

**Submission
No 26**

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

Organisation: Sydney Business Chamber

Date received: 13/11/2013



13 November 2013

Mr Stewart Smith
Director
General Purpose Standing Committee No. 3
Parliament House
Macquarie St
SYDNEY NSW 2000

Sydney Business Chamber
Postal address
GPO Box 4280 Sydney NSW 2001
Office address
Level 12, 83 Clarence Street
Sydney NSW 2000
t +61 2 9350 8100
f +61 2 9350 8199
e enquiries@thechamber.com.au

Dear Mr Smith

Sydney Airport Access Fee Submission

Thank you for the opportunity to provide comment on the Inquiry into Removing or Reducing Station Access Fees at Sydney Airport. The Sydney Business Chamber (the Chamber) is a division of the NSW Business Chamber and represents Sydney's leading organisations from the corporate, public and not-for-profit sectors. The Chamber advocates for Sydney to be a competitive and sustainable global city. The majority of Chamber members are based in the CBD and all are located within the Greater Sydney Basin.

The Chamber supports the removal of the station access fee in order to increase the patronage of public transport to Kingsford Smith Airport (KSA) by both passengers and employees, thereby helping to address traffic congestion on the road network around KSA.

The economic significance of KSA

Congestion around Sydney Airport is not only an inconvenience; more importantly, it detracts from the economic contribution of the Sydney Airport and Port Botany precinct.

The Precinct generates \$10.5 billion in economic activity and handles more than \$60 billion of freight each year¹, making these gateways essential to both the NSW and national economies.

As the major international gateway into Sydney and Australia, it is important that KSA operates at its optimum capacity to support Sydney as a global city and the key hub for arrivals to support the visitor economy. Landside congestion at KSA impacts on Sydney's distinct advantage of a centrally-located airport within a short distance of the CBD.

KSA is the main air freight airport in Australia, carrying 48% of all international air freight in Australia.² Total freight volumes transported via KSA is expected to grow significantly from 615,378 tonnes in 2012 to 1,011,312 tonnes in 2033.³ Congestion adds costs to the distribution of freight and a reduction in car traffic around KSA will create a more efficient road network to the benefit of the freight network.

¹ Infrastructure NSW, <http://www.insw.com/projects/port-botany-%E2%80%93-sydney-airport-precinct.aspx> (accessed 7 November 2013).

² Sydney Airport Corporation, *Sydney Airport: Preliminary Draft Master Plan 2033* (2013), p. 90.

³ Sydney Airport Corporation, *Sydney Airport: Preliminary Draft Master Plan 2033* (2013), p. 44.

Behavioural impacts of the access fee

The comparatively low use of rail to access KSA compared with private cars and taxis is the direct consequence of the high price of a ticket.⁴ The decision to remove the access fee from Green Square and Mascot in March 2011 demonstrates this; in June 2011 it was reported that passenger throughput at Green Square and Mascot was 70 per cent higher on a year-on-year basis, with 50 per cent attributed to the removal of the fee and 20 per cent due to natural market growth.⁵ The price of a taxi fare from the CBD can cost around the same amount as rail fares if there are two or three passengers.⁶

The Joint Study estimated that in 2012, rail had a mode share of 17% of all surface transport trips to and from KSA. The Joint Study found that removing the station access fee would result in 3,500 new users per weekday diverting from road to rail in the first year, increasing to 8,400 diverted users in the long term. The Productivity Commission suggests these results could be even greater, given the results of the removal of the access fee at Green Square and Mascot stations.⁷

This issue is not only relevant to airport passengers. Around 28,000 people are employed within the KSA site. Employees represent around 13% of typical weekday ground access movements at KSA. These employees include ground staff, airline employees, freight staff, government agencies and retail employees.⁸

While many of these employees could use public transport to commute to work, this is generally not attractive economically given the price of rail tickets as well as the limited bus options. A return commute via rail would cost \$24.60 on top of the normal rail fare. The longer term tickets (e.g. weekly, monthly) do provide a discount – for example a weekly ticket from Circular Quay to Domestic Airport costs \$47 which equates to \$9.40 per weekday – however, these longer term tickets are not always applicable for casual workers.

A large proportion of employees based at Sydney Airport commute from the St George/Canterbury areas.⁹ 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 Wollri Creek station. However, the cost of catching the train simply renders this option unattractive.

The Chamber has examined the experience of one of its member companies based in the KSA/Mascot precinct. DHL Express is a global international express airfreight forwarder, which operates from three different sites in and around the KSA area – Bourke Road which is serviced by the Mascot Train Station, and two facilities in Keith Smith Avenue, next to the airport's tarmac.

⁴ Productivity Commission, *Economic Regulation of Airport Services*, (2012) p. 300.

⁵ Booz & Co, *Impact of Fare Reform on the Sydney Airport Rail Link* (2011), p.9.

⁶ For example, a taxi departing Parliament House, Macquarie St for KSA Domestic at 5pm on a weekday is estimated to cost \$34.83 (www.taxifare.com.au) while the cost of two single rail fares from St James to the Domestic Airport rail stations is equal to \$31.80.

⁷ *Joint Study on aviation capacity in the Sydney region* (2012), p. 227.

⁸ Booz & Co, *Impact of Fare Reform on the Sydney Airport Rail Link* (2011), p.12.

⁹ Sydney Airport Corporation, *Sydney Airport: Preliminary Draft Master Plan 2033* (2013), p. 29.

Of the 210 employees who work at these three sites, 165 employees work at the two airport locations – approximately 50% of those are aged under 25 years. The majority of all Mascot-based DHL employees live in the Sutherland Shire.

Approximately half of the functions within the DHL airport facilities are entry-level warehouse or data entry roles, which attract young people who may not drive or may not own a motor vehicle. In addition, parking in the area is severely limited. Therefore, often public transport becomes the only method of transport available. Currently the additional cost of rail is prohibitive even when considering the purchase of a weekly rail ticket. The attraction and retention of this lower-paid portion of DHL's workforce becomes a significant challenge.

As an employer of choice, DHL has a number of concerns for employees who walk to/from Mascot Station which include:

- Employees must navigate the very 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.
- These roads are frequented at all hours of the day and night by large container, semi-trailer and other articulated vehicles, which have poor visibility of pedestrian traffic.
- 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.

Removing the access fees at the Domestic Train Station would give employees the cost-effective option to leave their cars at home and utilise the great public transport system from the Sutherland Shire. DHL envisages an improvement in attraction and employee engagement.

As an employer-of-choice, DHL would proactively encourage utilisation of the rail as a viable transport alternative and as a great environmental initiative, which is significantly important to DHL globally.

Budget Impact Considerations

The Chamber appreciates that the access fee provides revenue for the NSW Government, which has the potential to be invested in beneficial expenditure for NSW including investment in infrastructure. However, given the economic importance of the Sydney Airport and Port Botany precinct, we would suggest on a cost benefit ratio the cost is greater.

Transport For NSW estimated that removal of the access fee could delay the capacity issues on the roads serving the airport by between one and four years.¹⁰ Given the significant infrastructure backlog facing NSW and in need of funding by the NSW Government, removal of the access fee would buy the NSW Government more time in this regard by ensuring that the efficiency of current transport infrastructure around KSA is maximised.

At the very least, if the NSW Government is unwilling to forego the revenue from the station access fee, the NSW Government should consider the benefits of providing a rebate/exemption for onsite employees as well as hypothecating access fee revenue into a fund for future infrastructure investment in the Airport rail line.

If you wish to discuss any elements of this submission, please contact me on

Yours sincerely

THE HON. PATRICIA FORSYTHE
Executive Director

¹⁰ *Joint Study on aviation capacity in the Sydney region* (2012), p. 227.