

**Submission
No 24**

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

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During 2013 the NSW Government will collect 85% of the Station Access Fee for Domestic Station and International Station. It would therefore be easy and cheap for the NSW Government to remove the Station Access Fee altogether.

The reasons for removing the Station Access Fee for Domestic and International Terminal Stations are as follows:

- Patronage at these railway stations is estimated to rise by 35% if the station access fees were removed. (Productivity Commission 2012 p302). This would give a huge reduction in road congestion and pollution. As the railway carries an estimated 14% of airport users at present (Productivity Commission 2012 p300), the proportion of airport users carried by rail would increase to 19 %, implying a decrease in vehicular traffic of perhaps 5%, assuming an occupancy per vehicle of 1 person.

- Private vehicle users on the M5 Motorway are subsidised with the Cashback Scheme at a cost of about \$60 million per year (Productivity Commission 2012 p301) so it is naturally distorting people's choice of transport mode to and from the airport if train travellers are penalised by the Station Access Fee while car drivers are encouraged by the Cashback Scheme.

- Prior to the expected increase in revenue from the contractual arrangements for the Airport stations to 85% of the Station Access Fee, the cost of removing the Station Access Fee was estimated to be \$40 million per year (Productivity Commission 2012 p304). This cost will now be less. If 35% of passengers is equivalent to 1.7 million people, then 4.8 million passengers per year are using the airport stations. Therefore, if the government removed the station access fee, the cost to the per passenger would be 15% of \$12.30 per passenger, or \$1.85 per passenger, or roughly \$9 million per year. This is the net cost to the government, although the government would be foregoing revenue of about \$60 million by removing the Station Access Fee. The near equivalence of the income from the Station Access Fee and the cost of the M5 Motorway Cashback Scheme highlights the inequitable transfer of costs from the rail user to the private car driver.

In conclusion, removing the Station Access Fee at the Domestic Terminal Station and at the International Terminal Station will not only provide large benefits in reduction in road traffic congestion around the Sydney Airport, it will also alleviate an unfair situation in which rail users are in effect subsidising private vehicle users.

It is therefore recommended that the NSW Government remove this inequitable and inefficient Station Access Fee.

References:

Alan Davies 2013, blogs.crikey.com.au/theurbanist, Should the O'Farrell government lower Sydney airport rail fares? 6/2/13

Productivity Commission 2011, Economic Regulation of Airport Services Productivity Commission Inquiry Report, No. 57, 14 December 2011