

**Submission
No 21**

**INQUIRY INTO REMOVING OR REDUCING STATION
ACCESS FEES AT SYDNEY AIRPORT**

Organisation: Tourism Accommodation Australia

Date received: 12/11/2013

12 November 2013

The Director
General Purpose Standing Committee No. 3
Parliament House
Macquarie St
Sydney NSW 2000

Dear Director,

Re: Station Access Fee

Tourism Accommodation Australia in NSW is the representative organisation for owners, operators and managers of 3, 4 and 5 star hotels and serviced apartments.

In this submission we will outline the impact the current station access fee arrangement is having on public transport at the airport and how the constraints on public transport are having a significant detrimental impact on both the productivity of our airport hotels and the visitor experience.

Understanding the constraints

The two airport stations are owned and operated under a 30 year concession between the NSW government and the private operator, Airport Link Company, which expires in 2030. Despite competitive travel times, the Airport Link has historically not achieved expected patronage rates, though we understand this is increasing with improved service reliability and is likely to further improve when the flagged changes to carriage configuration (dedicated luggage areas) occurs.

However the major cause of low uptake is the station access fee. This adds a fee of \$12.30 per adult to the standard one-way, single fare of \$3.60, totalling \$15.90 for a one-way fare to the CBD.

This high cost coupled with the dearth of other affordable public transport options in this precinct (a direct result of the compensation clause within the Airport Link Company contract that requires the NSW government to compensate Airport Link company for additional bus services) contribute to the congestion around both the domestic and international airports. This lack of public transport options negatively impacts both the visitor experience and the ability to attract staff.

Accessibility for Visitors

The Airport Link is cost-prohibitive for families and groups. An average taxi fare from Sydney CBD to the airport is \$26. By comparison a single fare for three passengers on the Airport Link is \$47.70 or \$43.20 with one or more children.

Sydney Airport Corporation commissioned Booz & Company to undertake a study on the '*Impact of Fare Reform on the Sydney Airport Rail Link*' in 2011. Booz & Company estimated that if the Station Access Fee were removed for the airport stations, the number of rail passengers would increase by 1.7 million in 2011/12 and increase by an additional 4.4 million by 2034/35.

This view was also supported by the Productivity Commission. In 2011 their report showed that if the Station Access Fee was removed there would be 3,500 new users per weekday encouraged to use public transport rather than drive.

The growth in passenger numbers (over the next 20 years passenger numbers to Sydney Airport are forecast to double to 72 million per annum), coupled with the increasing number of lower cost flights, increases the imperative to reduce the congestion around the airport and provide more cost effective transport options.

Sydney Airport is an important entry point for visitors to NSW. It is therefore vital that the quality of the product, the ease of accessibility, the timeliness of the service and the costs demonstrate a strong welcome to visitors and do not reinforce an image of an expensive and difficult city to travel around.

Recommendation

Introduction of a family pass for the airport stations where the ticket is valid for 3-4 passengers and the gate fee is charged on the first 2 adults. This would provide a more competitive fee to passenger ratio. For example for a trip to Sydney CBD a Family One way would cost \$31.80 versus the current price of \$43.20. In addition we would recommend the introduction of a group pass for large group movements through the airport.

Accessibility for Airport Staff

There are currently over 2,000 hotel and serviced apartment rooms at Sydney Airport. During the past year Rydges Sydney Airport has opened, adding 318 rooms to the precinct and significant new accommodation has been approved for development over the next couple of years.

Adina at Mascot	123	4 Star	Construction	2014
Tune Hotel, Mascot	250	3 Star	Construction	2014
King Street, Mascot	321	4 Star	Planning	DA Approved Dec 2012
O'Riordan St, Mascot	238	4 Star	DA lodged Dec 2012	2014

This new stock is coming on at a time when the current airport hotels are struggling to attract staff.

The Deloitte Access Australian Tourism Labourforce Report (2012) forecast that the estimated accumulated shortfall of skilled and unskilled workers in the tourism and hospitality sector in Sydney between 2012 and 2015, is 13,930. For accommodation providers at Sydney airport, this overall shortage is exacerbated by the lack of public transport options, which negatively impacts the productivity of those businesses.

Public transport is the preferred mode, for the majority of staff. Currently there are only eight trains per hour to the city during peak periods and there is only one route on the Sydney Buses network operating from Burwood to Bondi Junction.

A survey of 5 of our member hotels at Sydney Airport, employing 512 people, shows that staff travel considerable distances to work at these hotels, often with limited and expensive public transport options, resulting in the car becoming the preferred mode of transport.

Eastern suburbs	Sydney inner suburbs	Inner West	Western Sydney	Sydney South	Sydney South West	North Shore
14%	7.5%	8.5%	25%	35%	6%	4%

As per the results above, 25% of staff travel from the western suburbs, where there is higher unemployment. Currently a weekly from Penrith to the International Airport is \$71 and a monthly \$266.

Wages under the Hospitality Industry General Award (2010) for Level 1 staff are \$640.20 per week or \$16.85 per hour. 30% of staff within the industry are casual staff, who often earn less than this and are not prepared to spend 11% or more of their wages on public transport costs.

Airport hotels are also placed in the difficult position of having to subsidise staff and roster outside of normal trading patterns due to prohibitive costs and challenging transport conditions outside of curfew hours at the Airport. Rydges Sydney Airport advises that “We are in a position of treating a gateway city hotel as a regional or hardship property to ensure we maintain a high quality of employee and a well-resourced property in terms of man power”.

Ultimately if NSW is to provide a competitive visitor experience we need to be able to attract staff.

Recommendation

An airport staff rate is introduced where bona fide staff of airport businesses can present photo ID to access a discounted weekly, fortnightly or monthly ticket. The discount would remove the station access fee levied on top of the existing City Rail fare.



**Tourism
Accommodation
Australia (NSW)**

Address Level 15, Hudson House,
131 Macquarie Street,
Sydney, NSW 2000
Telephone +61 2 8218 1816

Conclusion

Sydney Airport is the only international airport serving Australia's largest city. It is therefore important to the economy of NSW that the Sydney Airport precinct functions effectively to service both visitors and residents of NSW.

The lack of public transport options in the precinct and the uncompetitive cost of rail to the airport stations, increases congestion in the region and impacts the visitor experience. The same issues also add to the difficulty in attracting staff to service the current and future hotels in the precinct.

TAA (NSW) on behalf of its members recommends the introduction of a discounted fee structure for the high percentage of local staff needing to use the stations, as well as discounts for group/families to incentivise them to use the airport link stations instead of adding to the congestion in the precinct. We also continue to advocate strongly for more public transport options in the precinct.

Our research with member hotels indicates that this will not only assist hotels in attracting staff and increase the attractiveness of Sydney as a destination port, but will also lead to a significant increase in patronage of the Airport Link.

We look forward to your favourable consideration of the above and welcome the opportunity for further consultation.

Yours faithfully,

Carol Giuseppi
NSW Director
Tourism Accommodation Australia (NSW)

CC: The Hon. George Souris, MP
Minister for Tourism, Major Events, Hospitality and Racing