little as opposed to a full removal of the fee?

Ms FIELKE: We commissioned some elasticity modelling—Mr Norton knows the greater detail on that—but what was interesting that came out of that is that there is a price point which passengers, your uptake probably would not increase a great deal more than at that price point. So that modelling was quite informative in terms of abolition not necessarily being the answer but a reduction perhaps achieving a similar result.

The Hon. PENNY SHARPE: Are you able to provide some detail of that to the Committee?

Mr NORTON: I would have to take that on notice.

The Hon. PENNY SHARPE: Thank you, that would be great. This morning there was quite a lot of discussion about how many cars we think will be taken off the road if the station access fee were removed altogether. Your figures talk about 5,000 people. Do your figures take into account the number of people who already are accessing one of the airport stations, say, they are getting off at Mascot and walking? One of the things that Transport for NSW said this morning was that two-thirds of the people who they think would be using the two new stations are already using the line. Does your modelling take that into account? Does that sound accurate? I am happy for you to take it on notice if you need to unpick it.

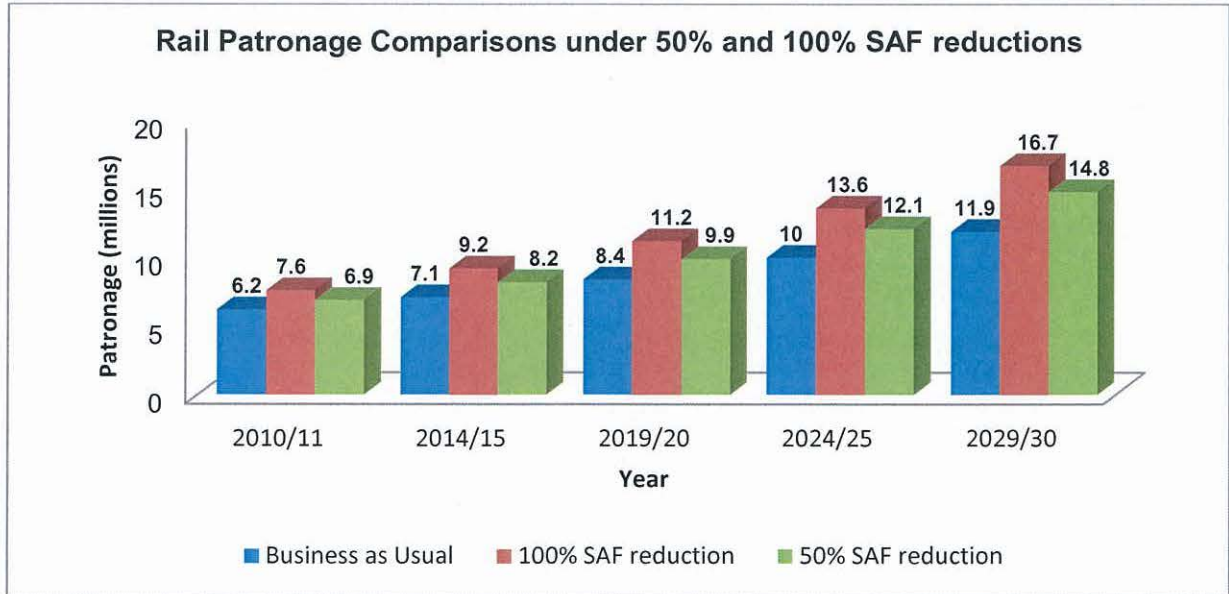
Ms FIELKE: I understood we just looked at the—ours relate to currently people who utilise the motor vehicle but we will go back and qualify that.

Response

Sydney Airport has been advocating the need to reform the station access fee (SAF) since 2008. In 2009, Sydney Airport first asked Booz & Co. to advise the expected change in rail patronage were the SAF to be removed. This advice was contained in the Booz report published in February 2010 (the first Booz report).

The first Booz report was reviewed and updated following the NSW Government's February 2011 decision to remove the SAF from Mascot and Green Square Stations. This updated advice – which was informed by the actual increase in the number of people passing through these stations following removal of the SAF – was contained in the September 2011 Booz report (the second Booz report). This is the Booz report that was provided to GPSC No. 3 and attached to Sydney Airport's submission.

Unlike the second Booz report, the first Booz report included a sensitivity analysis, which modelled the expected change in rail patronage if it was reduced by 50% and if it was reduced by 100% (i.e. removed altogether). This is shown in the following chart:



As can be seen, in Year 1 (the base year), rail patronage is forecast to increase from 6.2 million to 7.6 million passengers if the SAF is removed, compared to 6.9 million if it is reduced by 50%. By Year 20, rail patronage is forecast to increase to 16.7 million passengers if the SAF is removed – 4.8 million more than the Business as Usual (BAU) case – compared to 14.8 million passengers if it is reduced by 50%. The difference between a 50% reduction in the SAF and its complete removal is therefore 1.9 million passengers, which is still 2.9 million rail passengers *more* than the BAU case. It is therefore clear that reducing the SAF by 50% would still achieve a significant modal shift in favour of rail. However, it should be noted that, as this data was contained in the first Booz report, the actual impact of increased rail patronage following removal of the SAF at Mascot and Green Square Stations was not taken into account. Using this new information, the second Booz report showed that the expected increase in rail patronage following removal of the SAF would be higher than Booz & Co. had originally thought.

For reductions in the SAF greater than 50%, there would be a point at which the percentage reduction in the SAF would, for all intents and purposes, achieve the same increase in rail patronage as would its complete removal. While determining the exact point would require further modelling and cost-benefit analysis, it is likely to be approaching 100%.

While Sydney Airport is not aware of any research showing the numbers of people walking from Mascot Station to Sydney Airport (T2/T3), it is considered likely that some do so. There would also be people who walk from Wolli Creek Station to T1. The additional 4,700 rail journeys per day that would occur if the SAF was removed would see a reduction in access by road-based modes of transport. Sydney Airport's new ground transport plan – which forms part of the Draft Master Plan now being considered by the Australian Government – includes proposals to upgrade access by active transport modes, including by cyclists and pedestrians.

Question 2

Dr MEHREEN FARUQI: You spoke about the survey that was conducted a couple of years ago I think—

Ms FIELKE: It was June last year.

Dr MEHREEN FARUQI: —with 14,000 airport users. Do you have a breakdown of how many of those were people who worked at the airport?

Mr NORTON: I would have to get back to you on that. We did it as a fair representation of all the different sorts of passengers, meeters and farewellers, et cetera, but we can get back to you on that.

Response

Approximately 14,000 airport users took part in the joint Sydney Airport – Transport for NSW travel survey, the largest survey of its kind ever undertaken at Sydney Airport.

Of those, around 10,100 were airline passengers, 1,950 were airport employees and 1,950 were meeters/greeters/farewellers.

Question 3

Dr MEHREEN FARUQI: Could you please clarify whether you support a reduction of fees or complete removal of fees, because I note you have used those terms "reduce" and "remove" interchangeably in your submission.

Ms FIELKE: Yes. Abolition would obviously be the ultimate result; however, as we mentioned earlier, our elasticity studies that we have done with Booz show that there is a point where a reduction would achieve quite a similar result, so if a reduction could be achieved that would also be a good result.

Dr MEHREEN FARUQI: Could you tell us what that point would be?

Ms FIELKE: We will come back to you with the report on it.

Response

As noted in the response to Question 1, the exact point at which a reduced SAF would achieve the same or similar result to its complete removal is likely to be approaching 100%. Determining the exact point would require further modelling and a cost-benefit analysis to be undertaken.

Question 4

The Hon. PENNY SHARPE: I am interested in any modelling about trips generated between domestic and international terminals. Many airlines have bus services. I am interested in some of the detail and even plans to reduce that or whether something could be done to encourage more people to use the airport line option?

Ms FIELKE: I will get you the actual detailed numbers but it is something like seven per cent or three per cent—the percentage of all passengers who actually do transfer between the terminals is low. If the implementation of our master plan goes ahead, the concept is to integrate international and domestic into two combined precincts. That would reduce those current transfers even further. I think the forecast under our existing 2009 master plan was that something like seven million passengers a year would be transferring between the two terminals by 2029. But with the integration of the terminals, that would be reduced substantially even with the increase in numbers by 2033. I can get you those exact figures if you want them.

Response

The number of inter-precinct transfer passengers in 2012 was approximately 10% of total passengers (i.e. 3.7 million inter-precinct transfer passengers out of a total of 37 million passengers). Assuming this percentage of inter-precinct passengers remains constant, there would, by 2033, be more than 7.4 million transfer passengers (or more than 20,000 a day). While some of these transfer passengers take advantage of on-airport airline transfer products (such as the Qantas Seamless Transfer Service) and some would use the Airport Rail Link, many would use off-airport road-based transport options and so add to traffic congestion.

On 5 December 2011, Sydney Airport announced the new development plan for the airport, which would see it transformed into two integrated terminal precincts, combining international, domestic and regional services in each of the two precincts. This development plan is part of Sydney Airport's Draft Master Plan (DMP), which the Australian Government is now considering.

One of the many benefits of the DMP is the improvement to the passenger experience for passengers who need to transfer between international and domestic/regional flights. They will benefit from improved connectivity and it is anticipated that there will be a 65% reduction in the total number of inter-precinct transfer passengers by 2033 (from 3.7 million today to 2.2 million per annum), providing a single terminal experience for 97% of passengers.

Whilst the vast majority of passenger transfers will be intra-precinct under the development plan, an airside transfer product is proposed in the DMP to be continued for passengers who still require an inter-precinct transfer.

Attachment B**Answers to supplementary questions*****Question 1***

Can you think of any other mode for recovering the station access fee if it was removed, other than from the NSW Government?

Response

The parties to the Original Stations Agreement – signed in February 1995 – were the NSW Government (State Rail Authority) and the Airport Link Company (ALC). This agreement allowed the ALC to set the SAF, which is not subject to regulation by the Independent Pricing and Regulatory Tribunal (IPART). This original agreement was revised in October 2005 when the Restated Stations Agreement – New Southern Railway was executed by the NSW Government (Rail Corporation New South Wales) and the ALC. It was revised again in March 2011 when the parties agreed that passengers using Mascot and Green Square Stations would not be required to pay the SAF. Sydney Airport Corporation Limited, as the airport lessee company for Sydney Airport, was not a signatory to these agreements.

However, the Federal Airports Corporation (the Australian Government agency then responsible for Sydney Airport) was a party to an agreement dealing with airport access, on-airport approvals and the right to occupy and use airport land.

In terms of compensating the ALC if the SAF were to be removed or reduced, it would be appropriate for the parties to the agreements that allow the SAF to be set to negotiate and agree on a mutually acceptable outcome. During the hearing, some of the questions asked implied that Sydney Airport should consider compensating the ALC.

In Sydney Airport's opinion, it is the role of governments – local, state and federal – to provide or facilitate off-airport ground transport infrastructure and services.

With respect to on-airport infrastructure, it is the role of airport operators (and in some cases Commonwealth-owned agencies like Airservices Australia) to provide aviation infrastructure. In this regard, Sydney Airport has invested and continues to invest heavily in the on-airport and aviation infrastructure that Sydney needs. Around \$7.7 billion has been invested since 2002, being \$5.4 billion to purchase the airport lease from the Commonwealth and \$2.3 billion in additional capital expenditure for new or upgraded airport-related infrastructure.

This investment has seen passenger numbers grow by 50% since 2002, ensuring that Sydney remains the international gateway to Australia (catering to over 40% of all international visitors), resulting in a significant and growing contribution to the NSW economy. This contribution – which benefits the state as a whole – currently stands at \$27.6 billion and is forecast to grow to over \$42 billion by 2033. The additional jobs growth provided or facilitated by Sydney Airport – more than 280,000 FTE jobs today, forecast to grow to over 400,000 by 2033 – generates increased payroll tax revenues that, in turn, contribute several hundred million dollars to the NSW Government's budget bottom line.

We expect our investment program over the next ten years to be similar to the last ten years.

With respect to ground transport, Sydney Airport plans to invest up to \$300 million over the next five years on ground transport solutions in and around our International and Domestic Terminal precincts. The NSW Government has committed \$282 million to off-airport WestConnex enabling works. Planning for the first stage of these works – which will see Joyce Drive widened, improvements to Mill Pond Road and a new road built to link General Holmes Drive, Botany Road and Wentworth Avenue – is underway. Sydney Airport has agreed in principle to make airport land available to allow these important road works to proceed, valued at more than \$16 million.

As part of our works, a new bus and coach facility will be built in the Domestic Precinct and the facility in the International Precinct will be expanded providing significant capacity for additional public buses to service the airport and improving the door-to-door travel experience for our more than 37 million passengers every year.

Question 2

Would the use of Aviation Security Identification Cards as a form of ID that entitles a concession on the station access fee, as suggested by the Flight Attendants Association, be feasible? How many staff have this card and would it cover casual and low income employees as well?

Response

The Aviation Security Identification Card (ASIC) system is a fundamental principle of aviation security that establishes a background checking regime which is strictly managed within the Australian aviation industry. The ASIC, which is intended to identify airport employees and distinguish them from members of the public, is necessary for a person (who is not an airline passenger) to be able to lawfully access various 'controlled' airport areas.

However, there are also many airport workers who, in the course of their employment, have no need to access 'controlled' areas of the airport, though they may, in some circumstances, need to access landside security controlled areas (such as a particular loading dock). As such, these airport workers do not need and so do not possess an ASIC. They are issued with a Landside Terminal Card. Other employees at Sydney Airport who do not need to access a landside security controlled area would not need to possess either an ASIC or a Landside Terminal Card.

Sydney Airport Corporation Limited (SACL) is one of a number of approved ASIC issuing bodies. There are other organisations including some airlines and freight companies, Airservices Australia and the Australian Customs and Border Protection Service – that are also approved ASIC issuing bodies. SACL is therefore unable to provide an accurate number of how many staff hold an approved ASIC.

For these reasons, utilising ASICs as a sole means of determining whether or not a person works at Sydney Airport would not identify all staff who work at the airport.

Question 3

Does the airport think the high cost of the station access fee has a disproportionate impact on low income workers, such as cleaners or food service workers?

Response

At the time of writing, the station access fees (SAF) were as follows:

| SAF | Adult | Concession |
|--------|---------|------------|
| Single | \$12.30 | \$9.60 |
| Return | \$24.60 | \$14.50 |

Information concerning who qualifies for the concessional SAF can be found at <http://www.sydneytrains.info/tickets/concessions/>. Apart from these concessional categories, the SAF (as is the case with other public transport fares) is not means tested and so would apply equally regardless of a person's income. It follows that a low income worker would pay a higher proportion of his or her income in SAF-related costs than would a high income worker.

Question 4

Is the Sydney Airport Preliminary Draft Master Plan 2033 target for public transport use 23% by 2018?

- a) What is the ultimate goal?
- b) Why is it not at least 40% which is comparable to other airports?

Response

A survey of over 14,000 airline passengers, airport visitors and airport staff was undertaken by Sydney Airport and the NSW Government (TfNSW) in June 2012 to provide information on the journeys people took to and from the airport, including how they travelled. This was the most comprehensive survey of its kind ever undertaken for Sydney Airport. The results of this traveller survey guided the preparation of the Draft Master Plan (DMP), which is now being considered by the Deputy Prime Minister and Minister for Infrastructure and Regional Development, the Hon. Warren Truss, MP.

The survey shows that the public transport mode share has increased by one percentage point a year over the past five years from 12% to 17% (comprising 15% by train and 2% by bus). Given that passenger numbers have increased from around 30 million to 37 million over that time, the actual number of people accessing Sydney Airport by public transport has grown considerably.

A further shift of five percentage points (comprising 4% by train and 1% by bus) from an existing base of 17% has been estimated for the period to 2018. This would increase the public transport mode share to 22%. This growth is consistent with trends over recent years. It is noted that, over this period, annual passenger numbers are forecast to increase from around 37 million today to more than 46 million in 2018. This one percentage point increase per annum therefore represents a significant increase in the actual number of people using public transport to access Sydney Airport.

The DMP assumes that, over the 20-year planning period, the public transport mode share will have increased by a total of seven percentage points by 2033. This would increase the public transport mode share to 24%. With 74.3 million passengers forecast to be travelling through Sydney Airport in 2033, this represents a very significant increase in the actual number of people travelling to and from the airport by public transport every day.

We know from the Booz report that reducing or removing the SAF would result in even more people travelling by train to and from Sydney Airport.

Setting an "ultimate goal" for the public transport mode share is not considered appropriate in the circumstances. Rather, the projected public transport mode share has been and will continue to be reviewed as part of Sydney Airport's master planning processes. Assuming the DMP is approved in 2014, Sydney Airport's next master plan would need to be prepared and approved by 2019. By that time, more information concerning the roll-out of new airport-related public transport initiatives in the NSW Government's *Long Term Transport Master Plan* would be available, thus enabling a more accurate estimation of modal shift to public transport to be made.

Other airports having public transport mode shares greater than Sydney are far better served by public transport than Sydney. For example:

- Narita Airport (52 km from central Tokyo) – which has a public transport mode share of 59% (36% rail, 23% bus) – is served by:
 - 4 train services (including premium express services)
 - Around 35 bus routes
- London Heathrow Airport (23 km from central London) – which has a public transport mode share of 36% (24% rail, 12% bus) – is served by:
 - 3 train services (including premium express services)
 - 18 bus routes
- London Gatwick Airport (32 km from central London) – which has a public transport mode share of 31% (24% rail, 7% bus) – is served by:
 - 3 train services (including premium express services)
 - 8 bus routes

This compares to Sydney Airport (8 km from central Sydney), which has a public transport mode share of 17% (15% rail, 2% bus), one train service (no premium express service) and one (soon to be three) bus routes serving the airport. Sydney Airport is also not aware of any other Australian airports with public transport mode share (either actual or aspirational) of anywhere near 40%.