

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 3

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

At Sydney on Monday 2 December 2013

The Committee met at 10.15 a.m.

PRESENT

The Hon. N. Maclaren-Jones (Chair)

The Hon. N. Blair (Deputy Chair)

Dr M. Faruqi

The Hon. P. Green

Mr S. MacDonald

The Hon. P. G. Sharpe

The Hon. M. Veitch

TIM REARDON, Deputy Director General, Policy and Regulation, Transport for NSW, and

CAROLYN MCNALLY, Deputy Director General, Planning and Programs, Transport for NSW, and

PETER CRIMP, General Manager Finance, Sydney Trains, sworn and examined:

KEN KANOFSKI, Director Journey Management, Roads and Maritime Services, affirmed and examined:

CHAIR: I welcome everyone to the first hearing of the General Purpose Standing Committee No. 3 inquiry into removing or reducing station access fees at Sydney airport. The inquiry is examining whether the station access fee charged when alighting or departing from Sydney domestic and international airport train stations be removed, maintained or reduced. Today is the first of two hearings we plan to hold for this inquiry. We will hear today from the Government transport officials, Airport Link, Sydney Airport Corporation, Tourism Transport Forum, Sydney Business Chamber and Tourism Accommodation Australia.

Before we commence I will make some brief comments about the procedures for today's hearings. In accordance with broadcasting guidelines, while members of the media may film or record committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses say outside of their evidence at the hearing. I also urge witnesses to be careful about any comments that you may make to the media or to others after you complete your evidence as such comments would not be protected by parliamentary privilege if another person decides to take action for defamation.

The guidelines for the broadcast of proceedings are available from the secretariat. There may be some questions that witnesses can only answer if they have more time or with certain documents to hand. In these circumstances witnesses are advised that they can take questions on notice and provide the answers at a later date. Witnesses are advised that any messages should be delivered to committee members through the secretariat staff. Finally, I ask that everyone turn their mobile phones off for the duration of the hearing. I welcome our first witnesses. Before we commence with questions, would you like to make an opening statement?

Mr REARDON: I will make a couple of quick comments. The airport rail link has been open for over a decade. The fares are set through two processes: one, through the Independent Pricing and Regulatory Tribunal [IPART] process for the normal distance based fares charged by Sydney trains; and two, the station access fee, which was charged on four stations, is set by the airport line company itself. In 2011 two stations, Green Square and Mascot, had their station access fees removed. The airport international and airport domestic still have a station access fee in place. Again, we annually set charges through the Independent Pricing and Regulatory Tribunal process for the rest of the Sydney trains network and these station access fees continue to be set by the airport line company itself.

CHAIR: We will commence with questions, starting with the Hon. Penny Sharpe.

The Hon. PENNY SHARPE: On page two of your submission you talk about the current New South Wales Government's actions in relation to issues around the Port Botany and airport precinct. You mention that you are undertaking a review of the station usage fee applied to train fares at the airport. Where is that up to and is that a separate process?

Ms McNALLY: I am sorry, where?

The Hon. PENNY SHARPE: First paragraph on page two, "Current New South Wales Government actions and investment." You talk about short-term projects including implementing the WestConnex enabling works, investigating potential additional bus services and then the station usage fee.

Ms McNALLY: We are undertaking a range of activities and one of the things we did when we did the Long Term Transport Master Plan was to look at the range of things we need to do to support the land side task at the airport. As a result of that we decided that we needed to do some roads, bus and rail measures. We commenced with looking at how we could start making a difference fairly quickly and one of those areas was around the pinchpoints at the airport. The Government announced \$282 million to start some roadworks around

the airport, particularly to get the air precinct for the longer term connection with the WestConnex network. That is out for public consultation and Mr Kanofski can tell you more about that. We have started the planning for WestConnex. As you know, the business case is out for the first stage and the other stages are under development.

The Hon. PENNY SHARPE: Can you clarify the WestConnex business case that is currently being developed. The part around the airport has not been developed?

Ms McNALLY: It is a future stage. We have looked at increasing the number of rail services through the 2013 timetables. We put in two extra services in the peak hour and two in the off peak hour, increasing services in the peak from eight to 10 and six to eight in the off peak.

The Hon. PENNY SHARPE: When you define peak, is that between 7 a.m. and 9 a.m.?

Ms McNALLY: That is correct.

The Hon. PENNY SHARPE: We measure peak in a range of different ways, as you know. Let us be clear, it is those two hours?

Ms McNALLY: It is two hours all day. We increase the number that were already there in the peak and all day, so two extra services all day.

The Hon. PENNY SHARPE: There was a plan, an indication that you were trying to get to eight extra and going up to 12. What is the timeframe for that?

Ms McNALLY: We are currently doing that work with part of the Sydney's rail future policy document that was put out. We are currently doing investigations around the technical work, things such as fire and life safety upgrades that will be needed in the airport line tunnel. We are also looking at how we can increase the number of services as part of the rail improvements that are occurring through the South West Rail Link and the Kingsgrove-to-Revesby project as well. The completion of those projects will allow us to increase services further. How that comes out as part of that timetable planning with those infrastructure investments completed will be dictated a little by that. That work is in detailed planning at the moment.

The Hon. PENNY SHARPE: Have you conducted an inquiry or modeling around what you think would happen with patronage if you changed the station usage fee?

Ms McNALLY: We did some of that work in relation to the work we did with the Commonwealth around the feasibility study for a second Sydney airport and we looked at what would be the employment growth in that area and how that compared with the greater metropolitan region. We looked at what would be the difference in growth if we were to put in place those measures and remove the station access fee. Compared to other places in Sydney, you are looking at a limited amount of growth occurring over the next 20 to 30 years around the airport itself. About 6,000 extra jobs is what the modeling showed for that particular period, that is from 2006 to 2036.

Other parts of Sydney we are going to increase around the same period: in the CBD around 87,000, Redfern and some of the Surry Hills area around 23,000, the greater metropolitan region more broadly around 12,000 to 13,000. So we looked at then what would happen in terms of implications of the costs of taking off a station access fee and that work indicated it would be around about a \$600 million impact to the budget in terms of the impact of removing the station access fee—that is just the actual removal; it did not count the ongoing cost of maintaining those particular stations.

The Hon. PENNY SHARPE: That is \$600 million over what period of time?

Ms McNALLY: A 30-year period.

The Hon. PENNY SHARPE: From? Immediately from whenever it was?

Ms McNALLY: Yes. We did the work then in 2011. They were 2011 dollars. We did the work based on 2011 dollars.

The Hon. MICK VEITCH: And that was economic and patronage modelling?

Ms McNALLY: Yes. As a result of doing that sort of thing, change in patronage would come in at probably around 26 to 30 per cent over that period, particularly lower in a shorter time frame than in a longer time frame. It goes up a little bit more after about 2021. But it is under the 30 per cent mark that modelling showed.

The Hon. PENNY SHARPE: Do you have confidence in that? We have had a lot of patronage projections around use and you could just look at Green Square and Mascot, for example: it has doubled in patronage since the removal of the station access fee. Can you tell me why you are so confident it would be only about 30 per cent?

Ms McNALLY: Because we did a lot of analysis around the land use and the growth expected. Redfern and Green Square and Mascot and those areas have a significant amount of development occurring—a significant amount of growth in terms of people that are obviously needing to live there, whereas the airport itself is a much different kind of beast; it is much more contained. It is really those two lines that go directly to the airport themselves; there is not a lot of residential area. It really services mainly travellers and the people who actually work at the airport.

In terms of the people who work at the airport, we had a look at when they go and where they come from. There is sort of a shift arrangement, so a lot of the people travelling to the airport for work do not necessarily travel in the peak; some of them have to start a 3.00 a.m. shift to get there for the 6.00 a.m. first flights in and a lot of flights taper off around 10 o'clock at night. So there seems to be a shift pattern there. We also looked at what would be the growth in the precinct. It is much more of a light industrial area rather than residential-type growth. So we were fairly confident that the different kinds of services and servicing that you provide to somewhere like Green Square and Mascot compared to the airport validated the modelling. It was the same sort of modelling that we used.

The Hon. PENNY SHARPE: When you do that modelling does that also take into account road congestion and the impact it would have on road congestion around the airport?

Ms McNALLY: It did.

The Hon. PENNY SHARPE: You have talked about all the enabling works to do with WestConnex—Mill Pond Road, Joyce Drive and General Holmes Drive. Have you done detailed modelling around road congestion impacts with those improvements?

Ms McNALLY: Yes, we have done modelling.

Mr KANOFSKI: Yes, we have. We have now got a preferred option on public exhibition for those works, which actually involves a road tunnel or a tunnel under the railway line coming off the end of Wentworth Avenue and joining up with Joyce Drive. General Holmes Drive would be stubbed off on either side of the current level crossing. The original plan was to go under at General Holmes Drive; the plan is now to go under at Wentworth Avenue. There are also works to widen Joyce Drive and there are works to improve the intersection of Mill Pond and Foreshore Road.

The Hon. PENNY SHARPE: We are quite familiar with what the works are. What I am interested in is what the modelling around congestion is in the time frame.

Mr KANOFSKI: The time frame for the works is they will be completed by 2018. Against a basket of measures, if you like—which is travel time, trips delayed and a range of other measures—we are modelling about a 7 per cent improvement in what we would define broadly as the airport and port precinct. There is no definition of which basket of measures equals congestion, but against a basket of those types of measures it is about a 7 per cent improvement generated by that particular project.

The Hon. PENNY SHARPE: Is that based on no change to the station access fee?

Mr KANOFSKI: The station access fee—all other things remain—

The Hon. PENNY SHARPE: In the basket the station access fee is not considered?

Mr KANOFSKI: No. We are simply modelling the impact of that particular road project. Obviously when you do that you hold everything else as is in order to isolate the impacts of that particular project.

The Hon. PENNY SHARPE: Ms McNally, given the work that you have done and the reduction of the station access fee, do you think that that would have a positive impact on the service congestion around the airport?

Ms McNALLY: Certainly it would have some impact. But in terms of level of significance, our work shows that it would not be hugely significant. Our work showed that you need to do a lot of different things. For example, something like an information campaign came up with a cost benefit analysis of around 5.2 per cent. Simply educating people on what sort of services are available and how to actually use rail services and putting in place more bus services and then educating people on the sort of services available, making signage a lot better, providing information for people who arrive at the airport, a lot of that sort of thing could make quite a significant difference. What we tried to do was to say we need to look at not just doing one thing, because one thing in itself is not going to make a significant difference, it is really the combination of things.

The Hon. MICK VEITCH: Have you met with the operators of the stations to look at increasing patronage?

Ms McNALLY: I have not personally, no, but I have heard—

The Hon. MICK VEITCH: Has there been any conversation with anyone from the department?

Ms McNALLY: That work would have happened through our transport services division, of which I am not responsible.

The Hon. MICK VEITCH: How far back did that occur?

Ms McNALLY: I could take that on notice.

Mr REARDON: If I could add to that? There are a range of conversations that continue about the delivery of new projects such as the Opal card where there are ongoing discussions with the airport line and how the station access fee would be applied. Certainly there is discussion there between Transport for New South Wales and the operator. Peter is from Sydney Trains and there is also ongoing dialogue with him.

Mr CRIMP: Part of my responsibility is to manage the contractual relationship with the Airport Link Company [ALC]. We meet regularly with the chief executive of ALC on a range of matters but I have not explicitly talked to him about station access fee [SAF] removal at the airport or what that impact could be.

The Hon. MICK VEITCH: But also increasing patronage, just a general marketing plan to increase patronage, has that been discussed?

Mr CRIMP: Yes, they submit a marketing plan to us every year. They have got quite an intensive advertising campaign at the airport. I do not know if you have been out there recently and have seen the activities. They are very active in trying to promote the airport themselves in terms of the advertising at the airport and other destinations too in terms of catching inbound travellers as well.

The Hon. PENNY SHARPE: Ms McNally, going back to the cost, you talked about \$600 million over 30 years, which is \$20 million a year. Does that cost also include the savings you make of people who actually got out of their cars and you do not have to pay cashback on the M5?

Ms McNALLY: No. That was just directly for all the station access fee costs.

The Hon. PENNY SHARPE: Can I put to you as an example that people travelling from Campbelltown at the moment currently pay \$8.80 a day. Cashback then refunds them about \$40.00 a week. A weekly ticket is about \$71.00 but for Mascot it is only \$51.00. Basically there is a \$20.00 saving for every person who gets out of their car and you are not paying cashback. Do you think that is something that should be considered in terms of the cost of the modelling?

Ms McNALLY: As part of our modelling we looked at where people are coming from to go to the airport and our modelling showed that only about 18 per cent of people are coming from the north-west, the west and the south-west of the airport. About 10 per cent are coming directly from the south, 27 per cent from the northern and eastern suburbs and 36 per cent from inner Sydney. I guess what we are trying to look at is what is the range of things, given that distribution of people, that would benefit all of the people around Sydney, not just particularly one group. We also looked at, as part of the joint aviation study, the fact that the airport itself was looking to change how it delivered services. So we looked at what impact that would have on the roads and other sorts of uses. I think in terms of looking at tolls and so on we looked at it through a different lens, I guess.

The Hon. PENNY SHARPE: I think that is a problem with silos in government and the way that we are looking at this. There is a significant improvement if we get one person out of their car that it will not only save money but it will deal with the congestion issue. I acknowledge all of the work that is going into the enabling projects around WestConnex and I acknowledge the work that the airport is doing, but this is many years down the track—at least four or five years. The joint aviation study says that service capacity will be at gridlock at the end of 2015. Do you accept that the rail line would be the fastest way to get a mode shift to relieve some of that congestion?

Ms McNALLY: No.

The Hon. PENNY SHARPE: You are doing modelling that you say is a basket of things to deal with the road projects around the airport but within that basket of works that you can do you are not even considering the station access fee and you are then costing the station access fee but not considering the other ways in which you would save money for the Government in terms of the M5 cashback. Do you think that there are some missing dots that need to be joined when looking at this precinct?

Ms McNALLY: I think that we have looked at a wide range of measures. We looked at the number of trips that we thought would be removed off the roads as a result of the removal of the station access fee, and we are really only talking about 3,000 trips a day. Our modelling showed that only about 3,000 trips a day would be impacted by the removal of the station access fee.

The Hon. PENNY SHARPE: Would you be prepared to provide the Committee with a copy of that modelling?

Ms McNALLY: A copy of the document which that is in is already up on the website. I am happy to provide a copy of that. It is one of the technical documents that was provided for the joint aviation study that we provided.

The Hon. PENNY SHARPE: Yes, I am familiar with those. Can I ask you briefly about buses? Everyone is familiar with the fact that there is one bus and I think there are now two new buses that are going vaguely near the airport. Can you confirm to me what the changes in the airport for 357 and 418 services have meant in terms of bus access to the airport?

Ms McNALLY: I would probably have to take that on notice to provide any significant detail.

Mr REARDON: Just to clarify: You are asking about timetable changes within the last month?

The Hon. PENNY SHARPE: Most recently. In your submission at page 4 you talk about additional bus services to the airport precinct. Everyone who is familiar with 400 knows that it does not go anywhere near the city and takes about an hour and a half to get from Burwood to Bondi Junction. It is the only direct route to the airport. In your submission you talk about the 410 bus which stops on Qantas Drive near the Jet Base.

Ms McNALLY: I might have to take that on notice.

The Hon. PENNY SHARPE: If you could come back to us on that. My real question is: Have you or are you considering extending the M20 bus route—the very successful metro buses to the airport? They stop at Botany shops. I am interested in your comments about the contract difficulties that there are. The M20 goes from Botany all the way to the North Shore, through the city; it is very successful and runs every 10 minutes. Why are there constraints on why we cannot at least have that service from Botany shops a couple of hundred metres down the road to the airport?

Ms McNALLY: We are doing a lot of work around more buses we could put to the airport. In fact, we have been having quite significant discussions with the airport corporation around them providing facilities for a bus turnaround and bus lay over facilities so we can bring people in closer to the airport. One of the challenges we have got at the moment is that there is not really any space at the airport to bring regular bus services in there. As part of their airport master plan they have created a space to enable us to bring more buses in. We also are factoring in how we can bring more buses in through the enabling works that are happening through WestConnex because we will need to factor those in as part of the road use. We are certainly doing a lot of analysis on that at the moment and looking at what are the measures that are needed to allow that to happen. On that particular bus route I am happy to have a look at that and get that information back to you.

The Hon. PENNY SHARPE: We talk about additional bus routes but, as I said, the only one really is the 400. If we wait until the Sydney airport plan is finished, if we wait until the enabling works are done—and I think later on you talk about redoing buses once the light rail is in, which is not until at least 2019—again I come back to the fact that we are at least five years away from any improvement, in the best-case scenario, yet there is not going to be one additional bus going into the airport.

Ms McNALLY: We have actually just put on additional buses.

The Hon. PENNY SHARPE: Is that the 357 and the 418?

Ms McNALLY: Yes. To clarify that, it has gone in as part of the new timetable. It came in only in October and we will carefully monitor patronage growth.

The Hon. PENNY SHARPE: I accept that there is a need for better bus lay-over and turnaround. We are clearly getting buses in again, but do you think the M20 should be the priority in terms of bus access to the airport?

Ms McNALLY: We can take that question on notice.

Dr MEHREEN FARUQI: What was the revenue to the Government from the station access fees in the financial year 2012-13?

Mr CRIMP: Do you mean for the airport stations?

Dr MEHREEN FARUQI: Yes.

Mr CRIMP: I believe it was in the region of \$10 million.

Dr MEHREEN FARUQI: What is expected in 2013-14?

Mr CRIMP: I do not know the exact forecast for 2013-14, but the Airport Link Company signalled in its submission that by 2014-15 it will be \$65 million.

Dr MEHREEN FARUQI: Where is that income spent?

Mr CRIMP: That is income to the Airport Link Company. It has to meet its operating costs as part of its normal operating and maintenance of stations. That is the first call on those funds. There is now a train service fee arrangement that is part of the contractual arrangement. After the company has met its operating costs it pays 50 per cent of the net proceeds back to the Government.

Dr MEHREEN FARUQI: Where is the revenue given to the Government?

Mr CRIMP: That goes towards funding of the rail entities; it goes to RailCorp and Sydney Trains.

Dr MEHREEN FARUQI: How much of the initial \$550 million investment in the airport line has been paid off by the Government? In one of the submissions—I cannot remember whether it was yours—it was suggested that part of the income is used to pay off the \$550 million initial investment.

Mr CRIMP: At this stage we have only realised \$10 million in the year 2012-13 from the station access fee; only \$10 million has come back in to June 2013. We have realised about \$2 million a month since then. A relatively small amount has been realised so far as part of the station access fee arrangement.

Dr MEHREEN FARUQI: Have you calculated by how much the fee would be lowered if the Government decided to forgo it?

Mr CRIMP: I have not done that calculation.

Mr REARDON: We have said that the cost of removal is \$600 million. We have allocated revenue that will come to Sydney Trains for it to pay off the concession process. It is in our forward estimates already.

Dr MEHREEN FARUQI: Has there been any modelling of costs and revenues if we look different scenarios, such as a reduction of fees by 25 per cent, 50 per cent, 75 per cent or 100 per cent?

Ms McNALLY: It has been done. It shows typically what one would expect. The more the access fee is reduced the greater the benefit. That is a no-brainer. If it were reduced by 50 per cent it would cost an amount of money, but it would reduce the benefits overall.

Dr MEHREEN FARUQI: Can the Committee be provided with copies of those studies?

Ms McNALLY: We can take that question on notice.

Mr CRIMP: I believe some of that information is in the technical papers associated with the "Joint Study on Aviation Capacity in the Sydney Region".

Dr MEHREEN FARUQI: What would it cost the New South Wales Government to buy the stations?

Mr REARDON: We have put forward a full reduction of the station access fee, which is \$600 million.

Ms McNALLY: There are costs on top of that. There is the cost of purchasing the station, the maintenance costs, the running and all those kinds of things.

Dr MEHREEN FARUQI: A few years ago it was estimated to cost about \$276 million to purchase all four stations.

Ms McNALLY: I have not personally nor has my area done any recent updating of that information.

Dr MEHREEN FARUQI: Ms Sharpe asked about what the effect on congestion around the airport would be if we reduced or removed the station access fee and you referred to 3,000 car trips.

Ms McNALLY: A day.

Dr MEHREEN FARUQI: Which is about one million a year. That is based on a 30 per cent increase in patronage.

Ms McNALLY: That is correct.

Dr MEHREEN FARUQI: I see from your submission that the WestConnex enabling works are about \$282 million.

Ms McNALLY: That is correct.

Dr MEHREEN FARUQI: Would buying back the station have an effect on congestion? The predictions for Mascot and Green Square were incorrect. How much would patronage have to increase for that to become feasible in terms of economic costs?

Ms McNALLY: I would not want to speculate. I can only go on what our modelling showed.

Dr MEHREEN FARUQI: You are aware of the Booz and Company report that was done a few years ago which predicts much greater increases.

Ms McNALLY: There are three different scenarios: constrained, unconstrained and a medium-level growth pattern. We took the Booz and Company work into account in doing the "Joint Study on Aviation Capacity for the Sydney Region". That work reflected a more unconstrained scenario. We must look at the detailed factors behind that.

The Hon. PAUL GREEN: What were the standard error rates in the modelling?

Ms McNALLY: I would have to take that on notice.

Mr REARDON: The Booz and Company work was about having a forecast. However, it certainly commented on the different markets that we are talking about. Who might take it up if the station access fee were removed would need to take into account more than just price alone. There is also service availability and surface transport as opposed to getting on the rail service. There is a range of factors, including the various travel markets as opposed to considering them more generically. A range of factors within the Booz and Company work should be taken into account.

Dr MEHREEN FARUQI: Have you looked at a comparison with other countries such as Canada, which has a much higher patronage rate on similar lines and what the differences might and why our patronage would not get to higher levels even if the access fee were removed?

Ms McNALLY: It is difficult because not all countries have access fees. Many places have similar charges for getting to and from the airport. Many factors must be taken into account. As part of our public transport modelling we look at international best practice and what is happening internationally. We certainly look at what is happening around the country. We looked at how much it costs to get from Melbourne Tullamarine by SkyBus, which is the major service for moving passengers other than private vehicle. That trip costs \$17. The fare in Brisbane is \$16; in Perth it is \$15; in Hobart it is \$17; and in Darwin it is \$16. These are individual trip costs.

Dr MEHREEN FARUQI: But they are longer distances.

The Hon. PENNY SHARPE: They are much further. Tullamarine is a long way from the city.

Dr MEHREEN FARUQI: All of them are much greater distances, so people feel that the cost is fair.

Ms McNALLY: The distance in Brisbane is not much longer. I have caught the service myself. We try to look at what is happening internationally. Often it depends on the point of the contracting cycle and whether there is a significant history of public transport investment, and we have not had that in more recent times in our State. We look at a range of factors as part of the public transport work, whether it is related to rail or buses. We do not specifically compare one line to another line. It is like comparing apples and pears.

Dr MEHREEN FARUQI: You mentioned that some of the areas that you could look at in terms of increasing patronage would be better advertising and letting people know where the train services are. Have you looked at other ways such as providing better quality trains like Waratah and Millennium trains for the airport line, more frequent services, especially for people who very early and very late, and providing luggage racks in trains?

Ms McNALLY: Yes, we have. We have looked at what will be the impact and benefit of providing services beyond the hours that we do now. There would not be a lot of difference. Because there are 16,000 workers and some of them come in at different times outside the peak, it is hard to justify putting on a whole train for a relatively small group of people. Buses provide an opportunity, and we have been discussing that with the airport. The challenge for us in transport is the problem we are trying to solve. Largely it is providing a good public transport service to the airport and ensuring we keep up with levels of demand. That is why we have been increasing the number of rail services and it is certainly part of our longer term plan to have rail as the heavy lifter and increasing the number of rail services at the airport. We were looking at the longer term to about 2036 and trying to provide services up to 20 per hour. That is an active part of the planning for the airport line.

We are also doing a lot of work at the moment around buses and where we can provide more rapid services to the airport. There is a tension and a challenge about whether we should provide bus services from the central business district to the airport when we already have a rail line. Do we invest in ongoing operations and maintenance and offer two services or encourage people to use the airport line? Some of this work is ongoing. We continue to keep an eye on the level of growth and a number of people are expecting jobs to increase out there. We actively meet with the airport once a month to work through some joint solutions. We are fairly focused on the airport and the land-side transport task.

Dr MEHREEN FARUQI: A number of submissions indicate that many organisations are concerned about worker safety. Because of the cost of using the airport line many workers might get off the train at Wollie Creek or Mascot and walk to the airport. That is quite dangerous. Has the Government looked into providing bus services at these stations for workers?

Ms McNALLY: No government typically provides bus services for a particular employment group.

Dr MEHREEN FARUQI: There are 28,000 workers.

Ms McNALLY: It tends to be the major employers who provide subsidies or support for workers. We try to ensure that we provide services where they are needed and when they are needed. The weekly gate pass is \$20. For someone travelling every day return, that is about \$2 extra in addition to the fee. The issue for us is that the services are available and that we provide sufficient to meet growth.

Dr MEHREEN FARUQI: But \$20 a week is a lot for some workers.

Ms McNALLY: I am not saying it is not.

The Hon. PAUL GREEN: Have you considered implementing station access fee discounts for people who work at the airport?

Mr REARDON: There are already.

The Hon. PAUL GREEN: What is the percentage discount?

Mr REARDON: It is considerable. If someone were doing 10 trips a week, just the station access would be more than \$100. People can get a weekly pass for a few dollars.

The Hon. PAUL GREEN: Are there family tickets and group concessions?

Mr CRIMP: The first child is paid for but beyond that they travel free. Otherwise there are no family or group concessions.

Dr MEHREEN FARUQI: The no-compete clause contract with the Airport Link Company limits bus services to and from the airport. How much compensation would the company receive if the Government started putting in additional services?

Ms McNALLY: We would have to negotiate that; it would be a two-way negotiation process about what the company saw to be in its interests. I could not speculate on that.

Dr MEHREEN FARUQI: Have you started any negotiations?

Ms McNALLY: No.

Dr MEHREEN FARUQI: The station access fee increased from 2005 to 2013 from \$9.80 to \$12.30 for a single fair and from \$13.50 to \$20 for an adult weekly ticket. What is the justification for that?

Mr REARDON: As I said, the Independent Pricing and Regulatory Tribunal sets the broader fees and they are currently going up with the cost of living. The station access fee is set by the Airport Link Company. It would be a commercial decision and Peter Crimp may wish to comment. However, these are separate from the broader Sydney train fares. They are a commercial matter for the station access fee holder, which is the Airport Link Company.

Mr CRIMP: The price is set by the Airport Link Company and it does it largely independently.

Dr MEHREEN FARUQI: There is no Independent Pricing and Regulatory Tribunal review of that setting?

Mr REARDON: No, it is totally separate from how the Independent Pricing and Regulatory Tribunal process works in terms of train services.

The Hon. PAUL GREEN: Is the patronage on target or is it out by a considerable amount from the initial projections?

Ms McNALLY: I will take that question on notice. I would not want to speculate. I have not specifically looked at that in recent times.

The Hon. PAUL GREEN: Do you know roughly?

Ms McNALLY: Our overall patronage is about on target.

The Hon. PAUL GREEN: We have dealt with Port Botany and container movements increasing by about eight million over the next couple of decades. Was that projected in the modelling you did for Port Botany and the airport?

McNALLY: We looked at freight, but that particular figure I would have to confirm. We certainly looked at the amounts of freight, which is why some of the pinch point projects were important on the roads, particularly General Holmes Drive and other places.

The Hon. PAUL GREEN: In relation to the statistics we saw in the media last week, up to eight million people being the population of Sydney in the next 30 years, were those projections put into the modelling? What sort of figure was put in terms of population growth?

Ms McNALLY: Figures that are in the Long Term Transport Master Plan, I cannot remember.

The Hon. PAUL GREEN: Were they consistent with the recent statistics released by the Australian Bureau of Statistics?

Ms McNALLY: I think the ones that you are just naming were a bit higher.

Mr REARDON: Just to clarify, New South Wales is about 7.3 overall at the moment and Sydney itself is projected to go to about six million by 2030.

The Hon. PAUL GREEN: Those projections last week were pretty high, and I guess that would affect modelling significantly.

Ms McNALLY: That is one of the reasons we looked at where people are travelling from and going to because we looked at that particular type of growth and what kind of demand we need to manage. That is why I made the comments earlier about the amount of jobs that are expected to be created at the airport over the next 20 years, compared to the amount of jobs elsewhere. When we look at our overall priority setting we tend to take those kinds of growth figures into account.

The Hon. PAUL GREEN: If we are trying to get movements out of the city, to be quite fast and efficient, particularly for tourism, is there an opportunity for an initiative to have a fee in on the link but no fee out from the airport?

Ms McNALLY: That would have to be negotiated again.

The Hon. PAUL GREEN: I realise that.

Ms McNALLY: Anything could be looked at.

The Hon. PAUL GREEN: Has that—

Ms McNALLY: No, we have not looked at that.

The Hon. PAUL GREEN: Will you take that on notice?

Ms McNALLY: We will take that on notice.

Mr REARDON: In terms of that question, we would have to look at the clear objective and benefits.

The Hon. PAUL GREEN: I am just trying to work out—

Ms McNALLY: If you have tourists coming from the airport in, they tend to want to go back as well. The people who are going out there for jobs tend to want to go back as well. So I am not sure that that would be clear.

The Hon. PAUL GREEN: You are talking about the airport capacity getting near peak. So either we build a second airport or we manage the one we have more efficiently and little initiatives will make that difference, obviously by some opportunity to extend the life of the current airport. In terms of funding, the Australian Railway Association [ARA] called for the establishment of a dedicated transport fund to reinvest in Sydney's public transport system from revenue gained from the station access fees. Has that been considered and would it work?

Ms McNALLY: That is a matter for the Government. That is more of a government policy issue. I could not really comment on that.

Mr REARDON: The only comment we have made is that there are certain costs associated with removal of the station access fee and it is currently in the forward estimates now. So the ARA considering that to be hypothecated in any way is a comment the ARA can make. But at the moment we have put that into our forward estimates for use.

The Hon. PENNY SHARPE: Can I just clarify on the revenue question? It is staying with Transport for NSW, all the money generated goes to Transport for NSW, not general revenue.

Mr REARDON: I will take that on notice. It is within the budget—

The Hon. PENNY SHARPE: Can you come back to us about whether—I see you can probably use that for your savings in terms of what you have to report to Treasury but whether the actual money that is generated, where that ends up, whether it is general revenue or with Transport for NSW.

Mr CRIMP: At the moment it is built into the transport forward estimates.

The Hon. PENNY SHARPE: I understand that. I will wait for you to come back with more details.

Mr SCOT MacDONALD: Are you just asking about the excess cash flow?

The Hon. PENNY SHARPE: Yes.

Dr MEHREEN FARUQI: I will just clarify that. You are currently using it to pay off the 550 million or is that not the case?

Mr CRIMP: The funds that we receive through the train service fee have been built into the rail forward estimates.

Dr MEHREEN FARUQI: In the contract between the New South Wales Government and the Airport Link Company [ALC] for levels of service performance targets, can you tell us what the minimum requirements are for service per hour?

Mr CRIMP: Can you repeat the question?

Dr MEHREEN FARUQI: Sorry, services per hour in the contract you have for performance targets with ALC, what are the minimum requirements for services per hour?

Ms McNALLY: In terms of us delivering them the services?

Dr MEHREEN FARUQI: Yes.

Ms McNALLY: I think basically that we would just deliver the timetabled services, is that correct?

Mr CRIMP: Yes, there are specified service levels in the original contract in terms of the number of trains per hour. In terms of the current timetable, we exceed those.

Dr MEHREEN FARUQI: Can you give us a figure on how often these have not been met, say, in the past three years?

Mr CRIMP: At this stage there are some performance measures in the contract and we have exceeded those performance measures.

Dr MEHREEN FARUQI: So you have not paid any penalties or compensation to ALC over the past three years?

Mr CRIMP: No.

The Hon. PAUL GREEN: In your collective wisdom, without the portfolio, would you abolish the station access fee? If so, why, or why not?

Ms McNALLY: From my transport planning expertise I would not abolish the station access 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. It depends on what the problem is that you are trying to solve. 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.

The Hon. NIALL BLAIR: You talked about where the usage is coming from. What was the percentage coming from the CBD? Can you remind me of that because that seemed to be the largest?

Ms McNALLY: Thirty-six per cent.

The Hon. NIALL BLAIR: That is the largest usage?

Ms McNALLY: That is correct.

The Hon. NIALL BLAIR: From my experience and from what I know other people do, a large proportion of people, for example, come from regional areas. They fly to the airport, they come into the CBD and they head back out to the airport. It seems that once you get two or more people it is cheaper to catch a cab to and from the CBD. So let us not talk about removing the access fee, but surely some low-hanging fruit would be to look at potentially a group discount or buy one, get one free to try to take out those cabs just running to and from the CBD to the airport. Has there been any work done on that?

Ms McNALLY: Removing the taxis?

The Hon. NIALL BLAIR: No, but looking at a two-for-one or a group discount. As I said, you get two people, they will be paying \$15.90 each. They will get a cab that will cost them \$16.00, \$17.00. Surely when you are already looking at your numbers and saying that a lot of people are using the train now, would it not be a good bang for the buck to target that CBD market and say buy one, get one free or the second ticket is \$4.00, \$5.00 or \$10.00, and once you add three people it is even better again? Would that not remove some of the taxis?

Mr REARDON: Yes. The proposition was raised earlier about having it removed from one direction or the other, and I responded with the objective and the benefits. I take the point you are raising, which is once they get more than one person or two people into a taxi it potentially is cheaper to travel to or from the CBD. So

clearly if your objective is to look at grouping people it is something that could be looked at. If it is purely on price it gives a differential. You then have to go through all the other matters we have raised though that it is not purely on price alone that potentially would shift people. Yes, some would be attracted to it, without a doubt. Or other comments that people have made about luggage: Do I want the convenience of door to door or still using the taxis? So yes, on price alone you could create a differential, I am sure, which again would come at a contractual negotiation cost. But balancing that against the other factors of why people use certain modes would have to be taken into account.

The Hon. NIALL BLAIR: I understand. So we are talking from doing nothing to a whole range. The commuter market does not seem to have a lot of luggage, I guess. Coming for an appointment in the city from Moree, for example, you are in and out in a day, travelling with two other people to go to the same meeting; you all jump in the cab and get out at Market Place. We all do it as well. Many of us here are regional MPs that fly out to areas in a day and back on the same day. You look around and three MPs will jump in a cab because it will be cheaper than three individual tickets to go to the airport on the train link. I understand the objective but the objective will be to get that mass use on public transport and that seems to be the low-hanging fruit.

Mr REARDON: Your point is taken.

Ms McNALLY: On the previous question, which sort of relates, our analysis showed that two-thirds of the beneficiaries would be people who are already using the service. It depends on what your objective is that you are trying to achieve, if it is people already using the service get a reduced fare or if it is getting more people to use the service, with our numbers showing that there is not going to be a lot of employment growth out there compared to other areas. We are putting in a wide range of investments to try to meet the projected demand and we are trying to look at what we need to do to reduce congestion. So we do need to do the range of activities and whether that is one option we would need to have a look at that.

The Hon. NIALL BLAIR: You mentioned earlier that there was a range of measures, better signage, marketing—

Ms McNALLY: Buses—

The Hon. NIALL BLAIR: —et cetera. Has the information from your study been passed on to—

Ms McNALLY: It is in this report, which is on the website.

The Hon. NIALL BLAIR: Not for you but passed on to the ALC to work out a strategy to fix the signage, for example.

Ms McNALLY: We have certainly raised it with the airport corporation about signage within the airport. We have been discussing that with them. We said that when people get off a plane they get directed to rail stations. It is up to them whether they take that on board. It may be a better question for them but certainly there have been discussions about that.

The Hon. NIALL BLAIR: The report that you did, you got the outcomes and the recommendations. Have those specific outcomes on that web been discussed with them? We will ask them later.

Ms McNALLY: I could not comment about the Airport Link Corporation but they certainly have with the airport.

Mr CRIMP: I have not spoken to them about it.

The Hon. NIALL BLAIR: So someone has done the study, they have some recommendations. Where is the link between who engaged the study to the people who are responsible for implementing it?

Ms McNALLY: I think 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 one of the reasons we have been discussing it with the airport probably over preference of the airport link, which is when people are already on the train. Once you get in those tunnels we have pretty good information. It tells you where to go and so on. It is more about getting people wise to the fact that Sydney has rail as an option for travel.

Mr SCOT MacDONALD: The discussion around the buses, would that not trigger the material change clause if you allow a bus or two?

Mr CRIMP: The material change clause in the contract talks about services that go from the CBD out to the airport so it would depend in part on where those bus services were heading from and to.

Mr SCOT MacDONALD: There was a submission that referred to steps and escalators at Central Station. Do you have a view on that? I forget which submission it was but someone pointed out that the lack of escalators at Central Station was a little bit of a barrier to some of those people who have a lot of luggage and that sort of thing.

Ms McNALLY: Certainly one of the issues we are looking at more broadly in transport is all the stations and what is needed to improve those stations.

Mr SCOT MacDONALD: That is on your radar?

Ms McNALLY: It is on our radar.

Mr SCOT MacDONALD: The submission from the TTF states, "In 2011 the NSW Government decided to subsidise the fee for Mascot and Green Square stations at a cost of \$80 million." Is that right? Over what time period might that be?

Ms McNALLY: We will have to take that on notice.

Mr SCOT MacDONALD: When that decision was made back in 2011, whatever the cost might be per annum, that is a hit on RailCorp or Treasury? Where does that money come from?

Ms McNALLY: The money will come from general revenue.

Mr SCOT MacDONALD: From general revenue, not from—

Ms McNALLY: Basically what would happen is that the Government would have to decide to subsidise that, so it would have to find the money to do the subsidisation.

Mr SCOT MacDONALD: So it did not come out of your budget?

Ms McNALLY: I am not really clear about where it specifically came from, but we all get funded out of the same pot largely.

Mr CRIMP: I can comment: When the proposal was put up, Treasury funded the cost to RailCorp for the incremental cost.

Mr SCOT MacDONALD: If we were to be looking at \$600 million or \$20 million a year for a reduction in the station access fee for the two airport stations, again that would be a hit on general revenue.

Mr REARDON: Yes, and earlier the question was asked about the Consolidated Fund or Transport budget, and I make the same comment that Carolyn was making, which is that it will cost. It will cost the New South Wales Government to do it if we are to renegotiate. In terms of how it was achieved previously with basically a shadow fare arrangement, whether it is the same or a different way, at the end of the day we have taken that into account now in our forward estimates in terms of revenue that would be received in the future and the balance of that to Sydney Trains. We have taken that into account. So it would be a hit to the budget.

Mr SCOT MacDONALD: It might be a little unfair to ask, but in 2011 you had the reduction with the station access fee for Mascot and Green Square. Two years later we are now canvassing the idea of making changes to the two airport stations. What does this do to our prospects for public private partnerships [PPP]? Every few years we are looking at making fairly large adjustments to revenue and the contract, and we have some big picture projects coming up. What are potential investors going to think if every few years we look to make changes or adjustments? Do you get any sense of what that might do?

Ms McNALLY: We could not really speculate on that, we would just be guessing really.

Mr SCOT MacDONALD: You have not had any feedback from, in this instance, the airport line company when every few years we are coming back to them and saying we would like to tweak it here and adjust it there?

Ms McNALLY: We have not gone back to them for the two airport stations, we have only ever talked to them about Mascot and Green Square.

Mr SCOT MacDONALD: Can you throw any light on what that did to that company?

Ms McNALLY: I was not around at the time, so I could not comment.

The Hon. PENNY SHARPE: Wikipedia is very useful.

Mr CRIMP: The airport or Airport Link were happy to enter into negotiations in relation to Green Square and Mascot, and it was a negotiated outcome.

Mr SCOT MacDONALD: It does not hit their bottom line in this case, does it?

Ms McNALLY: No.

Mr SCOT MacDONALD: Treasury steps in and subsidises it.

Mr REARDON: It did in this instance.

Mr CRIMP: To an agreed level.

CHAIR: In 2011 was any cost analysis done in relation to the domestic and international terminals and reducing or removing the access fee?

Mr CRIMP: At the time that Green Square and Mascot shadow SAF was put into place there was a quote at the time that the station access fee at the airport was \$40 million, which was too much to contemplate at that point, and that was a media comment.

CHAIR: Just on patronage, at the time I think it was estimated that compensation would be \$4 million. Is that correct?

Mr CRIMP: That was the proposal in terms of the net cost of implementing Green Square and Mascot.

CHAIR: What is that up to now?

Mr CRIMP: From our calculations it is still sitting at a net cost of \$4 million. The actual gross cost under the shadow SAF arrangement with the patronage increase now is closer to \$11 million. But offsetting that is the incremental train fare from all the additional patronage that we are receiving, so it still is in the realms of the net \$4 million.

The Hon. PENNY SHARPE: You have quoted several times that it will cost \$600 million over 30 years to reduce the access fee. Given that the contract runs out in 2030, how do you justify \$600 million over 30 years?

Ms McNALLY: That was just a calculation. We had some analysis done, an economic analysis, and that was the—

The Hon. PENNY SHARPE: But you did not take into account the end of the contract. Can I put to you that I think that is an outrageous way to quote the cost of that, if it is over 30 years, when the contract runs out in 16 years?

Ms McNALLY: If you like, you can.

The Hon. PENNY SHARPE: How else do you justify what would perhaps be \$320 million, if you use \$20 million a year. What is it made up of? I am happy for you to take that on notice if you want to provide us more information about that costing.

Mr REARDON: Could you clarify?

The Hon. PENNY SHARPE: First of all, I am challenging you that the \$600 million fee is completely bogus because you have not taken into account the fact that this reverts to the Government in 2030 anyway. What I am asking for is detailed costings on that \$600 million or \$20 million a year.

Ms McNALLY: What we did was look at the range of measures that I mentioned earlier, look at all the measurers over a 30-year period.

The Hon. PENNY SHARPE: Would you be able to provide that? Obviously there is a lot of detail, but would you be happy to table that for the Committee?

Ms McNALLY: I have my written notes on it, but I would be happy to—

The Hon. PENNY SHARPE: Could you take it on notice and provide it to us later?

Ms McNALLY: Yes.

The Hon. PENNY SHARPE: In the travel survey you said there would only be a 3,000 car change on removing the station access fee. In the information you have currently provided to us you say 47 per cent of trips are by private vehicle. How many cars does that represent?

Mr KANOFSKI: Of course it is not just traffic going to and from the airport. What you have to do is look at the impact on the roads. Southern Cross Drive takes 150,000 vehicles a day.

The Hon. PENNY SHARPE: Yes, but I just want to nail this exactly. The Sweeney Research and AECOM report, which it says is unpublished, refers to the Sydney Airport Travel Survey, so I am assuming it is dealing directly with people accessing Sydney Airport, and it was done in September 2012. It says that 47 per cent of people are travelling by private vehicle. I am just trying to get a figure on how many cars that actually is.

Ms McNALLY: That was done by Sydney Airport, so you might need to ask them what is behind it.

The Hon. PENNY SHARPE: It is quoted by you, that is why I am asking you about it.

Ms McNALLY: Yes.

The Hon. PENNY SHARPE: Can I quickly ask about the Independent Pricing and Regulatory Tribunal [IPART] recommendation. Given that you are now banking significant amounts of money from the station access fee, do you think it is reasonable that IPART looks at the increases to the station access fee?

Mr REARDON: There is a range of projects in Sydney that have been outside the IPART regime—there is this one and light rail in particular has been the other one. In terms of what IPART does, it regulates maximum fares for services delivered and it does that across a number of modes, as you are aware. It is a bespoke arrangement that has come about from a public private partnership and it has been that way since the start of the contract. The station access fee is argued that it is just that—it is an access fee to the station and therefore outside the broader realm of the public transport service, which is trains, and that is how it is—

The Hon. PENNY SHARPE: I suppose I am asking you to acknowledge that, as Transport for NSW, if that is coming onto your bottom line, you have an interest in terms of not reducing the access fee because you are able to put it onto your bottom line.

Ms McNALLY: I think the issue is that the revenue that we get from that would have to be replaced through some other kind of government payment, so essentially it would be an impact on the Government first.

Mr REARDON: And it is not part of the broader train services, which are the regulated maximum, and IPART has not had a reference to that to date.

The Hon. PENNY SHARPE: Given that you have argued here today that removing the station access fee will really only have marginal impact in terms of congestion around the airport and access to the airport, why is it then that the joint aviation study and the Productivity Commission have been very clear and suggested that the station access fee should be removed and that will have an impact on congestion? How do you marry those two different views?

Ms McNALLY: Well, the information for the joint aviation study came from this particular work we did in Transport for NSW. What we were trying to highlight was the range of measures that could be put in place if the Government decided to put those measures in place to make an improvement at the airport. It basically says throughout this report that no single measure is the golden solution; it really does require a range of measures. I guess the answer to the question earlier was about the station access fee itself, if it was one of a range of measures, that would need to be looked at in terms of the overall impact against all the priorities that the Government has got to fund given that they would need to be paid for.

The Hon. PENNY SHARPE: But you confirmed that that is not in the mix in your measuring. You have currently got a bunch of road works that are looking at congestion and improved travel times, and you have the station, but they do not necessarily talk to one another when you are looking at a holistic approach to the airport that deals with jobs, tourism and getting hundreds of thousands of people in and out of that area every day. What you are telling us is that they are basically being done separately.

Ms McNALLY: No, I am saying that we have put in place an extra bus service and we are looking at more. We have increased the number of rail services and we are putting in place road packages. There is a range of initiatives over time that need to be looked at.

The Hon. PENNY SHARPE: The joint aviation study was a huge study done with the Federal and State governments and the previous director general sat on that. It was an important piece of work. In my view, it looked holistically at all of the issues about congestion around the airport and what actually needs to happen to get people in and out of the airport—jobs, tourism and all of those kinds of things—but it seems to me that the evidence you have given today basically is, "We are doing all of these road works for WestConnex, but they are not necessarily going to interact with the station access fee."

Ms McNALLY: I think what I am saying is that removal of the station access fee is not current government policy. There is a range of other initiatives that currently are government policy. They are all part of a package. The question I had before was about the station access fee itself. On its own, it does not make a significant difference to congestion on the roads.

Mr REARDON: And basically that is what our estimate showed, that it does not, but if it was to be removed it comes at a cost and someone has to pay.

The Hon. PENNY SHARPE: When you talk about all the costs and general revenue, you are not including things like savings on cash back that you would make if you removed the fee.

Ms McNALLY: Well, that is a government policy as well.

The Hon. MICK VEITCH: With regard to the station access fee, do you have conversations with other stakeholders, such as the taxi industry?

Ms McNALLY: Yes.

The Hon. MICK VEITCH: How often do you have those conversations?

Mr REARDON: I can respond to that. Quite often we speak with the taxi industry across a whole range of areas seeing as we regulate fares and licence numbers monthly, formally and informally outside of that as well based on specific initiatives, such as taxi drivers wearing seatbelts or any other range of matters that we deal with the taxi industry on.

The Hon. MICK VEITCH: So it is in a general way as opposed to specific—

Mr REARDON: The taxi industry can raise a range of matters with us. We are aware that they make submissions on various things, including this item, but it has not been top of their agenda with us, let me put it that way.

The Hon. MICK VEITCH: Probably because they do quite well out of it, as one of the country members of Parliament that line up for taxis. My last line of questioning was about the modelling around patronage and trying to increase patronage on the rail service. When was the last time that was reviewed? Apparently there is a plan to look at patronage on the rail service.

Ms McNALLY: That is correct.

The Hon. MICK VEITCH: When was the last time it was reviewed?

Ms McNALLY: Generally?

The Hon. MICK VEITCH: At any time.

Ms McNALLY: We review it on an ongoing basis, so basically we are continually looking at patronage and options to improve that.

The Hon. MICK VEITCH: You are happy with the current patronage on the rail service?

Ms McNALLY: Yes. We have hot spots certainly, that is what the changes in the timetable are about. Certainly we need to make a range of investments and we are currently working through those with Government at this point in time.

The Hon. PENNY SHARPE: Could I ask about ticketing with Opal rolling out and confirm that Opal will be used on the rail link?

Mr REARDON: Yes, it can be used.

The Hon. PENNY SHARPE: Is it planned to be?

Mr REARDON: Yes, it is.

The Hon. PENNY SHARPE: Could Opal deal with a range of scenarios, including an employee discount, if that was one way to go forward? I am assuming it will be able to deal with the station access fee if that was to remain?

Mr REARDON: Opal fares and technology can deal with certain parameters of largely our distance-based fare scheme in the greater metropolitan area of Sydney. The station access fee is an add-on component which can be contemplated within that. More complex arrangements—systems around the world have tried to steer clear of putting everything onto systems, so there is a balance between the two.

The Hon. PENNY SHARPE: So it could be that you would have to get two tickets; you would use your Opal and then you would have to pay the gap?

Mr REARDON: No, not necessarily. The comment I was making was the station access fee itself is an add-on component that the Opal system can contemplate. You also asked about other types of passes. Not every pass—and there are many, many of those passes in the greater metropolitan area of Sydney and the business rules and complexity that come along with that are something that we need to strike a balance on.

Dr MEHREEN FARUQI: Do you have a clear target for, let us say, 2020 of the patronage you would like? I know that when the line opened it was 25 per cent, but it is up to only 12 per cent or something. Do you have a clear target of what you would like it to be, a clear plan and the timeline on how that would be achieved?

Ms McNALLY: I am not really sure what the 25 per cent is that you mention, but we have a clear understanding of the expected growth on all of our lines. We are working through plans on how we will continue to make that grow. I guess the biggest challenge for us in delivering public transport services is congestion. How do you actually manage congestion on public transport as much as on the roads? Certainly, a

number of rail lines have different peaks and congestion issues. We are currently working through one of the programs of initiatives. I do not know if it directly addresses that.

The Government put out its five stage strategy for Sydney's rail future. The first stage was what are the operational efficiencies needed across all lines to keep those lines working effectively and keep people moving, and the second was what are the network efficiencies. So we are currently working through that at the moment. You would have seen things on different platforms trying to do things like manage dwell waiting times. Certainly that is a big issue internationally. If you can get the dwell times the more trains you can fit on the track. We are really working through all of those on more of a network basis taking into account the needs of each line, and the airport line is part of that.

Dr MEHREEN FARUQI: According to Airport Link Company's 2012 financial statement, there was \$900,000 compensation for line closures during that year. Were these all planned maintenance closures?

Mr CRIMP: Yes. To the extent that a line needs to be closed down to enable maintenance or construction work to be done and they cannot run services, we pay them compensation based on patronage they would have received had it not been closed.

Dr MEHREEN FARUQI: Were they all planned maintenance?

Mr CRIMP: Yes.

Dr MEHREEN FARUQI: You also have performance targets for passenger capacity requirements with ALC. Were these always met in the past three years?

Mr CRIMP: Are you talking about the emphasis in terms of train loadings?

Dr MEHREEN FARUQI: Yes.

Mr CRIMP: They have not been raised as an issue. So between added services, particularly with the last timetable, we have put on, I think, over 140 additional services through the airport stations per week. That is working towards managing train loadings.

Dr MEHREEN FARUQI: No compensation has been paid over the past three years for train loadings?

Mr CRIMP: No.

The Hon. PAUL GREEN: Some of our documents contain the comment, "It's been noted that from the commencement of 2000 the airport line failed to meet its patronage forecasts." Earlier I asked about forecast expectations. Would you care to comment on that?

Ms McNALLY: I will have to take that question on notice. It might be a slight percentage difference, whether it was, like, 1.7 per cent or 1.9 per cent. I will have to take that on notice.

The Hon. PAUL GREEN: Are there no specific numbers you can give us as to your expectations of those targets per year?

Ms McNALLY: I have not got those in my head and I do not think I have those in my notes either. I am more than happy to take it on notice.

Dr MEHREEN FARUQI: Following on from our discussions about road congestion, and I apologise if you have already responded to this question, looking more at holistic modelling, if we reduce access fees and increase patronage and then reduce road congestion, have you considered in your modelling the benefits of reducing this road congestion and the externalities, let us say, from save climate change and other things? Does that exceed the income foregone from the present arrangements? Have you considered those sorts of scenarios in your modelling?

Ms McNALLY: Let me see if I have this correctly. You want to know whether we looked at benefits versus income in the modelling?

Dr MEHREEN FARUQI: Yes, especially from reducing road congestion.

Ms McNALLY: Yes, we have.

Dr MEHREEN FARUQI: You have?

Ms McNALLY: Yes.

Dr MEHREEN FARUQI: Is that also available?

Ms McNALLY: It is in this report. I can table a copy.

Mr SCOT MacDONALD: Do you get many complaints from the general travelling public about the level of fares? I am not talking about, let us say, the rent seekers; I am talking about the general public.

Mr REARDON: Not in any proportion above other matters that people might raise with us on services and pricing across the board in public transport fares. No, not particularly, compared to other issues. There are certain areas where issues are raised with us around a station access fee being set by Airport Link and people seeking clarification about IPART-regulated fares for public transport services vis-à-vis the station access fee.

Mr SCOT MacDONALD: Are they asking how it is arrived at?

Mr REARDON: How it is arrived at and specifics around the interactions on, I will not be too technical, the distribution channels. When people go to purchase tickets or through a station at the station itself or through a ticket vending machine, just clarity of how to purchase when there have been changes in fares. At the start of the year we have some issues raised, but no more than we have with the broader travelling customer base when people change their mode.

Mr SCOT MacDONALD: Was the \$550 million for the design and construction of the public-funded airport line tunnel and track works raised in any particular way? Was there a bond or was it out of reserves? Does anyone have any recollection of that project?

Mr REARDON: Whilst recalling the estimate, I do not have any further detail on how it was raised.

The Hon. NIALL BLAIR: What is the value of the line, not in dollars but in perception? How far away is this from being the number one mode of transport to the airport? For example, if I come to Sydney to watch an event at ANZ Stadium, I will catch the train because it is efficient, you can move mass numbers and that is the default setting. Are we aiming to make this line an efficient, clean and easy alternative? Is that the number one goal? If so, are we striving to get all these things in place to make that the reality? What is the value in the department's mind of making this the default setting for everyone when they want to travel to and from the airport?

Mr REARDON: Since this opened, the fact that Sydney can mark itself with having a direct rail link to its central business district is clearly a major international positive. It opened just pre-Olympics in 2000, therefore, that was considered a major outcome to deliver services within the broader transport network. So it was linked to the rest of the rail network. But therein lies some of its issues. It is a service that directly links the airport to a CBD but it also is part of that broader network. It certainly served, in marketing terms, internationally, that Sydney, like any other major city, should have a major rail service between its CBD and its international airport.

Ms McNALLY: It certainly was factored into our detailed planning for the network and it is part of our policy document. We are actively looking at all of the public transport options. I would rank it within the work I do in the transport planning perspective as a high priority. We have a number of priorities for travelling people from Western Sydney, people on the Central Coast, road priorities, the northern beaches hospital, a whole range of priorities. It is one of those priorities.

The Hon. PAUL GREEN: What contracts would be affected if we were to remove or reduce the fee? Is it just the one the Government basically would have to subsidise or are there other contracts that would have ramifications from such a decision?

Mr CRIMP: The main contract is the restated Stations Agreement 2005, which governs the relationship between the Government and the airport line. That principally governs the overall relationship.

The Hon. PAUL GREEN: So no others?

Ms McNALLY: Is there a subsidiary contract that ALC has?

Mr CRIMP: There is a range of funding arrangements, lease arrangements, et cetera.

The Hon. PAUL GREEN: That is generally what I am asking about. What others? Not just contracts; are there ancillary issues?

Mr CRIMP: There is a suite of what are called project documents that relate to security arrangements and lease, right to freehold et cetera.

CHAIR: I have some questions regarding the survey, which you refer to in your submission. You said that 17 per cent of commuters use trains and buses. Do you have a breakdown of the percentage for each?

Ms McNALLY: Yes I do actually, in here somewhere.

CHAIR: I am happy for you to take it on notice.

Ms McNALLY: Yes, I can take it on notice. I do have that.

CHAIR: You said that 47 per cent use private vehicles. Have you looked at how many of those were workers and Sydney-based people versus a tourist hiring a car?

Ms McNALLY: I think our analysis shows that of the people who work in the airport, 80 per cent use their vehicle. I am not sure how that equates to the 47 per cent, but of people who work in the airport, around 80 per cent use their vehicle to get there.

The Hon. PENNY SHARPE: In the patronage modelling and given the present constraints on the line, if the station access fee were removed tomorrow are there capacity constraints regarding the numbers of people who would want to travel, particularly in peak periods? Have you any modelling that shows any of that?

Ms McNALLY: There would be an impact, but I probably will have to come back to you specifically.

The Hon. PENNY SHARPE: I am interested because I know it is pretty busy in the mornings.

Ms McNALLY: As I said earlier, it is just under a 30 per cent increase in the peak; of course, the peak being the busiest time. We are putting on new services, but I will have to look at that specifically.

The Hon. PENNY SHARPE: What work, if any, is being done around point-of-purchase ticketing? When people buy their airline ticket has there been any work done with the airlines about being able to purchase a ticket when purchasing an airline ticket?

Mr CRIMP: No.

The Hon. PENNY SHARPE: I will ask that also of the airport line people. It seems to me to be fairly obvious, given that you have experience with big sporting events and those kinds of things.

Ms McNALLY: We have certainly talked to the Commonwealth and its preparedness to help subsidise the station access fee, say, as a subsidy within airline tickets of 50 cents, \$1 or something. That has not progressed significantly, certainly from their point of view. We have suggested to them that they might want to think about a contribution and how they could contribute, whether there are things you could do at the airport, such as the airport contributing to that in terms of parking fees; given parking fees are expected to escalate, whether a portion of that could go towards offsetting the station access fee. But there is not a lot of support from the airport or the Commonwealth on either of those two issues.

Mr REARDON: Your point about ticketing packaging, around the world the more you get an electronic ticketing system up and running, it is more about when people land, but how visible and how easy that is once they get on the ground that you can make some gains in those areas.

Mr CRIMP: ALC has an online purchase capability for tickets too.

The Hon. PENNY SHARPE: I am well aware of complaints about that, which I will ask them about later. My final question is about luggage racks. It is pretty easy for a business commuter because they are on and off, but I see people struggling with bags on and off all the time. What plans are there for luggage racks for trains that service that line?

Ms McNALLY: 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.

The Hon. PENNY SHARPE: So that is at least a five to 10-year time frame before luggage racks are provided?

Ms McNALLY: Yes.

CHAIR: In regard to the 80 per cent of workers who use their private vehicles, did the Sydney Airport Travel Survey ask whether the access fee was a deterrent to them using the train or was there another reason they chose to drive?

Ms McNALLY: I could not comment on that. I do not have the answer to that.

CHAIR: Is it something you could take on notice?

Ms McNALLY: If it is in the Sydney Airport Travel Survey, it would have been done by Sydney Airport. I am not sure exactly what questions they asked.

CHAIR: Have you not been given any access to that report?

Ms McNALLY: People in my team probably have access to that. So I can take it on notice and go back.

CHAIR: That would be great. Unfortunately, time has expired. Any questions you have taken on notice need to be responded to by 10 January. The Committee will forward any additional questions in the next hour or so. Thank you again for appearing.

Mr CRIMP: Thank you.

Ms McNALLY: Okay, no worries.

Mr REARDON: Thank you.

(The witnesses withdrew)

(Short adjournment)

TIMOTHY ROBERT ANDERSON, Chief Executive, Airport Link Company, affirmed and examined:

CHAIR: Mr Anderson, I welcome you to the hearing today and thank you for appearing. Would you like to make an opening statement?

Mr ANDERSON: Yes, thank you. I have been the Chief Executive of the Airport Link Company since January 2009. I have written a submission to the inquiry responding to the terms of reference. In my submission I noted that the Airport Link Company was awarded a concession during the 1990s to construct four railway stations on the Airport Line. The Airport Line was opened in May 2000 and since that time more than 50 million passengers have used the Airport Line stations.

My main observation is that the real success of the Airport Line has come just in the past five years. This year alone we will have more than 12 million passengers use the Airport Line stations, and in particular our Airport Line patronage at the airport stations will be in the order of 6.4 million passengers. That is an improvement of 2.4 million passengers since just 2009. Just over a month ago, in October, we had our best ever month in the last 13 years, with some 546,000 passengers catching the train to or from the airport. On Friday, for example, just three days ago, we had 23,468 people travel to or from the airport by train in a 24-hour period.

The overall growth has been very beneficial to the State not just in terms of improved patronage but also now a strong revenue stream for the State of New South Wales. The revenue share currently provides for 50 per cent to go to the State, and quite soon it will be 85 per cent; and that will continue until May 2030. More generally in my submission I made the comment that, following the fare reform that was undertaken off airport in March 2011, we consider that patronage increased by 39 per cent at Mascot station and 114 per cent at Green Square station—so that is an average of about 75 per cent.

In my submission I also observed that the passenger profile at the airport stations is quite different to that of the commuter stations of Mascot and Green Square, with travel characteristics unlike those of the commuter stations. So it could be hard to replicate those very high levels of growth if the station access fee was completely removed at the airport. Nevertheless I make the observation in my submission that removing the station access fee at the airport could well generate in the order of an additional 20 per cent to 40 per cent of passengers each year.

Finally I make some other observations in my submission about improvements to the Airport Line. In particular, I am an advocate of installing escalators at the Central Station platforms which service the Airport Line. I am a passenger myself each day on those platforms and I see the existing infrastructure there and how people lug their bags up and down to get to the Airport Line platform. It is quite an encumbrance to our operations. That concludes my opening statement. Thank you.

The Hon. PENNY SHARPE: Thank you for coming along today. I have a few questions about the current operation and how the rail line is going. As you say, it has significantly increased patronage. Given that we are looking specifically at the station access fee, how do you explain the ongoing increase of patronage at the actual airport stations?

Mr ANDERSON: I think one way to look at it is that the Airport Line has not had a proper go at being successful in itself until about the year 2009; and that is because, as you may be aware, virtually as soon as it opened in May 2000, within six months, it went into administration. It was then in administration for a very long time—seven or eight years in fact. The existing shareholders, who I work for now, purchased the company. I came up from Melbourne to take on this role. It was not until then that everything was focused on growth at the airport, improved servicing and improved labour. 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 and so forth. So we have put all those things together, and I think that has largely created the 50 per cent growth we have had in the last four years.

The Hon. PENNY SHARPE: When the customers come through the turnstiles, obviously your staff interface with them quite a lot. Do you do any surveys of customers to see why they are using the railway line? If so, could you give us some information about that?

Mr ANDERSON: The company has in the past, but generally my view is that we try to attract and to market the railway line to anyone going through the airport, from the Chief Executive Officer of the

Commonwealth Bank down to the students. We have a very strong mix of business traffic, visitors, friends and relatives, commuter traffic and the residents of New South Wales. So it is hard to pinpoint exactly the standard profile of our passengers. We really do not have one.

The Hon. PENNY SHARPE: And how do you do your complaints handling? The railway line generally uses the 131500 number. We asked Transport for NSW about that this morning. Do you have your own complaints handling or surveying process?

Mr ANDERSON: Yes, we do. We have an email address listed on our website and we occasionally get complaints through to that. We have a form available at the stations which passengers can fill out. In fact people can lodge a complaint with RailCorp or Sydney Trains and it will come back to us.

The Hon. PENNY SHARPE: Would you be up to provide the Committee with a yearly overview of what those feedback issues are? You do not have to do that now; you might want to take that question on notice and provide the information to the Committee later.

Mr ANDERSON: I can give you an indication now. There are relatively few complaints. My feeling is that of those 546,000 passengers each month maybe five or 10 would make a complaint. It depends on what the complaint is, of course. It may be about lost property or all sorts of things.

The Hon. PENNY SHARPE: Are there enough trains to currently service the Airport Line?

Mr ANDERSON: Yes, I am quite satisfied, particularly with the new timetable that was put in place in October. We are doing 10 trains each way between 8 a.m. and 9 a.m. and then eight trains per hour thereafter throughout the day. I think it is a very good frequency. I travel internationally and it is virtually one of the highest frequencies of airport train links in the world so I am quite satisfied. That is not to say that there could not be more—there can always be improvement—but it is very good at the moment.

The Hon. PENNY SHARPE: In relation to the growth over recent years you talked about your 25 additional staff. What are they doing?

Mr ANDERSON: Mostly they are selling tickets. For example, if you came to the airport station in the year 2009 then there would have been only two ticket windows operating. That is one example. There were quite significant queues there when I came up from Melbourne. We rebuilt all those ticket offices and now there are five ticket offices. We staff them virtually 19 hours a day seven days a week. We also run a 24-hour control centre at Mascot station supervising the stations and parts of the tunnel. So we have 75 staff in total plus contractors running those operations.

The Hon. PENNY SHARPE: We asked a bit about this before. I am interested in your marketing plan. Can you talk generally about the marketing plan for the Airport Line that you undertake?

Mr ANDERSON: I think the marketing that we do has been very successful. It has increased our market share from the range of 12 per cent to 16 per cent or more, and on a 40 million passenger base that is quite considerable. The marketing that we work on is about selling the destination and about selling confidence. So all of the marketing that you see at our stations, in our brochures and on our website is about educating people about how the Airport Line operates and the connectivity into the city. I think that has been the main message that has been successful for us.

For example, if you go into our stations then you will see significant maps, diagrams and so forth. We give away over one million brochures a year which people take. It is all focused on the destination. I do not think it is worth marketing trains and so forth because people know what they are. My experience, both here and around the world, is that people are interested in their destination and they are not particularly interested in the trains.

The Hon. PENNY SHARPE: Transport for NSW this morning told us that you have an annual marketing plan that they tick off on. Is that how it works from your end? Is that how you see it?

Mr ANDERSON: I would not say tick. Really each August I reply to RailCorp and I outline our spend for the year, which exceeds over a couple of million dollars, and where that will be allocated over the next year. I talk that through with them. It has been very successful to date so that is where it ends.

The Hon. PENNY SHARPE: What discussions are you having about how the Opal ticketing system will work with the Airport Line?

Mr ANDERSON: 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.

The Hon. PENNY SHARPE: Do you anticipate that there will perhaps be a need for people to have an Opal card and a station access ticket?

Mr ANDERSON: No, I am hopeful that the technology—I am just hopeful; I do not know for sure—may be able to differentiate the stations and the station access fee in the ticket. 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.

The Hon. PENNY SHARPE: Do you have a view about the station access fee? What is your view about removing, maintaining or reducing it?

Mr ANDERSON: So much of it is going to the Government—that is my view. In the middle of next year the 85 per cent threshold will be reached. As you are aware, there is a 15 per cent component paid to the company for the next 16 or 17 years. So in the scheme of things it is a small piece of the pie. If you are asking me if I have a view from my business background then I suppose my view is the challenge for governments, and I read about this in the newspapers, is that people want investment in transport and infrastructure and that has to be paid for. So I have some sympathy for the Government's position on charging a station access fee.

The Hon. PENNY SHARPE: Sure, but given what you seen at Mascot and Green Square—that is, a doubling of patronage—I suppose I am interested in your view about whether that would make a significant difference. There has been a lot of discussion this morning about whether there is a 20 per cent, a 30 per cent or a minimal impact of the station access fee on the number of people accessing the airport. Given your experience, I am wondering what you see as the impact of that fee? I have read your submission and I think you say that it is between 20 and 40 per cent but no-one really knows. Probably a better way to ask this question is around the patronage figures. The modelling of patronage figures after the removal of station access fees at Green Square and Mascot has been exceeded. The actual figures have met that target easily. Do you think that would happen at the airport?

Mr ANDERSON: It could. One cannot rule anything out. I still think that with a fully reduced station access fee it will be in the range of a 20 per cent to 40 per cent increase in patronage. It could in fact be higher, as you have pointed out. Off a passenger base of six million that is not insignificant. If you had asked me some years ago then I might have made some bigger estimates but because we have had 2½ million people jump on board just in more recent years I think that has perhaps changed the dynamics a bit.

I do sense that caution is still required because—and I have listed a number of aspects there in my submission—I think that with airport travel one can assume or hypothesise that price is not a determining factor in the way that it is for a commuter station. That is because, and I think it is such an important issue, people have a lot of bags or they are tired or they live at Coogee and there are no trains to Coogee, for example. There are so many competing factors. They may be in a hurry. They may be travelling for business and not paying for the ticket themselves. Having said that, it could be very significant. Perhaps it could be done better. But in the end it comes back to a question of money and Government revenues and so forth.

The Hon. PENNY SHARPE: If the station access fee was not removed what are the most important things that will drive increased patronage on the line?

Mr ANDERSON: I think that patronage will grow very strongly on the airport line. I think success breeds success. I look at twitter every day and one should not underestimate twitter.

The Hon. PENNY SHARPE: It is a dangerous habit.

Mr ANDERSON: It is a dangerous habit. I do not twitter myself but I always follow it. In the last few days people have been making comments about how good it is and I often see people say, "We should have one of these in Melbourne", for example. I think patronage will continue to grow strongly. There is congestion around the airport and that is a contributing factor. It is also quick, the trains are improving all the time with the introduction of the Waratah train and the timetable is getting better as well. All these factors and the marketing we are doing is contributing to increased growth. It was only last month that for the first time we had 17,000 people daily go through our domestic station. That has not happened in 13 years. A similar day last year was probably about 16,000. The numbers keep increasing. I am optimistic that it will go as high as 17 per cent of market share as our international station has experienced. I think that trend line will continue. Only a few years ago it was 12 or 13 per cent.

The Hon. MICK VEITCH: In your submission you talk about the escalators at central?

Mr ANDERSON: Yes.

The Hon. MICK VEITCH: I should fess up here, I used to work on the railways at Town Hall and Central and know them intimately. When members of Parliament catch the train from St James for instance it is pretty much the same thing, you see people lugging their luggage down the stairs. Have you looked at the other city circle stations?

Mr ANDERSON: True. Circular Quay is quite good. St James still isn't too bad because there was a new lift installed there just in the last year or two. The point is that 40 per cent of people getting off the line are getting off at Central, much higher volumes compared to St James. Interestingly enough St James is still our busiest station that people use to go to and from the airport, in my feeling. It is a problem all around but I think particularly at Central because the lift at the end of the station platform is still very small in comparison to the volumes going through.

The Hon. MICK VEITCH: You have the data by station on the City Circle?

Mr ANDERSON: No, but I can tell by the amount of brochures that we go through at St James which surpasses all the others.

The Hon. MICK VEITCH: Why St James?

Mr ANDERSON: It is the proximity to Martin Place. I did not expect that. I would have thought Wynyard but St James gets you into the heart of the city. Anecdotally, I think that is what it is

The Hon. MICK VEITCH: Have you had any discussions with the State Government around luggage compartments and overhead racks?

Mr ANDERSON: No.

The Hon. MICK VEITCH: In peak hour those of us who travel a lot will see people struggling, the train already packed and there are international travellers with their luggage?

Mr ANDERSON: Yes.

The Hon. MICK VEITCH: Do you think that is one of the reasons that people do not use the train?

Mr ANDERSON: I do not think there are many reasons that people do not use the trains. I do not think that is the case. Because the journey is relatively short I am not that convinced about luggage racks. It does come up occasionally. If you get to the situation of retrofitting the trains where does one put the racks? I have not had any discussions, no. The be all and end all of our sort of business is frequency and that is what is very good at the moment actually.

The Hon. PENNY SHARPE: We have had a lot of discussion about buses and you have mentioned Coogee and you have reminded me that there is not a train from Coogee that gets people to the airport. We are aware of that and we are aware there is a "no compete" clause in the contract. What are your general views about increased bus services to the airport, particularly from areas which are not serviced by train?

Mr ANDERSON: Sometimes people call it a no compete clause, I think it is more if in the future the government elect to put on travel to or from the city then the parties need to discuss the impact on the airport line. It is a government decision; it is not that they are not able to do it. What do I think? Perhaps if that was seriously going to be looked at there is an opportunity to review the airport concession. I think the previous figure was doubling up government spend if all of a sudden buses were put on from the city to the airport. It is probably an inefficient allocation of resources by the State. It depends upon where that bus is going to be coming and going and the impact on the airport line. Our issue is that a lot of private capital has gone into building the line. The debt needs to be paid down. We have a 15 per cent revenue share so we have to be very careful over the next 16 years to make sure that—that is 15 per cent revenue share prior to debt or interest—it is at the top of our mind that we watch that very closely over the next 16 years. Any buses like that you need to be quite careful about.

The Hon. PENNY SHARPE: You were here when Transport for NSW gave evidence this morning?

Mr ANDERSON: Yes, I was.

The Hon. PENNY SHARPE: You heard their evidence. They talked about the new 418 bus, is that something that they have talked to you about?

Mr ANDERSON: No.

The Hon. PENNY SHARPE: How does the new bus get in to the airport if there are all these issues?

Mr ANDERSON: Well, they have not raised that with me. I was listening to that aspect of it. They have not raised it with me.

The Hon. PENNY SHARPE: In terms of the contract is there an area where you can draw a circle around where you have to negotiate and is there an area where you do not?

Mr ANDERSON: My view would be in its reading it is in particular about city to airport.

The Hon. PENNY SHARPE: Right, so it is not necessary.

The Hon. MICK VEITCH: After an escalator what are the other physical impediments to increasing patronage?

Mr ANDERSON: I would say it would be helpful to have a standard RTF, the rail component, there is a different rail component at the airport, international compared to domestic, so the pricing is different. It is \$4.40 from the international airport compared to \$3.60. Certainly I have been keen to have a return ticket that goes longer than 24 hours.

The Hon. MICK VEITCH: That would be for business people because they come in one day and go back the next?

Mr ANDERSON: It is also a big issue at our international station when we tell somebody that has arrived from London that they only have 24 hours to use a return ticket. We are working hard to reduce it but it has created a number of complaints over the years of people not listening properly or thinking that a return ticket is much more open ended. That is another example there. Although I have some concerns with opal just in its implementation I am a big advocate for it, I think it will revolutionize our business and be very advantageous so I am looking forward to that. Opal not being in is a physical impediment at the moment but I think the next couple of years will be very good for the airport line.

The Hon. PAUL GREEN: You mentioned earlier the "no compete" clause, could you explain that and what impact that would have if the Government was to remove that particular clause?

Mr ANDERSON: I am not an expert on that clause, it has never been looked at in my time. My recollection is that it is a clause that the terminology is along the lines of "material impact" and if there is a material impact due to the fact that the Government has introduced a bus connection on the competing line of travel, words to that effect, that it is a material impact and the parties are to discuss, words to that effect.

The Hon. PAUL GREEN: If the Government removed that clause, what do you think would be the impact to your particular business outcomes?

Mr ANDERSON: If they removed it or put a bus on?

The Hon. PAUL GREEN: There are different options of what to do with it, so could you cover what you think those terms would be if they did those?

Mr ANDERSON: I do not quite understand your question. Do you mean if they did put that bus on?

The Hon. PAUL GREEN: If the Government renegotiated the contract to remove the no compete clause, what impact would that have?

Mr ANDERSON: It would depend. I could not answer that question. If they removed that that would mean they would want to put buses on probably so we would have to have a very good look at that impact on our commercial position. That could be quite threatening.

The Hon. PAUL GREEN: There would be commercial implications?

Mr ANDERSON: Yes, definitely, for sure, absolutely.

The Hon. PAUL GREEN: There would be penalties in the contract for such things?

Mr ANDERSON: Yes, there is. Then the parties would work on some level of compensation, for want of a better word, if a bus was to compete on the airport line.

Dr MEHREEN FARUQI: In the Sydney Airport Corporation Limited's submission to this inquiry it states that the removal of station access fees from airport stations will not result in similar patronage increases as have resulted in Mascot and Green Square stations and you have stated a number of factors and reasons for why this might not happen. I am wondering if there is any modelling work that you have done or any surveys that you have undertaken before making those assumptions?

Mr ANDERSON: I haven't said but I have tried to temper enthusiasm. There has not been but it is more looking at that airport growth which was significant; then you try to extrapolate that to personal experience, what we think would happen; and last because we have had so much growth in recent years. We are trying to temper that and therefore making an estimate of 20 to 40 per cent.

Dr MEHREEN FARUQI: In the number of factors that you have listed where you think that this may not happen airport workers are not included at all, it is just travellers that have been looked after at. Is there a particular reason for that? Because as far as I understand there are 28,000 people who work at the airport?

Mr ANDERSON: I think mainly because at any level the station access fee causes conjecture but I would think that because it is \$12 at the moment and a weekly ticket is \$20 that it is already very heavily discounted, in fact it is lower than a return ticket, so there is a bit of history to it. I continue to think, although many workers would disagree, it is already quite low and if it was to reduce from \$20 down to \$15 or \$10 I am not sure whether that would stimulate too much growth. Not particularly. I have been mainly looking at the headline, the single \$12.30 charge.

Dr MEHREEN FARUQI: You did mention earlier that there have been significant increases in patronage since 2009.

Mr ANDERSON: Yes.

Dr MEHREEN FARUQI: What more do you think would be done? Because we still have not reached the original patronage forecast of 25 per cent I read somewhere, which was predicted, we are still well below that target?

Mr ANDERSON: Yes.

Dr MEHREEN FARUQI: If there were two things that could be done to increase patronage what do you think they would be? Would removal of the access fees or reducing it be part of those two?

Mr ANDERSON: If that was to be the case, if the station access fee was to be removed I would think that the market share they are alluding to would—rough figures off the top of my head—would move above 20 per cent or higher. My own view is that trend seems to be continuing at the moment. What is required mostly is time. Each year we seem to be having 1 per cent per annum in market share terms and you are perhaps right that it will flatten out in the twenties percentage. But I think we have made some terrific inroads in the last year alone with additional train services, absolutely better trains, high level of marketing compared to where it was two or three years ago and the results are now in the patronage. The main thing that is needed is more time. I go back to my earlier statement that I feel it is only in recent years under new management that the time has been provided and focus has been given to the company. It is an important point, although it has been in operation for 13 years it is only in the last three or four years it has had a proper go and what has been shown is growth has gone up highly when people think about this line and develop it.

Dr MEHREEN FARUQI: And the Sydney Airport Link determines the station access fee, as far as I understand?

Mr ANDERSON: Yes, we do.

Dr MEHREEN FARUQI: How do you determine it, what practice do you take into account when determining it?

Mr ANDERSON: I suppose there are a few answers to that. We look at the prevailing cost structure of the business, the level of the debt and, in particular, when we determine the station access fee we determine it for a long period of time, long forecasts, because the reality is that, as you know, it filters down to 15 per cent of what goes in at the top line. It is virtually 15 per cent to the bottom. All those contributing factors make sure in the end the most important thing is that we pay our debts and pay our operating costs. The business is not subsidised, it costs \$20 million a year to run with staff and capital expenditure. Operating in an underground environment is expensive and has some impacts on the business. So all that goes into our cost estimates and therefore we charge. But we also look at our—I would not say "competitors"—similar markets in Melbourne and Sydney and other capital cities. I travel overseas once a year as well just seeing what the prevailing experience is.

Dr MEHREEN FARUQI: Would these criteria have been used to change the fees? There has been quite a significant change from 2005 to now, which is from \$13.50 to \$20.00 in terms of weeklies. But would those sorts of factors have gone into that change?

Mr ANDERSON: I think the weeklies are a challenge. I am sympathetic to the airport workers in some respect, but it is also relatively low compared to a single. Perhaps the contrary argument is that the rail fare component should be reduced a bit. But I do take that point. Nevertheless, of that, say, \$20 a week from next year the company's component is relatively low—15 per cent after costs. Fifteen per cent of \$20 is not that much, particularly when you have some costs before you claim that 15 per cent. We put all that into the mix of our decision-making.

Dr MEHREEN FARUQI: The terminal transfer ticket from the international to the domestic terminal and vice versa I understand is \$5.00.

Mr ANDERSON: Yes.

Dr MEHREEN FARUQI: How much of that income is paid to the New South Wales Government in terms of actual transfer?

Mr ANDERSON: I think that is an interesting example. If we take that \$5.00 at the moment, when I first arrived it was \$13.90—you can imagine you are talking about the odd complaint—but I have reduced that in more recent years to \$5.00. Our company makes virtually nothing out of that in the sense that the first \$3.60 goes to RailCorp or the State—that leaves \$1.40. One pays GST on that, which would be 14¢, so you are back to, say, \$1.30; our costs per person are more than \$1.30, but even if they are not, let us say we took all that \$1.30; in due course 15 per cent of \$1.30 will be maybe 17¢ or so. I think that is an example of how the mechanism works but also how we have to be very careful. But just for reasons, I keep it at \$5.00.

Dr MEHREEN FARUQI: When will you reach the 15 per cent threshold? Has it been reached?

Mr ANDERSON: No. My feeling is that that will be reached between 10 days either side of 1 August next year.

Dr MEHREEN FARUQI: Very precise. Have there been any conversations between you and the Government about the Government buying back the four stations?

Mr ANDERSON: No, not in my five years.

Dr MEHREEN FARUQI: Would you be open to that sort of conversation? Maybe that is an unfair question.

Mr ANDERSON: It is. I have to refer that to my company directors. We have always been on the record as saying that we are open to discussing any matter with the State regarding our concession, but that is a bigger issue than I can answer here at the moment.

The Hon. PAUL GREEN: Going back to the 24-hour ticket, one would think you would get a lot of complaints with that for a start. Secondly, do you record how many people would be in the situation where that would expire and they would have to repurchase?

Mr ANDERSON: It was a very big issue. Virtually you are guaranteed now, if you buy a return ticket at the airport, that our staff are trained to very explicitly question you as to when your return is. Some years ago we were receiving many complaints on this matter; now it is very few, mainly because we are addressing it and explaining it to the people who want to buy it.

The Hon. PAUL GREEN: Basically saying you have got 24 hours or having a bit of grace and saying you have got 48?

Mr ANDERSON: No, we cannot provide grace because it is the technology. We just say, "Are you coming back tomorrow?" and if they say no we say, "You are better to buy a single on your return journey, whenever that would be".

The Hon. PAUL GREEN: Can you give me a bit of insight of how your complaint handling system works? How does one complain about your service?

Mr ANDERSON: On our email; they could send an email to the company. Most complaints—and we get very few—as I say, of the 12 million passengers we move each year it would have to be less than 100 for the year.

The Hon. PAUL GREEN: If you have got a bad system it is very hard for people to complain. That is my point. I am not suggesting yours is.

Mr ANDERSON: That is fair enough. We have supervisors on hand to answer people's questions. We do get a number of complaints back through the RailCorp system. Most complaints that we have are complaints based on confusion about tickets—invariably that is the case: confusion about wrong destinations or bought the wrong ticket, pensioner tickets in particular.

The Hon. PAUL GREEN: You suggest that RailCorp has an excellent service that assists your organisation. Do you have a relationship with RailCorp?

Mr ANDERSON: Yes, I do. I have a very good relationship with a number of people at RailCorp—Peter Crimp, who was on this panel before, but in particular our operational staff and managers have good relationships with their—

The Hon. PAUL GREEN: Given that relationship, some of the information you have given us earlier is about the infrastructure that could be helpful at other stations. If you have a good relationship you are not up to scratch where the development of those lifts, those escalators, could be. Do you have any knowledge of where

they are up to, whether the Government is looking to put them in or not put them in? I would have thought if you have a great relationship you would be somewhere on the radar of where those developments were up to.

Mr ANDERSON: I think perhaps I am on the radar. I have had a number of discussions with people at RailCorp over the last two or three years. The challenge—and I am sympathetic, of course, to them, knowing these businesses—is building escalators in an environment that does probably 50,000 passengers a day and retrofitting old stations. I think a few of us were talking at one stage—me and some of the RailCorp fellows were thinking it could be as much as \$6 million. That is where it has been at the moment. I am sure it is out there somewhere.

I am hopeful, for example, some of the significant cash flows that we are providing now to RailCorp—which has only happened in the last six months—could one day be perhaps allocated specifically to the installation of, say, the escalators at Central, which would only be maybe three months less than that of the fee that we are providing at the moment, and next year will be maybe only six weeks or so. I am hopeful. It is such a big issue. My mother comes up from Melbourne once a year and she tells me that she does not like lugging the bags up the stairs, so that reminds me.

The Hon. PAUL GREEN: That would turn people off.

Mr ANDERSON: Unfortunately I think it probably does. That is an important part of the business that if we could rectify it may well provide an extra 2 or 3 per cent of people on a base of six million. It all adds up—another couple of hundred thousand.

The Hon. PAUL GREEN: There was a comment earlier about the ticketing prices, that it is easier to maybe grab a cab with a mate than it is to get the train. Do you have a comment on that?

Mr ANDERSON: I think that is reflective of what happens all around the world. I do not disagree with you. But I would say, once again anecdotally, 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 with two fellows against one—or two against two for that matter—on a Friday afternoon or any time, I reckon I would back my money on the train. It sort of cuts both ways, but I take your point.

The Hon. PAUL GREEN: Some statistics say that the growth over the next 20 years will be something like 76 million passengers to the airport. What are you doing to plan or to help address that situation?

Mr ANDERSON: This is a very interesting point, and it gets back to the revenue share mechanism for the State and so forth. If they get to the stage of 75 million people, which coincides with the end of the concession and the business is doing, say, 75 million people, at 20 per cent, that would be 15 million people. Our business is all about efficiency, although when you go through our stations you will see about the size of a tennis court that we move at, say, Domestic station a year is 4½ million people. It is very big on either side; there are two tennis courts behind it that you cannot see full of technical gear.

We work all the time on trying to get efficiency because into the future we cannot expand; we are 23 metres under the earth in rock and we cannot build more terminals like we can outside. So we are doing a range of activities at the moment such as speeding up our Eftpos systems, which is very important. I think the issue of the trains is very important because the dwell time at our stations will be removed. 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.

The Hon. PAUL GREEN: What would be the full capacity of that train service from there within the hour?

Mr ANDERSON: The forward estimates at the moment are that we are working on 20 trains each way by 2020. That would be tremendously high volume. I lived in Japan for a couple of years and that is where the volumes were on those lines every couple of minutes. So that would certainly be advantageous.

The Hon. PAUL GREEN: How many people roughly would that be?

Mr ANDERSON: In that environment we would be moving 15 million people a year. So some of the benefits we are looking at—I think the Opal card absolutely would be a great benefit to our business in terms of getting people through without ticketing. I am quite interested—I know it has a bit of conjecture at the moment with Sydney Airport—in the way they are talking about splitting their airport operations into two multi-user terminals. I think that would be good for our business because there is a heavier reliance on our Domestic station at the moment than International. Also, educating our passengers.

The main issue that we try to do—and I think this has created a lot of additional passengers in more recent years—is to educate people back up the food chain via websites and so forth, because our business falls down if people get to our stations and start asking questions and are not knowledgeable. If we can keep them knowledgeable before they arrive—and they are welcome to ask questions, of course—the fewer questions they ask the better it is on our operation. We are putting all that together and I am very optimistic that in the years ahead the business can—whether there is station access there or not for that matter—accommodate 10 million or 15 million passengers.

The Hon. NIALL BLAIR: Have you got a view on direct services skipping some of the residential stations from the CBD during peak times?

Mr ANDERSON: The residential stations on the airport line?

The Hon. NIALL BLAIR: Yes.

Mr ANDERSON: I just wonder how it could be done because there is a turn back now at Revesby, I think. 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. We are seeing that now a bit, I think, as well.

The Hon. NIALL BLAIR: I guess that it is your view as well when it comes to price. You said earlier that someone would prefer to have a guarantee of a service on time—and the example you used first was a taxi. Is that the justification for not having, say, group discounts for two or three people versus the cab?

Mr ANDERSON: Yes. Frequency really is the be all and end all of our business. Can you imagine in two or three years time if we have got good frequency with an Opal card if you are a New South Wales resident—or anywhere for that matter—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. The frequency will continue. Certainly we have some trains in the mornings that conflict with the commuter traffic but, generally, during the day the trains have got ample capacity. That is why, once again, I am very optimistic for the business and the airport in general.

The Hon. NIALL BLAIR: Have you had any discussions with some of the airlines to integrate online purchasing of tickets for your service, for example when they have got the credit card in their hand and they are buying a ticket from Moree to Sydney to then buy the train ticket then and there on the spot?

Mr ANDERSON: I had a little bit some years ago and I was interested in selling tickets on planes coming into Sydney. My recollection at that time is that it is a complication for the issue of ticket stock on planes because it is not a computerised system that sells a barcode. You have actually got to sell the value of the ticket. It is a pre-encoded magnetic ticket in the New South Wales structure. For airlines to sell them we have to give them \$20,000 worth of tickets. By that stage it broke down a little bit. The other problem is that we are not a point-to-point seller. For want of a better example, the Heathrow Express is a single-ticket product from Heathrow to Paddington. However, someone from Dubbo flying into the city might be to going to Bondi Junction or to any of the 303 other stations, and it fell down at that point.

The Hon. NIALL BLAIR: Will the new technology provided by Opal and things like that not allow this to happen in the future?

Mr ANDERSON: I hope everybody will have an Opal card. I have a Melbourne card in my wallet and I have not been to Melbourne for some months. Once it is purchased it can just sit there and can be used whenever required.

Dr MEHREEN FARUQI: You mentioned Waratah trains rolling up every two minutes or so in two years. At the moment trains other than Waratah trains run on that line. Is there a plan to change to the newer trains in the next few years?

Mr ANDERSON: I understand the capacity now is 12 trains an hour, but it is a mix of trains. 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.

Mr SCOT MacDONALD: Who owns the Airport Link Company?

Mr ANDERSON: It is owned by CP2, which is a fund manager in Phillip Street. It is managed on behalf of some superannuation funds.

Mr SCOT MacDONALD: Would you describe your business as providing a good return on investment?

Mr ANDERSON: Yes, it is a good business.

Mr SCOT MacDONALD: Now that the access revenue has kicked in are you starting to have discussions about a wish list for the money coming back to government in terms of how it can help the public, the government and your business?

Mr ANDERSON: No, I have not. I have the odd discussion. I was going to raise that with the new chief executive officer of Sydney Trains, but I have decided to give him some time before I darken his doorstep. In due course I would like to think there is a real opportunity to do that.

Mr SCOT MacDONALD: For everybody's benefit.

Mr ANDERSON: Absolutely. I think it is a good story. I know people criticise the airport line, but it is tremendously successful. I think this is the best public-private partnership in Australia. It will be great for the State. There are probably arguments about it being too financially successful for the State. It is good for passengers, and if we could reinvest some of the benefit in escalators it would be even better.

Mr SCOT MacDONALD: You have answered my next question. I was going to ask how the airport link stacks up as a franchise, but you have answered that.

Mr ANDERSON: It is a tremendous business. It shows that public-private partnerships can work. We are quiet operators; we sit as owners and managers and quietly develop the business. I think it surprises people that patronage is 6.5 million and that it averages 17,000 to 20,000 people each day. It is a good indication that sometimes private industry quietly gets on with the job. I think that is what is happening out there at the moment.

Mr SCOT MacDONALD: It is good to be the second or third adopter.

Mr ANDERSON: The problem with these businesses is that sometimes everybody thinks it will be like the Boxing Day sale at David Jones. The media and others are always out to have a crack if patronage is not good. David Jones took 150 years to become the David Jones we know today. I think our business needed time and it is now coming along nicely.

Mr SCOT MacDONALD: Will the Independent Pricing and Regulatory Tribunal have a role after the end of the contract or the station access fee?

Mr ANDERSON: At the end of the contract?

Mr SCOT MacDONALD: Yes.

Mr ANDERSON: I do not know. It might fall away; I am not sure.

The Hon. MICK VEITCH: What role would you like it to have?

The Hon. PENNY SHARPE: It will not be your problem.

Mr ANDERSON: No, it will not be my problem. Given my date of birth, I might be retired by 2030.

Mr SCOT MacDONALD: I will put on my union-friendly hat. I am a big fan of unions.

The Hon. PENNY SHARPE: There is a first time for everything.

Mr SCOT MacDONALD: You said that you have sympathy for workers and that there are employee discounts. Are there established lines of communication with one of the big users of your service? It appears that you sit down with the Government once a month. Do you sit down with that constituency regularly?

Mr ANDERSON: Not really. It is so big. Occasionally people come to speak to me about it. There would be millions of airport worker train trips as a percentage of our volumes.

CHAIR: How many people are employed in the Sydney Airport precinct?

Mr ANDERSON: According to the master plan it is in the range of 28,000.

CHAIR: You would have heard the previous witness say that about 47 per cent of people use private vehicles, and the majority are workers. That means that a large number of potential passengers are not using public transport. Do you think the access fee is an issue or have you proactively tried to find out why workers are not using the train?

Mr ANDERSON: More than 20 per cent of our volume is airport workers. We still sell a lot of weekly ticket—150,000 or more a year. People like to say that the problem is the station access fee, but it is probably a combination of things.

CHAIR: Have you done in any research or surveys to establish what needs to be done to encourage use?

Mr ANDERSON: No. Patronage by airport workers is more than 20 per cent of the 6.5 million. It is probably 1.5 million at the moment. It is still very well patronised by airport workers.

CHAIR: The patronage is well behind the 2000 forecast. You said it has increased in the past three years. Have you tried to establish the reason it was below the target?

Mr ANDERSON: I was not around in the early years. I think they were false targets. That relates to my comment about everybody thinking that on 21 May 2000 it would be a roaring success like a Boxing Day sale. Like any business, it needed time. Industry generally now realises that we cannot pay the bank for infrastructure on the first morning the business opens. That is the main issue. The forward estimates for patronage and revenues were probably absurd. Great companies of the world like Microsoft are successful only after the first five or 10 years, and this is no exception.

CHAIR: You started in 2009.

Mr ANDERSON: Yes.

CHAIR: What has been done differently since then that has increased patronage?

Mr ANDERSON: A number of things. First, our marketing has been much better. A great deal of money has also been spent in helping people to understand the destination. I often tell our staff that our stations are not like commuter stations such as Bondi Junction. I live at Bondi Junction and I never speak to the station staff there because I do not need to. At our station people are interested in paraphernalia, maps and guidance.

We have put an enormous amount of effort into that area. As I said, we give away more than a million maps a year.

We have also rebuilt our ticket offices and reinvested. As I said, our staff has increased. We had only two ticket offices in 2009 and that meant we had very long queues. We now have five ticket offices at both the domestic and international stations. We have tried to use complaints about daily return tickets to educate our staff. They are doing a fantastic job. There are 75 staff in the business. We have done three things: we have our label levels correct; we have our marketing correct; and we have our service correct. We are not a perfect business, but with those three in place we have been able to revolutionise it and patronage as gone from four million four years ago to 6.5 million now.

CHAIR: You were involved in the 2011 discussions about Green Square and Mascot.

Mr ANDERSON: Yes, I was.

CHAIR: At any stage was the international and domestic terminal access fee discussed or considered?

Mr ANDERSON: Never.

CHAIR: Did you look at it at all?

Mr ANDERSON: I was closely involved in all of those discussions and I do not have any memory of it being discussed. If it were raised, it was probably raised for 30 seconds. From my recollection, it was never even analysed.

Dr MEHREEN FARUQI: You said that patronage at the moment is 6.5 million a year.

Mr ANDERSON: I think it will be this financial year.

Dr MEHREEN FARUQI: The Vancouver line opened in 2009 and now has patronage of 18 million a year. Do you know anything about that? They say that one of the reasons it is successful is that it is very reasonably priced. It is the metro fare plus a \$5 fee for the airport station.

Mr ANDERSON: It is a great question about cost. People have often said to me that they can fly into JFK in New York and catch the train to the city for \$3. The answer is that the American Government runs a \$16 trillion deficit each year. Someone is paying for it. I know this line and our business are criticised, but it is paying a debt established in 2000; it is paying a tremendous financial return to the State. It gets back to the philosophy of whether we can have both. If the fare were \$3 the patronage would be higher, but someone somewhere would be paying. It might be at the cost of a school or a hospital.

Dr MEHREEN FARUQI: Do you think that is the case for the Canadian line as well?

Mr ANDERSON: I am not familiar with it. If it cost what this line cost to construct and people are paying \$3, it is probably heavily subsidised.

Dr MEHREEN FARUQI: But it has 18 million passengers a year. It is a balance.

Mr ANDERSON: It is a balance. That is the argument about the title reducing or being removed.

The Hon. PAUL GREEN: You will have that in 20 years.

Mr ANDERSON: That is correct.

CHAIR: There being no other questions, thank you very much for appearing before the Committee today. Any questions taken on notice should be responded to by 10 January.

(The witness withdrew)

(Luncheon adjournment)

CRAIG NORTON, General Manager, Ground Transport and Parking, Sydney Airport Corporation Limited, sworn and examined, and

SALLY FIELKE, General Manager, Corporate Affairs, Sydney Airport Corporation Limited, and

TED PLUMMER, Head of Government and Community Relations, Sydney Airport Corporation Limited, affirmed and examined:

CHAIR: Would you like to make an opening statement?

Ms FIELKE: We would. Thank you for the opportunity to appear before you today. Sydney airport is Australia's international gateway and premier airport. It is one of New South Wales and Australia's most important pieces of transport infrastructure. In terms of economic contribution, the airport generates or facilitates nearly 300,000 direct and indirect jobs, 28,000 of which are located on the airport, and \$27.6 billion in direct and indirect economic activity for New South Wales, the equivalent of 6 per cent of the State economy and 2 per cent of the national economy. By 2033 it is forecast that the number of jobs generated or facilitated by the airport will increase to over 400,000. Economic activity will increase to over \$42 billion over the same period.

Sydney airport is a significant wealth generator for the State and for the people of New South Wales. In 2012, 37 million passengers travelled through Sydney airport, roughly 100,000 a day. When you add airport workers and people meeting or farewelling passengers, there are 150,000 people a day approximately who need to travel to and from the airport. By 2033 passengers are forecast to increase to over 74 million. This gives you an idea of the magnitude of the ground transport task that we as an airport operator and governments as transport infrastructure and service providers face. It is like holding a major event pretty much every single day, except the majority of major events held in Sydney have additional buses, trains and transport options provided to cater to the task.

Last year in conjunction with Transport for NSW we carried out a ground transport survey of over 14,000 airline passengers, airport visitors and airport staff. It was the largest survey of its kind ever undertaken by the airport and it has provided valuable information on journeys people took to and from the airport, including how they travelled. The survey results guided the preparation of our new master plan, which was recently lodged with the Australian Government for consideration. Relevant to this inquiry, the new master plan addresses ground transport issues in some detail. The survey revealed some interesting information. First, only 10 per cent of passengers actually park and pay in one of the airport car parks, another 20 per cent are dropped off or picked up by private car, 27 per cent use taxis, and 17 per cent use public transport, 15 per cent on train and 2 per cent by bus.

The survey also showed that the public transport mode share has been increasing by about 1 per cent a year, from 12 per cent in 2006 to 17 per cent now. Given that passenger numbers over that time have increased from about 30 million to 37 million, the actual number of people accessing Sydney airport by public transport has grown considerably. It is clear that more people are wanting to use the train and are choosing to use the train to travel to and from Sydney airport, and we certainly support and encourage this. However—this is where we get to the substance of this inquiry—making people pay a station access fee when they choose to travel to and from the airport by train creates a disincentive for them to do so.

This is particularly so for the 28,000 people who work for one of the 800 individual businesses at Sydney airport, for whom the cost of a train ticket, if bought as a weekly ticket, is an additional \$1,000 a year on top of their normal fare. Without that access fee, the number of people travelling to the airport by train would likely exceed the current 15 per cent mode share. Our written submission addresses this issue in more detail. From the airport's perspective, it is important that people accessing the airport, both tourists and locals alike, are provided with a range of choice concerning the way in which they travel to and from the airport. For our part, we have invested \$2.3 billion in airport infrastructure since 2002. Our investment program over the next 10 years will likely be similar to the last 10 years.

We will be investing about \$300 million over the next few years on ground transport upgrades in and around the international and domestic terminal precincts, and the State Government has committed about \$282 million to complement this project, which will ultimately improve ground transport access in and around the airport. This is not a long-term decongestion initiative. There needs to be a broader strategy to encourage modal

shift away from private cars and onto other modes of transport. Since 2008 Sydney airport has argued the need for reform of the access fee. We say that it needs to be reduced. The fare structure for passengers using the two airport stations, when compared to the fare structure for passengers using Sydney Trains' overall network, is clearly inequitable. By discouraging travel by rail, the access fee contributed to transport congestion.

Reforming the fare structure will produce significant benefits for people who use the Airport and East Hills line, and the Eastern Suburbs and Illawarra line and who live or work in the areas where the four airport link stations are located. It will also reduce congestion on busy roads such as the M5, the Princes Highway, Botany Road, O'Riordan Street and General Holmes Drive. The advocacy efforts of Sydney airport, Sydney Business Chamber, the Tourism and Transport Forum and many local councils produced some success in March 2011 when the New South Wales Premier announced the removal of the station access fee from two of the four airport link rail stations, Green Square and Mascot. As expected, rail patronage through these two stations increased significantly.

Sydney airport engaged expert consultants Booz and Co. to quantify the uplift in patronage should the access fee be abolished or reduced on the two airport stations. As our written submission indicates, the uplift would be fairly significant at nearly 5,000 additional rail passenger journeys every day. This would increase over time. In preparing its advice, and to calibrate their model, Booz had the most up-to-date patronage information from Green Square and Mascot stations, and you all have another copy of that Booz report for your easy access. I understand the Committee will also be hearing from TTF, which earlier this year released an excellent report titled *Unlocking the full potential of Sydney's airport rail link*, which addresses these issues in detail.

Finally, other matters we believe could be supported by this Committee are removing the restriction in the airport rail link contract that restricts government from introducing additional bus services to the airport—this is addressed in our submission—trains operating to and from the airport should have carriages that are more practical for people carrying luggage, trains should operate at times more appropriate for the airport's shift workers, that is, start earlier and finish later than they currently do, and consideration should be given to passengers being able to travel by train at no charge between the two terminal precincts, rather than utilise road-based transfers and add to traffic congestion. We would be happy to take any questions from here and obviously anything on notice that we are not able to immediately assist you with.

The Hon. PENNY SHARPE: I apologise, the Booz report is in here and I have not read it yet. I know you have done work about where your employees come from at the airport. Can you take the Committee through basically where the people who work at the airport live?

Ms FIELKE: Of the 28,000 people—I reiterate that they are employed across 800 different companies that work across the airport—about 34 per cent of them come from the Sutherland-St George area. Mr Plummer probably knows the detail of the other locales.

Mr PLUMMER: There is collectively approximately 15, maybe just over 15 per cent of people also live in areas of western or south-western Sydney on the Airport and East Hills line. So there is a significant catchment in the St George-Sutherland area and in south-west Sydney where people could conceivably travel to Sydney airport by train.

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.

The Hon. PENNY SHARPE: Leaving aside the station access fee, what do you see as the key things that could be done to drive patronage onto the line? If we were not going to use the lever of the station access fee, what other things do you think need to be done?

Ms FIELKE: At the moment we actively promote the train as an alternative. One of our key drivers—I mentioned earlier that we have 37 million passengers using the airport every year, not to mention their meeters and greeters who pick them up and drop them off. Part of what we try to promote is that there be a range of choice for accessing Sydney airport. We ensure that there is clear information about the train as an option. Obviously the one bus as well is an option for some people. Taxi and private hire car pick-up, drop-off—there is a range of options. So already there is a fair bit of promotion that goes on. Obviously Airport Link do a lot of their own but Sydney airport is quite supportive of this because it is important that as an international airport you have a range of choice. Clearly the value is a key driver in what is perhaps preventing additional uptake but, as you can see from the Booz report that we tabled and in our submission, uptake is occurring. Some of that is about information sharing, I suppose.

Mr PLUMMER: I think you heard from Mr Anderson from the Airport Link Company this morning. The Airport Link Company has, certainly under his stewardship, undertaken very positive self-promotion. They are advertising extensively, for instance, in the Gold Coast airport which I went through about six months ago there were very large advertising signs for the airport rail link in Sydney. I assume they are doing that at other airports. So his good advertising is having an effect. I think that is one reason patronage is slowly rising but it could rise a lot more.

The Hon. PENNY SHARPE: Can I ask you about buses? We have had a lot of discussion, and I know that your submission talks about the M20, which to me is the obvious easy immediate fix, leaving aside the non-compete clause issues with the contract. How do you assess the bus layover ability now? Is it realistic to say that you think there will be room if the Government was willing to put the M20 into the airport straight away?

Ms FIELKE: Mr Norton can probably add to this, but there is ability now. However, the master plan that I mentioned that we have just submitted today with the Government provides for a complete bus facility which would effectively let buses have autonomous access into the airport. It would take them away from, if you are looking at the domestic T2, T3 precinct, there is the horse shoe that you enter. It would actually take them away from that but give them relative terminal access. We have provided for it and taken a bit of a build it and they will come mentality. There is provision as it stands but we have factored in greater provision because this is something that we will continue.

The Hon. PENNY SHARPE: The time frame under your master plan is how many years?

Ms FIELKE: That is a five-year ground transport plan, which we are pretty much commencing what we can at the moment, because there are some things we can do under the existing master plan but obviously it is now with the Minister for consideration and we will continue to prioritise those works, along with our broader ground transport plan as soon as it is approved.

The Hon. PENNY SHARPE: If the Government was of a mind to look at the M20—I know we have the much-maligned 400—there could be some access, I support where there is a will it is possible. It is not absolutely impossible that you could not run the M20 into the airport now if we chose to?

Mr NORTON: I would certainly say that it is possible to run the M20 in there. We have worked quite closely with Transport for NSW in the development of our draft master plan. One piece of feedback that we got through them from bus drivers is that a number of them get concerned about coming into the horse shoe only because of the difficulties that sometimes it has in terms of keeping their schedules, but certainly there is the capacity for another bus in there. As Ms Fielke quite rightly mentioned, at T2, T3 we plan to put in a much

bigger and more significant bus facility. Over at the international terminal the capacity for an expanded facility for public buses is available now.

The Hon. PENNY SHARPE: There has been some reporting of this already, but I am concerned that even your report said about 2 per cent of people walking into the airport, presumably some of them locally but also just the general access there. Are you able to provide to the Committee anecdotal evidence and the reports you have from your various tenants about what their workers are doing in relation to accessing the airport to avoid the station access fee?

Mr NORTON: No, we do not. The way that we got those percentages was the 14,000 airport user survey. That survey was jointly commissioned and funded with Transport for NSW, and that was based on interviews, understanding people's origin, destination, how long they would be away, where they came from, all those sorts of bits and pieces, what flights they were catching. That is really how we came up with that. We did not explore specifically workers walking, although workers and meeters and farewellers as well as passengers all form part of that survey.

Ms FIELKE: And as part of our master plan we have given consideration to paths and walkways just in terms of a longer-term modal shift, I guess, for people.

The Hon. PENNY SHARPE: Could I ask about your plans for parking? I notice, Mr Norton, that you have "Parking" in your title. That is a big issue at the airport. How do you see your plans for expansion of parking working with rail and bus access? How mutually compatible are they? How do you see them operating in terms of who chooses to use the different modes?

Mr NORTON: The build-out of additional capacity in relation to parking is demand led, so we do not build it ahead of the curve, we are quite conservative in that respect. As the demand arises, then we will build capacity. If, as we would hope, public transport mode share increases over the next period, that would postpone or delay the construction of car park facilities.

Ms FIELKE: The other point to add to that is that the survey we did showed that one in 10 people using the airport at the moment park. The other 90 per cent are using other modes as it stands, but the thing we are very conscious of is that our master plan is a 20-year forecast and so by 2033 we predict there will be over 74 million people accessing the airport, so it is fairly vital that we are thinking about alternative mode shares at the moment, so whilst we will always need to provide for someone who does want to have drive-up access to the airport and to be able to park, it is also becoming increasingly important that there be a good viable train option, bus option—other sort of transport option. Basically the pie grows, as opposed to taking from a select population base that is going to stay static.

The Hon. MICK VEITCH: In your opening statements you spoke about some of the other impediments to patronage on the rail line rather than just the access fee for things like serviceable carriages. What do you mean by practical carriages?

Ms FIELKE: The challenge at Sydney airport is we are often compared, particularly on the international side because we do cater to more than 40 per cent of the international traffic that comes to Australia, so people are comparing us with their experience in Hong Kong or Korea or a lot of the other international airports. I was in Korea recently and you can check-in in Seoul at the train station and then you get onto the train, you have a dedicated commuter or passenger train to take you to the airport and on that train it has carriages with sections for your luggage, et cetera, so I guess it is just a different experience, which that expectation is sometimes sought when international passengers come to Sydney airport, so I guess making it a bit more user friendly.

The Hon. MICK VEITCH: Have you had discussions with Transport for NSW about those experiences?

Ms FIELKE: Yes, we have.

The Hon. MICK VEITCH: We also heard this morning that an escalator at Central station or at St James station, for instance, has the potential to increase the number of patrons that would use the rail line. Do you agree that they are some of the other physical impediments to people accessing the line?

Ms FIELKE: Have we looked at that as part of our—

Mr NORTON: No, we did not.

Ms FIELKE: There is lift access, escalators, but all of that I am sure would have to be looked at as patronage increases.

The Hon. MICK VEITCH: Are you aware of the subsidies or discounts that might be provided to employees of employers or businesses within the airport precinct?

Ms FIELKE: Again, as I reinforced earlier, there are 800 different businesses that operate across Sydney airport, so Sydney airport itself employs a bit over 350 people. For our own staff we do have a salary sacrifice package where we encourage them to purchase a year ticket if that is what they want to do. The other alternative that we offer them is a free car parking option. Obviously it would be great to be able to provide different alternatives, but no, I cannot speak to what some of the other employers are doing.

The Hon. MICK VEITCH: Earlier the Hon. Niall Blair mentioned country members of Parliament who, if there are three or four of them on an aeroplane, just get one taxi rather than use the rail line because it is much more cost-effective, and others would do that as well from country New South Wales.

Ms FIELKE: Yes.

The Hon. MICK VEITCH: Have you had much conversation with other stakeholders, such as the taxi industry, around the movement of people to and from the airport, and how that interacts with the rail?

Ms FIELKE: Yes, we have engaged quite substantially, particularly as we have had our master plan coming up, so we have spent a lot of time engaging on our ground transport plan and obviously this comes up as part of it, but ultimately it comes down to economics for a lot of these passengers where it becomes cheaper to take a taxi than it does, as a group, to jump on the train.

Mr PLUMMER: I think the main benefit would be for airport workers, and that is the reason why in the Booz report that we have tabled it shows that the uplift in patronage for removing the access fee or reducing it at airport stations would be around 28 per cent or thereabouts. At Mascot and Green Square the uplift was approximately 100 per cent. The reason ours is lower is they are different types of passengers, they are families with lots of bags and are unlikely to move to trains, or they are business people who will just catch the cab and use their Amex—they do not care whether the train fare is \$4 or \$15. It is airport workers where there is a real opportunity to get a big modal shift.

The Hon. MICK VEITCH: And change of habit?

Mr PLUMMER: Yes.

The Hon. MICK VEITCH: Do you think the access fee is a disincentive for airport workers to use rail?

Ms FIELKE: Absolutely.

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.

Dr MEHREEN FARUQI: Did that survey ask questions like would workers at the airport use the airport line if the access fee was reduced or removed? Do we have an indication of how many workers might use that line if the access fee was removed?

Mr NORTON: It was not intended to be a study into the elasticity of that, so no.

Mr PLUMMER: But I think that work is inherent in the Booz report because they are experts on elasticity; they advise the IPART on the CityRail fare determination, so they well understand travel behaviour and what makes people decide to travel by one mode or the other.

Dr MEHREEN FARUQI: We had a bit of discussion earlier about reports of airport employees putting their lives at risk, I would say, by getting off at Mascot or Wolli Creek and then walking from there. I am wondering if you have raised those concerns with the relevant government departments or discussed some alternatives for those people—maybe a bus service to bring them in or other alternatives?

Ms FIELKE: We had not directly with that one because, as I mentioned earlier, we only employ about 350 people and I would have to say that, anecdotally, that had not been reported to us, so obviously it is perhaps some of the 800 businesses where I think this challenge is presented.

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.

Dr MEHREEN FARUQI: Sure, not a problem. I did ask the Government this morning about running trains to suit shift workers early in the morning and then later at night, and as far as I can recall there was a suggestion that because of the small number of workers at that time it probably would not be feasible to run those services. I am just wondering if you have any comments or views on that?

Ms FIELKE: We do not have the numbers. I mean in terms of starting times, I guess the challenge for some of those shift workers are, say, on the international side of the airport, they need to be there around 4 in the morning and the first train does not start until about 4.51 or something I think, but as to what the volume of that is I think we would have to try to take that out of some of our reports.

Mr NORTON: Yes, we would have to try to do that. I think the other thing is, as we pointed out a little bit earlier, we know where the concentration of our employees come from generally. There is no reason potentially why bus services from those areas could not be used as an alternative to train.

Dr MEHREEN FARUQI: On bus services, you have also advocated the renegotiation of the no-compete clause that the Government has in its contract with Airport Link. In terms of services, I know we have spoken about the M20. What other services do you think could be extended to the airport to improve public transport options?

Mr NORTON: We have not gone into that. I must say in fairness to the Government they have in their long-term transport master plan and also in the State budget focused on their intention to put more bus services into the airport, which we are very supportive of, notwithstanding the issues they would have around the contract and the negotiation of that. We see the intention and the desire there; practicalities I guess are something else that they will need to work through.

Ms FIELKE: And obviously the key areas of focus would be those that are not currently serviced by a train. The local councils have got a lot to say on that, and we have engaged with them, so I think those that have made submissions probably would have.

Mr PLUMMER: I do note the Sutherland Shire Council has strongly argued for a bus from the Miranda area to the airport.

Dr MEHREEN FARUQI: Would you support a buy-back of the stations as an alternative to removing the access fees, if there is a good result and similar outcome?

Ms FIELKE: Buy-back by Government?

Dr MEHREEN FARUQI: Yes, or do you have any views on that?

Mr PLUMMER: I think we would be neutral on a question like that; it is more the outcome than how you achieve the outcome.

Dr MEHREEN FARUQI: As, I guess, an imperfect alternative to a complete removal of the station access fee, would you consider this to be a positive outcome if the fee for workers was removed; if all the people who work at the airport were exempt from access fees?

Ms FIELKE: I think that would be a good start and a really good anecdotal comparison is just school holidays, when you see the road network lightens up a lot because you have less traffic, and if you think about it—not that you would take all 28,000 employees off the road, but it would certainly be a very good start in terms of a notable difference.

The Hon. PAUL GREEN: I note you were in favour of reduction in cost. Do you have some suggestion as to who should pay that? Should it go back to the taxpayer?

Ms FIELKE: Ultimately, I guess, the current agreement is between the Government and Airport Rail Link.

The Hon. PAUL GREEN: In terms of future infrastructure, with an increase over 20 years to 76 million potential passengers or consumers, what are you doing to embrace that? We heard Mr Norton say you do not tend to go too far ahead of the curve, but what are you doing in terms of embracing such movement?

Ms FIELKE: A big part of our master plan that we just lodged today has been the ground transport plan, so as part of that there is a five-year ground transport plan which will look at—we are investing around \$300 million to improve the ground transport access both in and around the airport, and we have worked very closely with Transport for NSW and Roads and Maritime Services as they have sort of put together the WestConnex proposal, but in the State Budget they have committed now I think \$282 million to upgrading roads around the airport and the port, so that is a good longer-term strategy in terms of improving the road access experience to the airport. As I said earlier, with numbers increasing from the 37 million that they are today to over 74 million, a broader strategy has to be put in place around long-term modal shift as well. Once implemented, the road works that we have worked on and the State Government is working on certainly make a vast difference now and into the future, but long term ideally you want to start changing the mindset of people using different modes of transport.

Mr NORTON: Can I build on that as well, because when I referenced that it was particularly in relation to parking facilities, not general ground access, so in the last 10 years Sydney Airport has spent in the order of \$200 million on ground access facilities, upgrading those, and as Sally quite rightly points out we have a significant program of works that we intend to undertake within the next five years, both at the international and domestic terminal, and again very significant amounts of capital we will be investing into roads to improve the flow of traffic in and around the airport, not only for airport users but for those using Port Botany, the industrial area and residential areas around the airport as well.

Ms FIELKE: The other interesting point that came out of the survey we did with the New South Wales Government was that in peak periods something like 52 per cent of traffic using Airport and Qantas Drive is not using the airport, they are either general commuter traffic going to the south west or trucks, so we are quite supportive of WestConnex because that actually will divert some of that general community traffic away, but also looking at widening existing roads, and some of the other plans happening with the port should hopefully also have a bit of a marked result in terms of the current status.

The Hon. PAUL GREEN: When you talk about doubling the consumer movements at the airport to around 76 or 74 million—that is quite a lot over 20 years. You are increasing the freight on those roads potentially up to 8 million containers from Port Botany.

Ms FIELKE: The port is, not the airport.

The Hon. PAUL GREEN: That is correct.

Ms FIELKE: But you are right.

The Hon. PAUL GREEN: I am just trying to draw a picture around that area. Potentially, it is just going to be gridlocked if this is not done right. Another thing I note is the meeters and greeters who just come in and drop off people. They are not even catching the plane; they are just trying to see their loved ones off. If you multiply that also within the context of the 74 million people in the car parks you are talking about, we have to do something different—provide some initiatives in not just reducing price. What about abolishing it?

Ms FIELKE: As I said, we will table the elasticity modelling we did. What was interesting in that was that there is a price point where the uptake does not actually make a great deal of difference. You could abolish it or you could set it at a reduced price from where it is and you would have effectively the same result. We will find that research to help inform the Committee because I think that is an interesting point.

Mr NORTON: Part of the master plan work we have been doing required a significant level of traffic modelling. Because ground transport is both five years and 20 years, we have done modelling all the way out to 2033. We did that in consultation with Transport for NSW, used the standard RMS models, which take into account the normal population growth and all those bits and pieces. Certainly, the intersections, particularly outside the domestic terminal, will function better in 2018 than they do today. In fact, with WestConnex coming on board, by the time it gets to 2033 they will function better than 2018. The new road works will make a significant difference—those we are doing on airport and off.

The Hon. PAUL GREEN: I would like to share your optimism, but I think we are heading towards the perfect storm with the population growth of eight million within Sydney up to 2050. With containers on the road, the airport increasing, especially if we do not diversify to a second airport, it will be one incredible model if it can keep us out of the jam. Do you get many complaints about Airport Link?

Ms FIELKE: The Airport Link in terms of pricing?

The Hon. PAUL GREEN: The service, the price, anything? I heard generally that complaints are pretty well down.

Ms FIELKE: We will receive some but, obviously, that is probably a question for Airport Link in terms of what it directly receives. Obviously, price is a frustration for some people, but we also receive compliments about service. It is important to bear in mind that we are extremely fortunate to have a rail facility that goes directly into the airport. There is one piece of infrastructure that does not have to be built. It is there, it is fully functioning, but for a lot of people it is a really convenient option. Yes, just from our perspective, and again airport rail can give you better feedback, but the price probably is the area of concern for most people, but a lot of people are quite complimentary of the services.

The Hon. NIALL BLAIR: It is a shame you did not bring the elasticity study with you because it sounds interesting. Are you saying that the study has shown that reduction in price complemented by the uptake by, you think, the increase is a relatively net result and once you go past that point it is just throwing good money after bad and you are not getting the productivity or numbers increase? I guess my question is: At that point, what is the net difference? Is there a shortfall or is it the increase in travellers paying for the drop in price?

Mr NORTON: I would have to check the methodology. My understanding and recollection is that certainly there always ends up being a net loss because you never get the level of uplift that you need to offset the financial reduction. I understand if you had taken out the payment the State Government makes on Green Square and Mascot that is exactly what would have happened; there would have been a net loss.

Mr PLUMMER: It is worth remembering also that there is an uplift in the fare box revenue for government. As patronage goes up, Sydney Trains, as it is now, will get more revenue through the fare box. So there is a contra item as well.

The Hon. NIALL BLAIR: That is what I am asking. Are you just talking about getting to that point and there is no actual increase from there because those who would have changed have changed, or is your point that what you reduce in cost you pick up on the other side with increase in the number of people paying the lesser rate? Is that the point?

Mr NORTON: Yes. My understanding is that you do not pick it up.

Ms FIELKE: You would to a certain extent.

Mr NORTON: You pick some back up. No question about it, you do pick some back up. So your net loss is not the entire value of the reduction in the SUF because you have an increase in patronage. But in no way does it offset that.

The Hon. NIALL BLAIR: How important is this train line to, I guess, market Sydney Airport domestically and internationally? It is not in the forefront of people's travel plans at the moment to catch the train. In other places around the world that is exactly what you do; you know that you are going to fly to an airport and the first thing you are going to do is get on a train. Earlier I used the analogy that if I go to an event at Olympic Stadium, my first thought is to catch the train. Where is the thought process around this train line? Surely, that is something we should strive for. Is Sydney Airport striving to promote it domestically and internationally?

Ms FIELKE: I agree with the thought process. For us, as I emphasised earlier, it is about choice. If passengers want to take the train or bus or cab, limousine, car there should be options and, where possible, things like the train—options that people think are feasible. Again, we are very lucky that we have a train that goes straight into the airport; a piece of infrastructure that does not need to be built. Within the constraints of the existing agreement and the pricing structure, et cetera, we are doing our best to promote it because it is a real asset. But, obviously, there are things that could be improved to further promote it. I guess the station access fee is one of those things.

Mr NORTON: One of the other things also is that we are very lucky as a city to have an airport that is so close to the CBD. That is not necessarily true of many other international airports. Maybe in those circumstances the train becomes far more of an issue. At least at Sydney there are options that are not as expensive as if one, say, caught a cab from Heathrow into London.

The Hon. NIALL BLAIR: How much is attributed to people picking up someone not wanting to pay the parking fees? Anecdotally, many people can be seen dragging bags walking round to the fast food restaurants at domestic terminal to meet someone. Are they just workers or is that another issue that is perhaps getting put in with the pedestrian traffic? Have you separated those?

Ms FIELKE: Yes. We do not have any concrete independent evidence on any of that. Anecdotally, people will find different ways to access the airport.

Mr NORTON: It is worthwhile pointing out also that at international and domestic there are free pick-up zones for limited periods. They can be used by the public to pick up their passengers.

The Hon. NIALL BLAIR: That is the problem; many of them are waiting around the corner until they get the text message or whatever to say, "We've actually landed" rather than park and wait in the terminal for an hour. I believe that also is part of that issue.

Mr SCOT MacDONALD: Why is it important to Sydney Airport Corporation whether somebody arrives by train, taxi, sleigh or whatever? What does it matter to the business model?

Ms FIELKE: It actually matters a lot because it is part of the overall passenger experience. We work on what we can control in the terminal in providing value, choice and retail offering or making sure that all 28,000 people have appropriate standards of customer service at their offering, et cetera. But we compete on the world stage as an international airport where frequent travellers have experiences at other airports. They come

with expectations in mind of what they require of an international-standard airport. Even for infrequent travellers or locals around the area, it is important to us that there is a range of choice points they can use and they are not just forced into one way to get to the airport so that the whole experience from leaving your doorstep to arriving in the country and even from return and back home is as comfortable and as good an experience as we can offer.

Mr SCOT MacDONALD: I take it that it matters to you and your business model's bottom line about access and the cost of access?

Ms FIELKE: It is reputational, it is bottom line, it is being part of the community. Part of our whole strategy has been about engaging with our stakeholders as often and as in-depth as we can. We have a partnership with Destination NSW where we work on mutually attracting airlines to fly to Sydney Airport. We work with Tourism Australia. We brief our tourism Ministers. We work with local councils. So that engagement is quite vital. It goes well beyond any bottom line. It is the reputational side of it. I guess it is sort of good business practice when you are running an infrastructure asset that caters not just to Sydney Airport but the entire State and, if you look beyond that, the nation as well.

Mr PLUMMER: That is a good point because the airport, as our submission states, generates or provides 6 per cent of gross State product, the port adjacent to us, another 4 per cent. So \$1 in every \$10 of State wealth is generated in that small part of Sydney.

Mr SCOT MacDONALD: But there is an economic benefit to Sydney Airport Corporation with good infrastructure?

Ms FIELKE: Yes, like any prudent business, of course.

Mr SCOT MacDONALD: Returning to the Hon. Paul Green's earlier question, if we are looking at losing roughly \$20 million a year in a shadow fee, if you like, if that station access fee were removed, the legitimate question that Paul was alluding to is that if there is a material benefit to the Sydney Airport Corporation by reducing or eliminating that fee, it does not make sense that the whole load is borne by the public if some of that private benefit is going to the Sydney Airport Corporation?

Ms FIELKE: Again, I guess the broader benefit is that 37 million passengers come to the airport. As I said earlier, the airport through its operations generates and facilitates nearly 300,000 jobs and attributes \$27.6 billion to the economy. It facilitates also fairly important tourism trade growth for the State. So I guess there are far broader benefits across the whole State and nation, if you want to draw the bow even further, that come from all of us actually consolidating to provide a good experience.

Mr SCOT MacDONALD: I do not think anybody is questioning that it is a brilliant and fantastic economic driver; the question is whether the general public picks up all of that benefit, if you like.

Ms FIELKE: Yes. Though, I guess the other side of it is just the overall ground transport experience and what Sydney Airport is working on there. As I said, our ground transport plan will be investing something like \$300 million in just upgrading the areas within the actual airport and then complementing with the State Government on its WestConnex and \$282 million it is spending across the port and airport. Overall, we have invested something like \$2.3 billion in the last decade in upgrading. I understand your question and its point, but I guess the investment is fairly substantial from our end already and the broader benefits certainly by no means are directly Sydney Airport benefits; they have such wide-reaching ramifications across the State and nation that it needs to be considered absolutely.

CHAIR: In your opening statement and submission you refer to work you did in 2011 to remove the access fee for Green Square and Mascot stations. Did you also lobby for the removal or reduction of the fee at the international and domestic stations?

Ms FIELKE: That was pre-me. Can you answer that?

Mr PLUMMER: Yes. The answer is that we have been advocating very strongly for all stations to be looked at. Getting two out of four was a very good start, but we did argue that it should go further.

CHAIR: What was the reason it was not considered?

Mr PLUMMER: I am trying to recall the then Premier's term. I think she said that would be a matter for a future Government, or words to that effect.

CHAIR: Your submission to the IPART review related particularly to the fare structure discriminating against workers. Was there a response to that?

Mr PLUMMER: Yes. The IPART's response was that it is not a matter within its jurisdiction. It does not determine the station access fee; the Airport Link Company does. But we took the opportunity to put the matter on the record.

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 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.

The Hon. NIALL BLAIR: Has there been any thought given, if you are going to consolidate that, to having a consistent price for the two different areas? At the moment there is a different fee for international than there is for domestic with the fare, is there not?

Ms FIELKE: We actually researched that just this morning. It seems to have disappeared. So perhaps that is a question for the Airport Link Company.

Mr NORTON: Yes, I researched it this morning.

Ms FIELKE: Yes, we did have a look to get that price for you this morning and it seems to be the same. That must have been a recent change.

The Hon. PENNY SHARPE: The issue I think is actually the train fare.

Mr NORTON: Yes, it is. I think what happens is that between domestic and international there is a zone change.

The Hon. PENNY SHARPE: Yes, that is what it is.

CHAIR: Unfortunately time has expired for questions. Any questions taken on notice need to be responded to by 10 January. Again, I thank you for appearing today.

(The witnesses withdrew)

TRENT ZIMMERMAN, Deputy Chief Executive and Director of Transport Policy, Tourism and Transport Forum,

KEN MORRISON, Chief Executive, Tourism and Transport Forum, and

BENOIT BOST, Transport Policy Officer, Tourism and Transport Forum, affirmed and examined:

CHAIR: I welcome witnesses from the Tourism and Transport Forum. Would any of you like to make an opening statement?

Mr MORRISON: Yes, I have a short opening statement. The Tourism and Transport Forum, or TTF, is the national peak advocacy body for the tourism, transport and aviation sectors. It is a chief executive officer forum representing the interests of 200 of Australia's leading institutions in the private and public sectors. The Tourism and Transport Forum has been a strong advocate of removing the station access fee and welcomes the decision of the Legislative Council to establish this inquiry. Sydney airport is fortunate to be served by an excellent rail link, which is time competitive and integrated with the broader rail network. Patronage on the rail link is growing, and this reflects the good work of the current operator to improve marketing and information about the service.

However, at 17 per cent, the overall mode share for public transport to the airport remains low by international standards. Tourism and Transport Forum research shows that international best practice in public transport mode share is about 40 per cent. If the public transport mode share at Sydney airport were to match this, there would be 25,000 fewer people travelling on the surrounding roads each day. So that is the opportunity in front of us. Rail's mode share could be significantly increased if the station access fee were removed as it is clear that cost is the single most important factor in deterring even more people from using the airport rail link.

Our research has found that, per kilometre, it is one of the most expensive airport rail lines in the world. When assessing the need to remove or substantially reduce the station access fee, it is important to consider the wide range of stakeholders adversely affected by the fee. These include: firstly, the 36 million visitors arriving at or departing from Sydney airport each year. Some 40 per cent of international visitors to Australia will arrive or depart through Sydney airport and first impressions do count. Arriving visitors should be able to experience affordable and modern public transport.

Secondly, there are 28,000 full-time equivalent workers at the airport, which is equivalent to the number of people expected to work at Barangaroo. Sydney airport's role as a major business and employment hub is often overlooked. The station access fee 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. Thirdly, thousands of commuters travel on the heavily congested surrounding road network. They stand to benefit from having more people take the train. Fourthly, the freight activities generated by the airport, Port Botany and surrounding industrial areas face increasing congestion costs.

Evidence shows that lower fares would increase patronage on this line. Mascot and Green Square stations are good examples of where a fare reduction, of \$2.60 in 2011, led to a spectacular growth in patronage. The Tourism and Transport Forum recognises that the market at the two airport stations is different, but the much smaller reduction in fares at Green Square and Mascot surely points the way to what can be achieved. This is supported by analysis undertaken by a range of organisations. For example, Transport for NSW, in the NSW Long Term Transport Master Plan, acknowledged that the high price of the rail link is encouraging substitution with car travel.

A study undertaken by Booz and Company found that patronage would increase by 35 per cent in the first year if the access fee was removed. Infrastructure NSW, the Productivity Commission and the Airport Link Company have all pointed to strong patronage growth if the price of rail travel was cut. The Tourism and Transport Forum therefore urges the Committee to recommend that the Government remove the station access fee to support the visitor economy, to reduce congestion on surrounding roads and to make travel to what is one of our State's most important employment hubs more affordable for its workers. With the rollout of the Opal card now underway, it is the perfect time for reform that will benefit so many travellers and commuters.

The Hon. PENNY SHARPE: Thank you for coming today. You are the first people we have heard from today who have been able to talk from a tourism point of view about how important the airport is. Could

you expand a little on how the Tourism and Transport Forum regards the importance of the airport. I know there is a lot in your submission about this. How important is the rail link for tourism? I am particularly interested in low-cost carriers and whether there has been any work done in relation to those. I think your report said there are 37 per cent of people coming in on low-cost carriers. One would assume that if it was cheaper to use the train then they would.

Mr MORRISON: Yes, that is right. Sydney airport is the most important piece of visitor economy infrastructure in the country. As I said initially, 40 per cent of international visitors come into the country through Sydney airport. So it is the major gateway. 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; and that is going to be more important to some travellers than to others. I think that with the rail link we have at the moment we have a very good service; the issue is affordability.

As you say, the big mover in recent years has been low-cost carriers and their impact on the international sphere. So that is a very price sensitive market. Those passengers will make decisions on a very small change in total fare. When they are getting to a country they are looking at affordable ways to travel so affordability is important. They are a market segment that is probably more predisposed to using public transport as well. So affordability is an issue and if it is cheaper then more of them will use the service. The big opportunity here is not only for the visitor economy and to provide a service that people want but also to be able to reduce congestion in this precinct. That is good for the visitor economy, good for commuters and good for the broader network as well. If we want to reduce the number of people using the road system in and around Sydney airport then that is good for all those segments. So there is a benefit not only to the visitor economy but also more broadly if we can get more people to substitute off the road and onto public transport.

The Hon. PENNY SHARPE: We have talked a bit about ticketing and the opportunity, particularly with those low-cost carriers, to be able to purchase tickets, with or without the station access fee, at the point of purchase. Are you aware of any work that the airlines have done about that or is that something that you think would be worth pursuing?

Mr MORRISON: We were having this conversation earlier today. No, we are not aware of any airlines that have done that for Australian locations or other locations. It is definitely something that would be worth pursuing. I think we have an issue with the Opal card. We do need to look at how visitors interact with the Opal product, international visitors in particular. The Tourism and Transport Forum has previously proposed that we have a paper Opal product for international visitors. We cannot expect people to understand how our Opal system works. There are also opportunities to investigate purchasing your train ticket as part of your airline ticket. Obviously that will require the cooperation of the airlines, and we are not aware of an international example which could be used. There is definitely an issue here that should be investigated with the introduction of the Opal card—that is, how do visitors access these airports and the Opal card once Opal comes into play?

The Hon. PENNY SHARPE: I noticed on one of the graphs in your submission that public transport share in Sydney is even worse than it is in Melbourne. I want to unpack that a bit, because they do not have a rail link to the airport in Melbourne. I am assuming that covers buses. Does it also include taxis? How does that work? I was quite surprised by that.

Mr ZIMMERMAN: The numbers include mainly the bus service and also the coaches that operate from Melbourne airport.

Mr MORRISON: So the restriction in Sydney is not only the low patronage of the trains but also the fact that there is only one bus service that operates to the airport.

The Hon. MICK VEITCH: Did you say those numbers do not include taxis?

The Hon. PENNY SHARPE: No, it is pretty extraordinary. We are focusing a lot on price in relation to using the airport link, and that is a no-brainer for everyone really. But I am interested in whether you are aware of any work around the time savings. I know anecdotally from a lot of people who travel to the airport from the central business district that people are catching the train more and more because it is more convenient in terms of the time taken to get there. Do you know if anyone has done any work on attitudes around the time savings of catching the train rather than getting a taxi, for example?

Mr MORRISON: I am not aware of any research. Anecdotally I agree with you. In fact my own practice is that if I am trying to leave from town during the morning or afternoon peak then I will jump on the train because it is reliable whereas at other times I might catch a cab, depending on the circumstances. That is the anecdotal evidence that I hear from my peers as well. I am not aware of any research but if you look at the time compatibility then you see that it is pretty good, even when you take into account the additional walking and waiting time that you have at the train station.

It is very comparative, and at peak times it is actually a lot faster to catch the train. I think that has been one of things that has been driving patronage growth, which has been very good in the last few years, as well as the marketing effort we have seen from the operator. The reality is, as our system gets more congested the congestion and the time factor will push more people on to the train here. We also know, because the studies have shown it, but more importantly the actions of Mascot and Green Square have shown it, that if you take the prices down it will drive patronage.

The Hon. PENNY SHARPE: Leaving the access fee issue alone I wanted to ask about signage. I know that you guys have been very active around town trying to get better signage in the city and those kinds of things and I notice there is a little bit around but I am wondering how you are going and what you would like to see in terms of signage? I like the idea of the real time app that shows you if you got a cab from Martin Place right now it would take X time to get to the airport—we know that data is available—whereas if you go down to St James and jump on the train you will be there 15 minutes sooner. Can you give us other examples of other places where they have that signage up? You might be more aware of what Transport for NSW is doing quite well. I have seen some better signage, but not very much.

Mr MORRISON: I might start and then let Mr Zimmerman jump in. It is important to acknowledge that there has been progress over the last few years. When you are at the airport now you do see increased signage as you are descending the escalators, which is good. I think there is more that can be done at the airport. We see as important that that real time information is there and available to drive patronage. A missed opportunity is the taxi queues at the airport snaking on forever. There should be some signage indicating that there is another option that meant you were going to be able to walk down and get on to a train in five minutes as opposed to waiting for another 15 or 20 minutes in a taxi queue before you start the journey. I think that is an obvious opportunity but there will be a lot of others. Mr Zimmerman, do you have any international examples?

Mr ZIMMERMAN: I cannot identify any international examples that point the way for Sydney but I think you are right in saying that the city side of the airport line is also important and it should be highlighted to travellers going through Martin Place how close they are to St James for a transfer. Also for the international tourists we must look 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 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.

The Hon. MICK VEITCH: Can I ask you about your views of the "no compete" clause in the contract. What is a constructive way to fix that problem?

Mr MORRISON: It is a big problem, is it not? It is ridiculous that you have less bus services serving the airport now than 20 years ago. It is ridiculous. It is something that Sydney airport is planning for the future, they are looking at ensuring that the infrastructure is there to cater for greater bus services. It is a big issue for the workforce. When you look at users of the airport rail line, yes, the central business district is a significant destination for them but many of them do travel to other parts of the city as well, which would indicate the same sort of potential demand for using buses in the general population as well. It is a problem that should be overcome.

We would encourage this Committee and the Government, as they are looking at the station fee issue, to look at how that could be renegotiated so there could be more public transport services provided. Part of the previous discussion with Sydney airport was what is the public benefit of providing these services? The public benefit is the general public benefit of improving patronage on public transport so you have less congestion. That is the opportunity and that is why Government should act because there is congestion and a wider economic benefit for action.

The Hon. MICK VEITCH: The other issue that has been raised is it is not just the access fees that are a disincentive to use the rail system, it is the physical impediments such as escalators or the rolling stock. In your submission you talk about the rolling stock. What is your opinion on those two issues?

Mr MORRISON: If you are an international traveller arriving in Australia we do not want your first impression of Sydney to be a crowded commuter train with rolling stock that is decades old. We should be presenting our best face to these travellers so they arrive at their hotel with a smile on their face looking to spend as much money as they can. What we said is that we should be using the newer rolling stock, the Millenniums and the Waratahs, for those routes. We do not see any reason why that could not occur. We would love to have rolling stock which was purpose designed to enable luggage handling and facilities for airport users that we do not have currently. We understand that is a potential capital cost but there is nothing to stop the Government now prioritising that rolling stock on that line.

The Hon. MICK VEITCH: What is your opinion of the escalators at Central or even the issues of St James where a large number of people actually catch the train to the airport?

Mr MORRISON: I have not seen the data. It would be good to see the data and where the interchange points for the stations are. 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 prioritization 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.

The Hon. PENNY SHARPE: Can I can you ask you about the Wayfinding Project. I know the Government is going through a massive re-signage at every train station and ferry wharf. Given the comments about multilingual opportunities I am wondering whether you guys are formally talking to the Government about that as the signs are going in?

Mr MORRISON: We are and our concern is that it can mean lots of different things or nothing depending on where you come from. In New South Wales the number one international visitor group is now the Chinese. They are still number two on the national ratings but for New South Wales our biggest visitor group is now the Chinese. Many of them will not have any English at all and if they have English it will not be written it will be spoken. This is an even bigger priority for New South Wales for the future. We do not think that going down the path of having letters as the major symbols to help people understand what public transport options they have is the right approach.

Dr MEHREEN FARUQI: You mentioned earlier the difference between the international airport and Sydney airport in terms of patronage is 40 per cent, and much lower here. Is the main factor the cost of accessing those lines or are there other factors as well that are quite different nationally and in Sydney?

Mr MORRISON: There will be a range of factors. It will depend on the domestic traveller in each of those locations and how they are accessing airports and what the overall patronage levels for those cities are. Where you have cities which overall have a higher patronage of public transport you are more likely to see higher patronage levels to the airport. The factors that drive that will be significant. I think it is very clear that if you drive down the price you will drive up the patronage. We have not only seen the modelling about that, we have actually seen what happens when you actually do that just a couple of stops down the line. The evidence is pretty clear that you will get very significant increases in patronage if you take off the station access fee.

Dr MEHREEN FARUQI: You have mentioned some of the other measures that could drive up patronage such as signage, escalators and rolling stock, are there any other significant things that could be done that would increase patronage, such as different kinds of travellers going international or domestic or people who work at Sydney airport?

Mr ZIMMERMAN: In terms of visitors one of the things that the Government and the operator could look at doing is introducing free wi-fi on the airport line and at local stations, particularly for an international visitor facing roaming charges. 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 to people who are going to spend 30 minutes commuting from the airport and want to use that time productively. 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. They are two positive steps that you could take to improve the attractiveness of the railway link.

The Hon. PAUL GREEN: Access to Google translate?

Mr ZIMMERMAN: Indeed.

Dr MEHREEN FARUQI: That is a good one. In your view do you think the economic benefits overall of removing the station access fee would be more than the cost of revenue foregone by the Government if this fee was removed?

Mr MORRISON: We have not done our own independent modelling on that but we do think this would be of incredible benefit and we do strongly recommend it.

Dr MEHREEN FARUQI: Do I understand correctly that many of your members operate from the airport and have people working there such as hotels?

Mr MORRISON: We have members who have hotels at the airport, obviously. We have rental vehicle members who operate from the airport, but more importantly than the airlines that are physically at the airport there is opportunity for Australia to really grow the tourism market, grow the tourism economy. There is tremendous growth in the middle class Asian traveller, as you know, and if we are able as a country to maximise that opportunity the airport will be a critical piece of infrastructure. Many of those travellers will want to use public transport. As I said earlier we want more of them to use public transport because that is better for the road transport network as well.

Dr MEHREEN FARUQI: Out of those members that operate from the airport do you know whether they provide some subsidies or encourage their staff to use the airport line?

Mr MORRISON: I am not aware of any subsidies directly from our members aimed at the workforce. I know some hotels in the airport precinct have found it difficult to get staff because it is an extra cost for their staff and some of those staff are on relatively low wages so it has a bigger impact for them.

The Hon. PAUL GREEN: In terms of the impact you are saying that reduction of the pricing would increase patronage?

Mr MORRISON: Yes.

The Hon. PAUL GREEN: Earlier we heard that the initial investigation done on that indicated it would only reduce 3,000 trips per day in terms of roll-out if that reduction was taken, that it would have a small effect overall. Do you have a comment on that?

Mr MORRISON: I have not seen that research. I heard the back end of that discussion when I came in but I have not seen that research. The Tourism and Transport Forum has not seen that research. The research we have seen from multiple sources such as Booz and Company, Infrastructure NSW, the Department of Transport and the Productivity Commission all points to the fact that there would be a significant boost to patronage if pricing was lowered, if the station access fee was removed. Again, we have the real life example. We do not have to scratch our heads and wonder about it, we saw what happened down the line when those charges were removed from Mascot and Green Square and we saw significant increases in patronage. Over two years the increase in patronage at Mascot was 93 per cent and at Green Square it was 176 per cent. I think the answer is there.

The Hon. PAUL GREEN: I think it is fair to say if you made it free people would turn up, there is no doubt, but the line obviously has a cost recovery that someone has to pay?

Mr MORRISON: The flipside of this is you look at what we need to spend on roads. We know we have congestion. When Airport Drive was built it was built as an internal road for Sydney airport and now 52 per cent of vehicles who use that road have nothing to do with the airport, they are not going there and they are not accessing it. It has become part of the Sydney Road network. Sydney Airport and the New South Wales Government have come to an agreement around investing in the road access to address some of the congestion but you cannot just invest in the physical infrastructure, you have to look at demand drivers. If we can move

more of those people who are using the airport on to public transport then there will be a congestion benefit as well. You have to look at the supply and demand said when you look at congestion.

The Hon. PAUL GREEN: People normally go the easy route from A to B. Do you think that that demand or that road congestion will eventually lead people to push back onto the airport link?

Mr MORRISON: As I said earlier, I think that is part of what we are seeing. In the last couple of years the operator has increasingly improved the marketing effort and I think we have seen some benefits there, but also congestion is no doubt pushing people onto the airport rail link. In the time frame that we are talking about, having the road improvements made for Sydney Airport I think we are really dealing with growth here. I do not expect congestion to halve in the airport precinct to give it that sort of feel. The congestion is going to be a reality in this precinct even with the investments that are being made. So if we do something more on the demand side, what we are talking about is removing a demand impediment. We are actually penalising people for using this line. We are not talking about how do we give some free kick here; we are penalising people who would otherwise wish to use this piece of public transport. If we remove that demand impediment it will have benefits.

The Hon. PAUL GREEN: But, as I said, do you not think that that dollar figure is part of the cost recovery of the massive infrastructure investment? How do you reduce the costs and pay for the investment other than the subsidies that we are seeing?

Mr MORRISON: There is no running away from it; it is going to cost government to remove the station access fees. We argue that that is worth it for the public transport benefits and for the improvements to the visitor economy and for the fact that you have got a workforce for a very major piece of a very major economic precinct which is currently penalised just for being there.

The Hon. PAUL GREEN: Mr Scot MacDonald brought this up during the last session: Do you not think it is reasonable that all those who will gain benefit from that opportunity of getting high-pedestrianisation out of the airport link if it becomes a commercial situation that other stakeholders should carry some of the burden of that reduction?

Mr MORRISON: I think it is pretty hard to capture the economic benefit to individuals and have them contribute in a number of ways. If you look at who are the economic beneficiaries, it is the visitors, domestic and international, who therefore use it and prefer that service—that would be their preferred service; it is the workforce for that precinct and it is the broader road-using public in that precinct. That is a pretty broad set of beneficiaries and I cannot see what the tool would be which would capture that beneficiary and then roll it back into the funding of this. I think that is what government is for. It is a broad beneficiary but there is no obvious way to capture it.

The Hon. PAUL GREEN: I understand that, but the point is you have got 14,000 people per day being delivered to the airport. What business would not mind that model—foot traffic delivered to your door and then to market—and do what you do?

Mr MORRISON: But Sydney Airport is a funnel for Sydney and for Australia.

The Hon. PAUL GREEN: Yes, it is a gateway.

Mr MORRISON: Those people do not only spend when they go through the airport; they keep spending while they are in Australia. So the beneficiaries are not just there, they are wherever they are staying, whatever attractions they are going to, wherever they are eating, whatever shops they walk into and start purchasing, wherever else in Australia they fly on to for the other part of their holiday. One of the differences with the visitor economy is that those economic benefits are very geographically dispersed. We see it in that context, that this is opening up an opportunity for, yes, greater public use but we should be looking at this particular problem in the context that this is a gateway for a broader visitor economy which has beneficiaries right around the State and right around the country.

The Hon. PAUL GREEN: I want to acknowledge that I see the airport as being the gateway to Australia; that is a fair point. I thank you for your submission because I thought it was really, really helpful.

The Hon. NIALL BLAIR: Firstly, I apologise for missing the start of your presentation today. What do you think is the perception of the airport link, both domestically and internationally, for people coming to Sydney?

Mr MORRISON: I have not seen any research on this so I am talking from anecdotes here, and also from the perspective of several years now of consulting our members on this and their perspectives on this. It is a good service; it gets people where they need to go; the signage has been improved. However, compared to the rolling stock that operates in many international cities that you go to—which are specialised for airport access so you have got space for your luggage, et cetera—we do not have that. There is the issue that we are not always using our most modern rolling stock for this route, so you have people getting onto these trains which are very old. Thirdly, because it is part of a commuter network and people are using it in rush hour you have got to jostle with the rest of the commuters and it is not necessarily the best experience that you would want.

The last thing I would say on this is what we were talking about earlier: once we move to the Opal system I think there is going to need to be some solution for visitors because they are not necessarily going to arrive with an understanding of how that works. It is quite appropriate for the Government to be focusing on getting the difficult components of this Opal rollout done. Clearly the commuter task is the main task, but it is important that we also turn our attention to the visitor economy and how visitors can access the train network as we move into that new Opal environment.

The Hon. NIALL BLAIR: Would you support an express service that would cut out some of those residential stations and go directly from, for example, the CBD to the airport?

Mr MORRISON: We recognise that this is part of the Sydney train network and there is a commuter task there and any change to one part of the train system has diabolical changes right across the system. We do not hold ourselves to be experts on how you re-route or re-timetable these services. It would be great if we had that. I think the more important thing is to get the rolling stock right; so let us do the easy thing first and make sure we use our better rolling stock on this service and not our worse stuff. I think some of the service improvements that Trent was talking about earlier would be very valuable but would also be something that could be used in the marketing of this service, particularly for a lot of younger travellers. This is something that will help with a preference shift as well.

The Hon. NIALL BLAIR: The reason I asked about the perception is because it is almost like all the hard stuff has been done. We have been told today we have a reliable service that goes directly to the airport, to the CBD, that other cities do not have and yet when you ask someone—I know domestically—"How do you get to and from the airport?" the train is usually down the order of preference.

The Hon. MICK VEITCH: If mentioned.

The Hon. NIALL BLAIR: If mentioned. People say it is expensive or it is cheaper to catch a cab when there are more than two people travelling. Other cities around the world it is a given, and I used the example earlier that if you go to an event at Olympic Stadium now your first mindset is to catch a train. What do we need to change that? You have given us fantastic solutions to those other issues but how do we change the mindset about taking this asset and changing the culture about promoting that as being the first option?

Mr MORRISON: I think you raise a very good point. Why has that been successful? It is because successive governments have really focused on the marketing of the benefits of public transport as well as the services themselves. The services have been put in place. As you say, with the airport the services are there, although they are not for buses, so there is a big gap there. It is really about the marketing and the signage on site and, as I say, access to the ticketing system once we go to the Opal environment.

I was in Melbourne last week and I noticed when going through Melbourne airport there was an advertisement there for catching the rail link in Sydney. So that is good that we have got that type of marketing going on. There is probably still a lot to be done though to really market this in a more dynamic way.

Mr ZIMMERMAN: I think the interesting thing about your Homebush analogy is the fact that public transport for large events is now integrated with the cost of going to those events. So if you are going to ANZ Stadium you are not actually paying, that you are aware of, an additional fee for using public transport, and the same if you have an Easter Show ticket—that covers your public transport cost. That was an important part of the government's strategy to drive commuters to public transport and away from the traditional view that they

would have to access Homebush by car. The government at the time saw that as an integral part of making that mode shift actually happen and it is really what is essential at Sydney Airport to get that cultural shift in attitudes that you can go to the airport cheaply and reliably and the best way to do that is by public transport.

The Hon. NIALL BLAIR: We have heard that it is the airport link that does the marketing. Does not every stakeholder need to sit down and come to the realisation that this is an asset that we all want to promote like what we have with the Olympic Stadium and then put those other measures in place? Because surely we can suggest good rolling stock, but unless it is at the forefront and in the mindset of "this is our number one asset that we should be targeting for visitors to this area to come in through the airport", then it will always fall down the list, will it not?

Mr MORRISON: I agree, I totally agree, and the potential for the domestic travel market I think is probably very significant there as well. At least if you have got a captured market you can access through your marketing message that you can shift preference.

The Hon. NIALL BLAIR: I have used the example today: My brother comes from Moree to Sydney on business and his first thought is not to catch the train into the CBD it is to catch a cab because he is here for two or three days.

Mr MORRISON: Yes.

Mr SCOT MacDONALD: Can I just get some clarification? On page 7 of the "Unlocking the Full Potential of Sydney's Airport Rail Link" document it says, "In 2011 the New South Wales Government decided to subsidise the scheme for Mascot and Green Square at a cost of \$8 million". Is that to the end of the contract, 2030?

Mr MORRISON: That is reference to the Parliamentary Budget Office. I do not have the source document in front of me but I would say that would be the case, that is correct.

Mr SCOT MacDONALD: Could you come back to us with that one and clarify that?

Mr MORRISON: Yes, I will.

Mr SCOT MacDONALD: That is from the Parliamentary Budget Office is it?

Mr MORRISON: That figure yes, that is right.

Mr SCOT MacDONALD: Just going on from the discussions you had with Paul, and maybe it is a bit unfair to throw it at you on the run, even your document says, "Benefits will flow to the consumer as well as reductions in congestion". Maybe you could go away and look at other models besides throwing it all on the State Government, and I recognise what you say, that there are difficulties in capturing given the beneficiaries—people on Virgin or Tiger or wherever—but I think it is worthy of some more thought and just the New South Wales Government picking up the tab. I do not have that answer but maybe there could be a little bit more thought along those lines.

Mr MORRISON: We will come back to you on that. I repeat the essence of what I said before: I think the beneficiaries are extremely broad. It is difficult to put your finger on who you would ask to contribute or in what way, what mechanism you would ask for a contribution. It is easy to say the airlines and the airport, but that is only part of the beneficiary and I think it would not be fair just to pick part of that value chain just because they are easier to get.

Mr SCOT MacDONALD: But equally you could probably argue it is unfair to throw \$20 million a year on the general taxpayer that is sorely needed elsewhere—schools, hospitals, roads?

Mr MORRISON: I understand that there are competing demands for the public purse, but here you have got something which is important for the visitor economy but it actually has a congestion impact here. Whenever public transport is discussed there is always a big focus on the supply side of the infrastructure, as there should be because we do need more investment in infrastructure. But the demand side is also important. If you have a demand impediment standing in the way of using public transport we know that just down the line when we altered that situation it was incredibly impactful in driving demand.

The Hon. PAUL GREEN: But in saying that and taking on board what previous people said as well that they were putting up \$300 million to deal with outside and the management of traffic, if you carved out even \$20 million of that money and put it back into reinvesting to help carry the load of reducing the ticket, could that not be a fair contribution to lowering the issues that are happening outside?

Mr MORRISON: We will come back to you with a bit more advice on that.

Mr SCOT MacDONALD: Like other witnesses, you have put a lot of emphasis on the cost per kilometre. I think you also have to look at gross costs. The \$15.90 fare is reasonably comparable to the cost of airport travel in Melbourne, Adelaide and so on. Surely the cost per kilometre is only one part of it. I do not think of train fares in terms of cost per kilometre; I think of the cost of the ticket. Are we that far out of sync in both domestic and international terms given that we provide a clean, safe, reliable, frequent service?

Mr MORRISON: I understand what you are saying. The critical issue is if the price went down would more people use it and would that be a significant action. Would it drive a lot of new patronage? The evidence is that it would, both in terms of the studies done over a number of years and also the experience of what happened at Green Square and Mascot. I understand what is being said. It is perhaps a little bit of a distraction. However, the main game is whether patronage would increase significantly if the price were reduced significantly. I think the answer to that is undoubtedly yes.

Mr ZIMMERMAN: I think you have to look at it relative to other alternatives available to commuters and people visiting the airport. If you are travelling from an airport that is 40 kilometres away and the taxi fare is \$100, the price differential is such that the train would seem competitive. However, when you are talking about alternatives that are roughly the same price, you have a problem. In the domestic market you are comparing it against the cost of the usual train fare and what people are used to. When you can travel to Goulburn or the Hunter for \$8.30, you wonder why you are paying \$16 for such a short distance.

Mr SCOT MacDONALD: I am always a fan of regional New South Wales.

CHAIR: Unfortunately the time has expired. Thank you very much for appearing. Any questions taken on notice must be responded to by 10 January.

(The witnesses withdrew)

PATRICIA FORSYTHE, Executive Director, Sydney Business Chamber, sworn and examined:

CHAIR: Would you like to make an opening statement?

The Hon. PATRICIA FORSYTHE: The Committee's terms of reference are very focused on the access fee. I note that term of reference (h) refers to "other matters". The Committee should look at the issue of buses, bus timetables and bus access. If the Government cannot go as far as lifting the access fee as part of any review of the contract, it should look at the restrictions placed on buses. I provided the example in the submission of DHL Australia, which has three sites in the area. Of its 348 employees across its three facilities, 164 live in the Sutherland, Hurstville or Croydon areas. In other words, they would be able to access the T4 line and change at Wolli Creek, but the price becomes significant. There is not even a bus service at that point. There may well be a number of solutions in terms of employees as well as travellers. Our strongest suggestion is to lift the access fee, but we would not want the Government not to go further if that proves to be difficult.

The Hon. PENNY SHARPE: I am interested in your comments about workers accessing the airport and whether there is a concession available. The DHL example is very good given that it has such lowly paid workers. Are there any other examples of chamber members in the area that have not been mentioned?

The Hon. PATRICIA FORSYTHE: There are also the airport employees. It is a significant employer in the Sydney region. We are of one mind that it is exceptionally difficult for employees to use trains day in and day out because of the price. Even with a reduction and a weekly ticket, in real terms it is not comparable with many other services. Many of them do not choose to use the train and they are tied up because there are not enough buses. The other issue is Port Botany. I know the Committee's terms of reference deal with access to Port Botany, which has a very strong slot system for trucks and freight and congestion in the immediate area is not an issue.

What is significant is that there is still only one bus service into Port Botany. The 309 service runs to Redfern. The Port recently moved some of its employees from inner Sydney to Port Botany. I have heard anecdotal evidence that it is taking employees who do not live in the area two hours to get to work. In the end, people opt to use their car or to work elsewhere. Bus services are not good throughout the region. Of course, if there were interchanges and bus services in that region it would encourage employees generally to use public transport. Even leaving aside the visitor economy, it is important to provide incentives to people to work in these areas. At the moment, the contract at Sydney airport means there is a lack of good options for public transport.

The Hon. MICK VEITCH: What is your view about the no-compete clause, which prevents any more bus services being provided at the airport? Should it be removed?

The Hon. PATRICIA FORSYTHE: As I said, our initial position is to remove the access fee. If we cannot go that far, we should solve some of the problems with congestion and provide greater choice for employees and travellers. Choices with regard to buses may be at least one step forward if not as far as we would like.

The Hon. PENNY SHARPE: Reference has been made to interchanges. People have mentioned Wolli Creek and Sutherland council has been campaigning for many years as have people in Miranda about bus services. We have talked about Port Botany, but do any others particularly come to mind?

The Hon. PATRICIA FORSYTHE: We did not do an in-depth study. We put out a call to a few members, but the DHL example is as good as we can provide because its business is spread across three sites close by and because of the demographic of the employees. Sydney Airport Corporation would no doubt have demographic information about where airport workers live and their transport options. We think that is an important consideration. At the same time, we must also consider the visitor economy. That is why we believe we can do better as the gateway into Sydney.

The Hon. PENNY SHARPE: Do you know of any instances of employers paying the access fee to encourage staff to work in the area?

The Hon. PATRICIA FORSYTHE: No, I do not.

The Hon. PENNY SHARPE: Your submission is one of the few that focuses a bit more on airfreight. I note that you have drawn some of the information from the "Sydney Airport Corporation Preliminary Draft Master Plan 2033". Do you want to comment on the increase in international airfreight and its contribution to congestion around the airport?

The Hon. PATRICIA FORSYTHE: Not much more than what we have there. The road system is close to capacity. Port Botany and Sydney airport as a whole are such major contributors to the economy of New South Wales and Australia that wherever there is some inefficiency—certainly around the airport there has been significant growth. As you can see there, the figures that they are talking out to 2033, almost a doubling over the next 20 years. The end result of that is clearly we will have a lot more trucks on the road in the area. So the more we give people other options, the better it can be. We cannot overstate the combination of the port and Sydney airport as an economic hub underpinning the whole of our economy. They are that important as infrastructure.

The Hon. PENNY SHARPE: This morning we took evidence from Transport for NSW and within that Roads and Maritime Services. I was concerned about what seemed to be ongoing problems of government agencies around silos. Even within the new integrated department there are clearly the Roads people and the roads that they are doing modelling on and working on the pinch points and the WestConnex enabling works, all of which everyone is quite happy about. What interaction have you had with Transport for NSW about trying to get a more holistic approach? I think the case you make around Port Botany and the airport being a special precinct that requires a whole-of-government approach, we were not seeing that this morning on the evidence from the department. Is the Chamber working with Transport for NSW on that or is it something you have noticed and would like to comment on.

The Hon. PATRICIA FORSYTHE: I would not want to sound political—

The Hon. PENNY SHARPE: I am not asking you to do that.

The Hon. PATRICIA FORSYTHE: —on this one but I have to say the change in the structure and the linking all within the broader Transport for NSW there is much better coordination, as we see it, between say Roads and Maritime Services and rail on the other hand than there has been in the past. You are absolutely right. I think governments at all times have a strong tendency to silo and people see it through their own prism of meeting their own needs, but we are certainly moving a long way forward on this. We work with a number of parts of transport and engage with both Roads and Maritime Services and with rail, but we can always do better. But that holistic overview around government and around economic drivers, I think we are seeing a much better understanding that you cannot take one out in isolation from the other.

The Hon. PAUL GREEN: I want to ask about freight. Do you have any data of what sort of freight is coming into Sydney and where it is going? Is it in the CBD or is it out—

The Hon. PATRICIA FORSYTHE: No. One reason why the Morebank intermodal is such an important future piece of infrastructure is because a significant part of it goes where the people area, and that is the west and the south-west. In fact, not a lot of it is going to the CBD. If you look at the nature of some of the freight that comes in, a lot of it is white goods, a lot of it is those big bulky items. Some of the studies—I do not have them in front of me—and the work around the Morebank intermodal gave a clear indication.

The Hon. PAUL GREEN: Would you be of a view that the traffic congestion you are talking about is not that intense at the moment but with eight million containers in the future that could be somewhat compromised? Would you be of a view that maybe we should be looking to suggest that freight landing in Botany should be landing somewhere else?

The Hon. PATRICIA FORSYTHE: No, I do not have a view on that, and I think it is slightly outside your terms of reference for today.

The Hon. PAUL GREEN: This is any other matters, is it not?

The Hon. PATRICIA FORSYTHE: You might go back and read the report of the Legislative Council's "Sydney, the Working Harbour" inquiry some years ago, when it was quite clear from some of the evidence of those days that the views of the shipping companies would have been one port, not two or three. So while you may have differentiation, you look at cars now in Port Kembla. That is slightly different to boxes into

Port Botany. One of the great challenges—the vision around Newcastle back at that time was that you might have a second container terminal—is working with the shipping companies. That may have to be resolved in time. We may simply outgrow Port Botany, but that was one of the challenges put at that time. If you are thinking about that, it might be worth reflecting on some of that evidence.

The Hon. MICK VEITCH: We have heard today essentially that there is a relatively straightforward suite of initiatives that could increase the patronage on the rail line to the airport, things like having escalators at Central Station and St James, for instance, and improved rolling stock. We heard earlier about having Wi-Fi on the rolling stock, for instance. They all seem pretty straightforward initiatives. Does the Chamber have any others that they would add to the list or do you concur with those that have been put forward today?

The Hon. PATRICIA FORSYTHE: I would concur. I guess sometimes it is about signage and encouraging people. This may seem—this is a bit of telling something on me, I did not appreciate because when I worked in Macquarie Street St James was the closest station to the airport and I knew about that. For quite some time I did not appreciate—I now work very close to Wynyard—that the loop took me back through Wynyard because I only know stations three and four. I was not thinking about the others. I had been there a little while before I realised the real benefit of being able to get the train all the way to the airport. I am a user of the train to the airport from Wynyard when I am in the office. In fact, I find it both reliable and convenient because I am so close.

So for me those issues are important. But signage, you do have to think about it. It is not obvious when you walk into Wynyard. I think it is a little better now. I think there is a sign somewhere that gives you a direction. All of those things would make a difference. 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.

The Hon. MICK VEITCH: The vestibule area.

The Hon. PATRICIA FORSYTHE: And it can get quite congested. If we were really going to do it, if we are going to make Sydney that gateway that we want it to be, in the longer term there are bigger issues than price. But I have to say as the first message coming into Sydney, if you are a young international traveller, which is a significant part of our tourism economy, a backpacker or whatever, it is a significant price when you look at it compared to entering some other cities. It is not the welcome mat that you might like to give backpackers who are coming for a long period of time on limited budgets.

Dr MEHREEN FARUQI: I was particularly concerned by the example of DHL that you gave in your submission, especially the risk workers are putting themselves at and the women workers who work late at night. This morning I suggested to the New South Wales Government that there could be bus services for those workers. Do you think that the businesses should also be contributing to the cost of those bus services for those workers, or should it be a government-run service?

The Hon. PATRICIA FORSYTHE: That is setting a precedent, I suspect. You start in one area and you are saying that everybody else has to do it. No doubt some big employers, where they have shifted, where they have relocated from say the city or North Sydney, to places like Olympic Park and Macquarie Park, we are seeing some buses that leave at certain times, usually in the morning, to connect with train services. That is more a retention strategy for staff. It depends on the numbers. Here it is over three sites. It is not a large number in working shifts at any point in time. It is not huge. I would not want to be held to that sort of concept. In DHL there is an employer of choice. In other words it signs up to be careful about the facilities that are on offer for its employees. It is mindful of the safety of its employees.

Those things matter, but at the same time I guess you would say the starting point of those things which most employees have generally, which is access to public transport and in many areas people do, and it is particularly relevant because this is at times such a congested area. So government needs to do what it can to overcome issues, as it does at all times. When you see a problem you have to look for a solution. If only 16 per cent of the users at Sydney airport are using public transport as a comparison to some other airports and other facilities, that is quite a low amount so even to double it, that is such a significant number of people on any day or in the year that you are going to make a difference to the surface rides as well, and that should be something on the mind of the Government.

Dr MEHREEN FARUQI: Do you think that, to accommodate most of the workers, or a lot of the shift workers, the times and frequency of the train services have to be changed? For shift workers, for instance, would changing the times and frequency of the train service have an impact on patronage?

The Hon. PATRICIA FORSYTHE: For those at Sydney airport, yes, I think obviously that would be so, but the first and foremost issue is one of price. I think we made the point that a lot of the retail in that area would be employing people as they do in retail generally—I mean they would be part-time workers—and if you are only in the job a couple of days a week you are not necessarily getting the benefit of a weekly ticket. It is not about time—in fact the train service is excellent for the most part—but for those that are not immediately on site and within the security of the airport itself, the envelope of the airport, but in the surrounding areas, where people in the allied industries work, I think if they are not prepared to take the train, which is the obvious option that is there, we start to get to some other more complex issues about where they have to go to access public transport, or they choose to drive or whatever, or they choose not to work there. So it may well limit the number of people, as an option for where people may choose to work.

Dr MEHREEN FARUQI: Do you think that, as an alternative to removing the access fee, the New South Wales Government should just bite the bullet and buy out the airport line so they do not have issues of access or no-compete clauses?

The Hon. PATRICIA FORSYTHE: The ways and means of that is more complex. I have not seen the contract to see what the fine print might be, so I do not think it is something about which we can comment. What we do say is that there is no doubt there is a price point in any issue of supply and demand. There is a point reached where some people will find it too expensive and simply will not access it. As the chamber, there are two sides of it for us, representing many employers. It is important for employees, but we have many members who are involved in visitor economy and we are strongly focused on Sydney as a competitive global city, so we look at competition at all levels and we look at what the options might be and whether we can do better in some areas. Doing better perhaps means fewer cars because more people are choosing to use public transport, which means some of those issues of road congestion are ameliorated by people who have a genuine choice, and that is often the employees, they have a genuine choice to work there and the opportunity to make better use of public transport.

Dr MEHREEN FARUQI: Has the chamber done any studies looking at total benefit to the economy of removing the access fee, and would that be offset by the loss of government revenue?

The Hon. PATRICIA FORSYTHE: In the first instance, if you look at Mascot and Green Square, while certainly there was a cost, and that is the lifting of the fee, if you start to look at the patronage increase year on year, they are recouping some of that loss. It has not been a one-way street. In terms of the volume there, it is absolutely significant. In the longer term, the whole Green Square area is such a massive major urban renewal project and so many more people will be living in that area that ultimately there will be another challenge that will emerge on this line, and that will be capacity. As Green Square comes on line, that will become more and more significant. We have to look at capacity to manage on that line, and I think there are going to be some challenges into the future. That may be further down the track, but there is certainly going to be no shortage of people using that line.

The Hon. PAUL GREEN: I draw your attention to the last couple of lines of your submission where you say that at the very least, if the New South Wales Government is unwilling to forego the revenue, which we have previously talked about, basically it has to come from somewhere, and normally it is the taxpayer. You note that basically the Government should consider the benefits of providing a rebate or exemption, and you go on to mention "as well as hypothecating access fee revenue into a fund for future infrastructure ..." Do you have further comment on what you mean there?

The Hon. PATRICIA FORSYTHE: No, from our point of view, I think that stands. If I take the first part first, some sort of reduction for employees, the difficulty we are going to get is that the Opal card, which is outstanding, will not differentiate. If you are going to do an employee thing, you will not be using an Opal card. 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, and we understand it. The other thing was about —

The Hon. PAUL GREEN: Hypothecation.

The Hon. PATRICIA FORSYTHE: For governments, everything is about a cost benefit, and they are getting a fee for future infrastructure investment in the airport rail line. That, of course, is perhaps us giving them a suggestion about what is good politics in the area. The Government can make a commitment that, "You are paying, but you are going to get a benefit for it." I guess we were just giving them a suggestion of what might be a very small little lump of sugar in what is quite a difficult issue because when you think that anybody on any other part of the rail system in the Sydney region pays a fraction of that sort of price, it is a challenge. It sends an interesting message. If you happen to be a visitor into Sydney—you do not even have to be international—to suddenly find that going to Sydney airport costs you something out of all proportion to any other public transport for the same length—after all, one of Sydney's great advantages is that the airport is so close. When we sell Sydney for business conventions, when we sell Sydney for tourism, we sell the real advantage of having an airport so close to the central business district. It is interesting then that the public transport option is so expensive.

The Hon. NIALL BLAIR: The Government is working hard to build convention centres and expand into Asia. Would it be fair to say that that is the one thing we do not promote? Is it something we just do not mention because it is so expensive? Is the cost of that public transport rail link an impediment to doing business in Sydney? I am sure when you go into a pitch to try to get something in Sydney you do not stand up and say, "By the way, it is going to cost you \$15.90 to get from the airport to the CBD."

The Hon. PATRICIA FORSYTHE: You are right, we do not mention it. In general, you have usually read on your way in how much a taxi fare is, as you do in every city of the world, so that no-one is tempted to take advantage of a first-time visitor to the city. We certainly should always talk up the range of options, as they do at Heathrow, for example, where there are buses in all directions and the train into the city of London, and in fact you are actively discouraged from getting taxis at Heathrow. If you have ever looked at material on your way into Heathrow, they will tell you where all the bus lines are and you can walk out and see them, and you can get the train, and in fact I do not know too many in business who even organise cars to meet them at London, it is just part of the role and place of the airport.

The Hon. NIALL BLAIR: Yet here, if two companions are travelling together they will pay three times on the train what they would pay for a taxi.

The Hon. PATRICIA FORSYTHE: Yes, so it is not a good incentive.

The Hon. NIALL BLAIR: I live between Sydney and Canberra and I had to fly to Melbourne recently, so I drove to Canberra because it is easier to get to, the parking is right there at the airport and it is cheaper, but it is quite easy to see all of the business parks that are now popping up at the airport at Canberra, soon to be opening up to international flights. Is there a concern that this impediment to doing business in Sydney may see some businesses relocating their services to somewhere like Canberra?

The Hon. PATRICIA FORSYTHE: I do not know that the price of the train ticket in Sydney would be a factor there. What I do think is that when we are selling the whole package around doing business it is a disincentive. It is a disincentive to our visitor economy. We have got a range of people who are part of our visitor economy. A significant part of them are now international students and only under the current Government are we now moving to give them some transport concessions that they previously did not have, but by and large students are public transport users, and the first time in Sydney, that is your first image. That is one element in visitor economy.

The other one, and it is a group that stays long term, is the backpacker group. They are overwhelmingly people who will use public transport. The growth area at the moment is the low-cost air carriers, and many of those will come in in groups and be put on buses and taken away, but that is not the case for everybody. You have seen all those weird and wonderful prices for an airline ticket to some places in Asia. I would hate to tell you what travelling 8 kilometres out of the city is as a fraction of the overall plane ticket, but it is not insignificant. We understand why it was done. At the end of the day, New South Wales and Sydney, in the lead-up to the Olympics, got an outstanding infrastructure benefit. It was, in terms of cost, not insignificant, but it made such an important piece of infrastructure.

The Hon. NIALL BLAIR: That is something we have heard over and over today, that it is reliable, it is close and it goes directly to the airport. I have asked a number of witnesses how we get the mind shift that this is just how you get to the airport, and I have used the example of ANZ Stadium events where, because it is

part of their ticketing, the preferred method of travel is now via the train. Other than the removal of the fees, how else can we promote this as how we travel between our airport and the CBD?

The Hon. PATRICIA FORSYTHE: I think the people for whom price is an issue will be thinking twice about it whenever it is sitting at the price that it is, particularly if there are two of them to share a taxi or they are getting someone to drop them off in a car. One of the issues that has emerged and a concern that the chamber has raised with Sydney airport is that Sydney airport, thinking it was doing the right thing, has put in a free public drop-off zone near T2. In my view, it 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. I do not know whether it is the location, but anybody that has tried to access Sydney airport, say very early in the morning or even late at night, between T2 and T3, the two domestic—

The Hon. NIALL BLAIR: That is right.

The Hon. PATRICIA FORSYTHE: You are now, in a way, running into congestion that simply has not been there before because price is relevant for a lot of people and they offered something for free. That has created an unintended consequence. It has created congestion across the road. I imagine Sydney Airport would be reluctant to take back that which it had given. The fact is that in a price-sensitive world, a lot of people are using that option and it is creating significant chaos on the ground encouraging people into the train. As I said, for me at Wynyard, particularly during the day, I would not think private or business travel in terms of reliability, I just go and use the train.

CHAIR: Do you think the culture in Sydney is anti-public transport? Is that the view in other States?

The Hon. PATRICIA FORSYTHE: In a CBD of Sydney, greater than 70 per cent of people who travel into the CBD each day travel by public transport. It is by far the highest in Australia of any CBD. Of course, it is different across all of Sydney where about 25 per cent on a daily basis access public transport. That is because origin and destination, home to work, are not necessarily on direct links to transport and because we have everything heading to the centre where a lot more people travel radially—crossing regions. Over time, as we change some of the routes of public transport and introduce things, that will change some of that mindset. In fact, far from being a community that is not pro-public transport, if you look at those statistics, if you look at the CBD as a workplace, we are doing quite well. I think the goal might be another few per cent in the last 10-year master plan, but compared to a lot of other places we are a significant user of public transport.

CHAIR: Therefore, it comes back to the lack of buses and the cost?

The Hon. PATRICIA FORSYTHE: Yes. I think someone said earlier about things like lift or escalator access at some of the rail stations. All of those things are part of making a difference. No doubt, if you have luggage you cannot really use the stairs. With an ageing population, who also are significant travellers carting luggage around, you have to think about the nature of who will be the travellers. If we can spend more on the infrastructure to back it up, maybe that is part of it. Maybe part of it also is a little more marketing. The mere fact of the Government lifting the access fee on Green Square and Mascot stations, growth was immediate. You can look at that supply and demand and at where the price point came; you can really see significant change. The only factor there would have to have been price.

Mr SCOT MacDONALD: Most of my questions have been covered, particularly from the Hon. Paul Green. This morning we heard evidence that if the station access fee were removed we would have about 3,000 fewer vehicle movements per day—I think another estimate was about 5,000. You have identified that one problem is employee-related and the other is congestion. Is that the most cost-efficient way for the State Government? If it is going to cost \$20 million or thereabouts to get 3,000 cars off the road, would we be better borrowing \$200 million and putting it into infrastructure and more work on those pinch points and there is the \$20 million annual repayment? Has that sort of thing been weighed up?

The Hon. PATRICIA FORSYTHE: I have not sought to weigh it up. If you look at Sydney Airport growth figures, say, to 2023 and you are looking effectively at doubling the numbers, no one strategy is going to be sufficient. Over time governments are going to have to consider many things to ensure that Sydney Airport remains competitive and we do not lose out to congestion.

Mr SCOT MacDONALD: Does not change?

The Hon. PATRICIA FORSYTHE: Yes. We have a wonderful new convention centre being built. We will sell Sydney as a place for major business events. They are significant economic drivers. We cannot sell that as one of the great points and then have people arrive at Sydney, having said that Sydney Airport is only eight kilometres to the city, and they then find they are sitting in a taxi for the next 40 minutes or an hour. That is the upside of the things we sell about Sydney. The subliminal message is to look at some of the other cities of the world and how much better we can do. We sell Sydney as a place where the harbour is the centre with the Opera House and the bridge and so many things that tourists want—the convention centre, the CBD, the retail hub, the future of Barangaroo; all of those things are in a very small area. No other city will be able to offer all of those and we have an airport that is close by.

If between A and B it is congestion, there are some tough things the Government has to do but it has to find some solution. Some of it would be the road access itself around Sydney Airport. We know in the master plan that that is being addressed. No one thing will solve all of these problems. It is an ongoing subject. If the access fee came off and some cars came off—remember the growth projections—it is not a static number because so many more people are going to use that airport over the next 20 years or so, even if we get a second airport. It is all about the number of people travelling, the size of our economy, the number of people living here and visiting.

Mr SCOT MacDONALD: We heard also from the Sydney Airport Corporation CEO that it was a good business model; as a franchise for the Government it was pretty good. Do Sydney Business Chamber's members provide any feedback about infrastructure PPPs at the moment?

The Hon. PATRICIA FORSYTHE: Yes. There is a lot of work being done around where PPPs are at. In fact, somebody compared New South Wales with one of the other States recently to me looking at movement. In this case they were talking about the north-west rail line. They were absolutely full of compliments. I will not name the other State or the other project simply to say that it was broadly in the transport infrastructure and they felt that we were on the right track as a State and that there was really strong dialogue with the Government. I think there is an appetite for private sector to work with government on infrastructure projects. And I think there is an appetite for investment, particularly when you start to look at some of our superannuation companies. But it is the right project at the right time. But where government wants to engage with the private sector around PPPs there are many willing ears in this city.

CHAIR: Thank you for appearing today. Unfortunately, time has expired for questions. I do not believe you have taken any questions taken on notice.

The Hon. PATRICIA FORSYTHE: I think I avoided that.

CHAIR: If the Committee has any additional questions, they will be sent to you and will need to be responded to by 10 January.

The Hon. PATRICIA FORSYTHE: Thank you.

(The witness withdrew)

CAROL GUISEPPI, NSW Director, Tourism Accommodation Australia, and

ATISH NYAR, General Manager, Rydges Sydney Airport, sworn and examined:

CHAIR: Before we commence with questions, would you like to make an opening statement?

Mrs GUISEPPI: Yes I would. My membership is hotels accommodation within New South Wales. On behalf of my membership we are seeking to secure access to convenient, safe and cost-effective transport to the Sydney Airport international and domestic precincts for both hotel staff and visitors. Therefore, we believe that the removal of the station access fee is essential to increasing public transport options and making them more cost effective, thus reducing congestion around Sydney Airport and increasing the productivity of our airport hotels. Given the cost implications and time frames in removing the station access fee, in the short term we propose the introduction of a family pass and group pass for visitors, and the introduction of an Airport Link staff rate for airport and hotel staff. We believe this will assist hotels to attract staff, provide the service that is expected, reduce congestion and increase patronage of the airport link.

The Hon. PENNY SHARPE: Thank you for coming this afternoon. I was impressed by your submission, compared to the others, regarding the impact on staff and on attracting staff to the businesses around the airport. Could you expand further on that and, perhaps directed more specifically to Mr Nyar, the challenges you face in attracting staff and the impact of transport costs to the airport?

Mr NYAR: We opened on 7 May this year. We have approximately 105 staff as a head count, about 80 FTEs. Obviously that floats, depending on demand. In developing recruitment strategies for this specific property we went to a number of lengths to try to accommodate staff from a cost point of view to access the property and also a timing point of view. Because of the airport curfew and all the transport needs revolving around that curfew and passengers, it makes it quite challenging for us to maintain a 24-hour operation at an international terminal. So we had to adjust our rostering. Traditionally within a hotel you would roster 7 till 3, 3 till 11, 11 till 7, which is standard rostering and fairly common within the industry. We had to move that to 6 till 10 and so on rotating around the clock because that helped us accommodate for the transport needs within the area.

On top of that, we looked at what parking facilities were available in the area. There is negligible free parking nearby, and we have encountered some problems with staff accessing that parking. One staff member in the first week of operation was mugged and resigned immediately after that. Obviously, there are OH and S issues surrounding that. So we actually had to remove that from any information we handed to the staff and let them know there were some issues with getting to and from that free parking. The station access fee makes it very difficult for us 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, as many of you who fly would appreciate. 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.

The Hon. PENNY SHARPE: What would a worker called in on that scenario for a shift earn?

Mr NYAR: Minimum shift is—please forgive me, the numbers are approximate—round about \$20 an hour, give or take, depending on overtime and three hours. So that is a \$60 minimum shift. Obviously, if they do eight hours it is a multiple of that. So it is still a very large impact. On a housemaid salary—we subcontract our housemaids—the impact is quite substantial and just does not warrant them coming in. So to actually get a staff member in on short notice to do a short shift to accommodate the needs of the business is quite challenging. We actually have to increase the ratio of full-time staff because there is a slight discount for a weekly fee to the airport. Again, we have to carry a minimum load within the business because we cannot flex very easily and quickly around access.

The Hon. PENNY SHARPE: You are obviously just one hotel. I am assuming that the impact is the same for pretty much all of the hotels around the airport?

Mrs GUISEPPI: Yes, it would be similar for all of the hotels that are close to the airport and that rely on the airport for that type of transport. I spoke to Wayne Horbach, General Manager of the Stamford Plaza

Sydney Airport Hotel, who was going to come today, and his comments were pretty similar. But we are not just talking about trains; we are talking about the complete lack of public transport options if you are coming from different parts of Sydney. It limits where the hotels can access staff from. We talked in the submission about this. I did a survey of five member hotels which accounted for 512 staff, and 25 per cent of staff came from western Sydney. The majority of staff came from south and south-west Sydney. It is about trying to get transport options that are cost effective for them and frequent. I know the Government has just introduced eight trains per hour during the peak period, which is great for visitors. That is fantastic. But in terms of the needs of staff and the flexibility required when staff start their shifts et cetera the lack of public transport is a real problem.

The Hon. PENNY SHARPE: One of the compelling things about your submission was the number of staff and the difficulties they face, as you have just outlined. How are you getting your staff to the hotels? Are you providing cabs?

Mr NYAR: Yes, we are.

The Hon. PENNY SHARPE: What are you forced to do as a result of this?

Mr NYAR: We provide parking and sublease parking, and that incurs tax as well. We also will take a lease on a car space and then recharge that out to the staff at a nominal rate. There is no clip on the ticket, for want of a better term, on our part. We just do that to make sure that we can get the staff into the hotel. Normally for hotel staff the packages for senior management would include car parking. We have had to bring that down a couple of notches to include more junior management levels because of the requirements of the business. We open our first food and beverage outlet at 4 a.m. and we close our last outlet at 1 a.m. We also run overnight staff as well of course. If you are accessing the airport at 3.30 or 4 o'clock in the morning—to get in there, get changed and get going—there is no public transport and no safe option to walk in from a free car park. It is not great.

The Hon. PENNY SHARPE: Your submission also talks about the general shortages in relation to hospitality workers. Is there anything you want to add to that on top of your submission?

Mrs GUISEPPI: I think the important thing in terms of hotels and the way they operate is that traditionally—and we have just done a labour benchmarking survey across all our member hotels in New South Wales—30 per cent of staff are casual staff. As Tish said, he is having to increase the level of permanent staff. These businesses require casual staff, and the lack of public transport options does not recognise this requirement of these types of businesses. That is on top of the fact that we have just had 318 rooms added at Rydges; and 932 additional rooms are coming online by the end of 2014 in those precincts. So we are not accommodating the needs inherent in that development. We are all about encouraging infrastructure in New South Wales but we are not looking at all of the ramifications of encouraging infrastructure. Public transport accessibility for staff who are paid casual rates is a big thing.

The Hon. MICK VEITCH: All day we have been hearing about initiatives that would assist in increasing patronage of the rail line out to the airport—things like escalators at Central Station and St James, new rolling stock and having wi-fi. Is there anything else that you think would enhance patronage of the rail line other than removal of the access fee?

Mrs GUISEPPI: I think it is mainly the safety issues that seem to come up all the time.

Mr NYAR: I use that rail line quite regularly for business. It is a very good rail line—you can get in and out of the city in 10 minutes with no traffic and no issues. So it makes getting in and out of the city quite easy. From the point of view of our patrons—and I have heard some of the discussions around rolling stock and the availability of space and watched passengers come and go and seen how they move with their luggage on and off the trains—with the tiering of the trains those two compartments obviously do get quite crowded because people are carrying their bags in and out of those spaces, particularly on the city circle loop.

The Hon. MICK VEITCH: In the vestibule area there.

Mr NYAR: Yes, that is really the main issue that I can think of. The lifts at the train stations and the escalators and so on all seem pretty solid.

The Hon. MICK VEITCH: You talked about other public transport options. Does that include an increase in bus services out there?

Mrs GUISEPPI: Potentially, yes.

Mr NYAR: Any buses outside of the 400 service that irregularly frequents the airport precinct would be helpful. The traffic this morning was a classic example. To get into that airport, and I am sure you have heard this many times, the number of taxis on the road can add an extra 30 minutes to the trip. The backup on Southern Cross Drive this morning was incredible.

Dr MEHREEN FARUQI: You have mentioned that the lack of public transport options is a big issue, especially for the employees. If the one action the Government takes is to remove the access fees, how much impact would that have on your employees? Would that still be beneficial even without the other public transport options in place? I am just talking about the removal of the access fee. What impact would that have on employees being able to access the hotels?

Mrs GUISEPPI: The removal of the access fee has implications in that it then does not trigger the no-compete clause, which means that the buses can come on. So I think it is important that both of those actions happen—that is, there are improvements to both the Airport Line and the bus services—because not everyone will be travelling the route of the Airport Line.

Dr MEHREEN FARUQI: Are any of your members subsidising their employees in terms of public transport fares? Are they subsidising their employees to use the Airport Line?

Mrs GUISEPPI: Not that I have heard. In fact when I spoke to Wayne Horbach, General Manager of the Stamford Plaza Sydney Airport Hotel, he said that they used to subsidise car parking but they no longer can. They have dropped the subsidies to car parking and that is starting to have an impact on them.

Dr MEHREEN FARUQI: Because you have a lot of shift workers, if the Airport Line were to have the access fees removed then would the times and frequencies of trains have to change as well for maximum benefit to your employees?

Mr NYAR: Yes, for maximum benefit. You heard some of the shift times. If we have a delayed flight arrive at 10 o'clock at night then those passengers arrive at our hotel at 11 p.m. and quite often they expect food and beverages. We require our staff to stay back, and we pay them overtime. The challenge then is, and this is regular, that we have to pay for taxis to get them home after their late finish because they had to stay back for an extra hour. If they miss the last train, which quite often is around that curfew time, then they have no other way of getting home. We need those staff to stay on to feed and house our guests effectively. I suppose, when you are asking about subsidies, that is where the subsidies come in—providing the parking, wearing the risk of staff not taking on the full cost of that parking space and providing the taxis. We have done some numbers on this and the cost of providing the taxis is quite substantial.

Dr MEHREEN FARUQI: In the submission from Tourism Accommodation Australia you recommended a group or family ticket to reduce the costs for groups travelling to the airport. Could you elaborate a bit on how that might work?

Mrs GUISEPPI: You have probably heard these figures all day but currently there is an added \$12.30 in the station access fee. We were thinking in terms of a family rate. We have had correspondence with the Minister on this and we were looking at other options and other ways to make it more attractive for both parties. We thought a family rate would encourage families to take the train. Currently you can have one child and then the additional children are not added to the total rate. But we felt that if there was a family pass where the gate fee is charged on just two adults then that would start to make it more attractive than getting a cab into the city. It would add a differential. So you would be paying \$31.80 for a family pass, which would cover two adults and two children, for example, rather than the full cost.

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. The Asian budget traveller market is increasing. In terms of meeting that need we are currently working on an accommodation supply in Sydney study with the City of Sydney. Where we have a dearth of accommodation is in the three star area, and that is quite well recognised. 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.

Dr MEHREEN FARUQI: If the access fee remains in place then do you think the employees that work at Sydney airport should at least receive a discount? If all the employees received a discount, would that be a good outcome?

Mrs GUISEPPI: Yes, that is what we are saying.

Mr NYAR: Our primary objective is to improve the accessibility of the airport for our employees. While we have exceptionally good employees, and I think all of the employers out there would say that, our ability to maintain that calibre of staff in a competitive market and to be able to improve the flexibility of the business around the peaks and troughs of the business would be vastly improved.

The Hon. PAUL GREEN: How do the employees who you keep back past curfew time make their way home?

Mr NYAR: By taxi.

The Hon. PAUL GREEN: Even if they live out in the west?

Mr NYAR: I had one employee who I subsidised up to \$120 in cab fares for late finishes.

The Hon. PAUL GREEN: They must live in the Shoalhaven.

Mr NYAR: He lives a long way away. He no longer works for us because it just became untenable to maintain the hours of work, the distance travelled and so on. We both agreed that we could not keep going.

The Hon. PAUL GREEN: I notice in your submission that you talk about future growth and the nearly 900 beds which make up the four development applications. Does the local council not have some sort of requirement that staff parking be made available as part of those developments?

Mrs GUISEPPI: Do you mean the provision of staff parking?

The Hon. PAUL GREEN: Yes, the provision of staff parking.

Mrs GUISEPPI: Actually I have not checked that.

The Hon. PAUL GREEN: I would have thought that it would be part of it. You would not go and build 900 beds and not have room for staff to have some secure parking you would think.

Mrs GUISEPPI: Ultimately it depends on what it adds. You may well say that but then again the current hotels do not all have staff parking. In fact, none of them do.

The Hon. PAUL GREEN: I am just wondering whether that is a development application thing or a deliberate choice made by a particular hotel to say, "No, the commercial return on those car parks is quite high and that does not make it viable for staff parking". That is why I am asking the question. I would have thought that there would be some requirement through the development application process to allocate some staff parking.

Mr NYAR: Being on Sydney airport land staff parking availability was through Sydney airport at a cost. We do not have any parking that we directly control. It is all Sydney airport parking so we would fall within the guise of that and that is on Federal land obviously.

The Hon. PAUL GREEN: Is it capped in any way? In the health care areas I think nurses pay for parking and we pay for parking as well so it is not unusual for people to pay for parking but do you know if it is a capped amount for your staff?

Mr NYAR: I am not aware. The way we operate is I take out car spaces through Sydney airport and then I pay on a rotational basis for those spaces. I do not think there is any legislation or anything around what they do and do not charge or can and cannot charge?

Mrs GUISEPPI: No.

Mr NYAR: I would be unaware of that.

Mrs GUISEPPI: And 30 per cent of staff and more out at the airport are—probably less out at the airport because you are moving the other way but 30 per cent of staff are casual so they would not necessarily have a contract that gave them parking. You are talking more in terms of permanent staff if you are talking about parking.

The Hon. PAUL GREEN: Yes, you would.

Mr NYAR: A lot of hospitality staff do not have a car these days. A lot of the staff who we employ quite often just do not drive.

The Hon. PAUL GREEN: That is the other point, the airport link will not get people to the front door of those hotels whereas a bus link may. I guess one of the considerations we are looking at is further bus services

The Hon. NIALL BLAIR: I imagine your business model at the airport is very different to other Rydges models. Do you run a concierge service at the airport?

Mr NYAR: Yes, we do.

The Hon. NIALL BLAIR: If one of your guests came to you and said they wanted to go and look at the Opera House how would you tell them to get into the city?

Mr NYAR: By train.

The Hon. NIALL BLAIR: You would tell them to go by train?

Mr NYAR: Correct.

The Hon. NIALL BLAIR: What is the reaction when you tell them how much it is?

Mr NYAR: It is not great. We do publicise those day trips into the city. We have some fantastic attractions and we do have short term layover guests: a lot of country New South Wales guests who are transiting on their way through to an international flight the next day and a lot of internationals transiting through to domestics and we are a convenient hotel for that. 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 the price of a taxi; three passengers or a group of four and you may as well get a taxi because it is cheaper. There is that objection there. You are then dealing with the traffic issues as well and the congestion issues around the airport on a short turn around and the time you spend in the traffic is less time spent looking at the Harbour Bridge or wandering around The Rocks or doing some shopping down Pitt Street.

The Hon. NIALL BLAIR: The chief executive of Airport Link gave evidence earlier and said people are prepared to pay for the convenience and the regular service. In their mind they think as long as there are trains running often and they are reliable then they are willing to pay the extra. Is that the experience you see with the changing demographic of the visitors?

Mrs GUISEPPI: It depends whether they are corporate or leisure whether they are prepared to pay extra. It also depends if they have family with them. When you have family with you you are very much more conservative about what you are spending whereas a corporate might well be prepared to take a taxi and put it on the expense account. It depends on the visitor and what they are there for.

The Hon. NIALL BLAIR: You have had to alter your business model around the transport and operation of the airport—you may not want to answer this or cannot answer it—when you recruit staff do you seriously consider where they live when you are trying to get staff to work? You may not be able to answer.

Mr NYAR: Our strategy was to look at the areas that are accessible to trains specifically. It was also to look at distance of travel and we did adjust our interview techniques around transport. In hospitality you do normally talk about transport, it is a critical area and that flexibility of the business is raised regardless of being inner city or the airport. They are highlighted and there is more detailed discussion around that access and the cost of access. We try and sell the availability of parking at a discounted rate. We try and sell the availability of the trains and we also discuss what we will do or what we will commit to if you are required to work late.

Mr SCOT MacDONALD: Can you give us any comparisons or international experiences such as Heathrow? Are the staff at Heathrow faced with the same problems? Are they encouraged with subsidies? Is there any international experience you can point us to?

Mr NYAR: Not personally, no.

Mrs GUISEPPI: Not in terms of staff, I can talk about a leisure experience.

Mr SCOT MacDONALD: Okay.

Mrs GUISEPPI: In terms of Heathrow it is very easy to get the train. It is accessible, the rates and the Oyster card are good. It is easy. You buy that and that is your whole trip. From a leisure point of view it is accessible and quite cheap.

Mr NYAR: From a leisure point of view we looked at a number of hotels when we were establishing this one: New York, Los Angeles, Narita, Heathrow and Hong Kong. Any of those major cities are fairly well serviced with an easy to understand, accessible and fairly affordable train fare.

Mr SCOT MacDONALD: Are they accessing that at the airport or when they are buying the ticket?

Mr NYAR: Everything from online advance purchase before they depart their country of origin, you can prepurchase, at the airport through vending machines or directly from the ticket dispensers at the gates.

Mr SCOT MacDONALD: Do your customers give you any feedback about the facility, whether it is easy to use or difficult? I have noticed it has changed quite a lot over the last couple of years.

Mr NYAR: Generally TripAdvisor is the cornerstone of feedback for hotels, as most people would know. The feedback for accessibility has been relatively positive; cost has not been as strong though.

Mr SCOT MacDONALD: What about multilingual? People who do not have English, they get down there and try to work out where to go, do you get that feedback?

Mr NYAR: Not really, I have not seen much in direct feedback.

The Hon. NIALL BLAIR: Can I just clarify, the majority of your casual staff that you would have to call in would have to get to your motel by vehicle?

Mr NYAR: By train, car or taxi.

The Hon. NIALL BLAIR: You could have delayed flights where flights have been cancelled which means there is a backlog in taxis dropping other people to their flights and you are calling in another 50 people and 30 of them are turning up in taxis—we seem to have all those compounding factors that are all centred on the same area?

Mr NYAR: It is very condensed transport access: It is either train or taxi or car and taxis add to that congestion.

Mrs GUISEPPI: I suppose buses would add to congestion too.

CHAIR: Is it a similar problem across each major city in Australia? Melbourne has the hotel right on the airport site, do they have similar problems about parking and staff getting to and from late hour shiftwork, or is Sydney the only one that has the problem?

Mrs GUISEPPI: Certainly Melbourne does not appear as congested. If you go to Melbourne you do not seem to have the issues in terms of getting a taxi but you do have the long travel time.

CHAIR: I am more interested in the workers as opposed to the tourists?

Mr NYAR: Melbourne is a 24-hour airport and the transport is orientated around that. I would have to assume that it is a bit easier. I could not speak directly to it, we have spoken to them indirectly and received feedback about guest transport. Staff transport not so much but I would have to assume their car parking arrangements are not as restrictive.

CHAIR: I am happy if you can take it on notice to look at the other major cities?

Mr NYAR: Sure.

Mr SCOT MacDONALD: You gave us one example of a worker who was mugged. Have you got any other evidence or examples of that?

Mr NYAR: No, because it happened so early on in the piece and we told staff to stop doing it. It got shut down very early on in the piece. I allow my wife and children, who occasionally come in for lunch, to park over there and walk over during the middle of the day. This was early evening and we took that information out of our employment packs and interviews. We removed that information. If the staff decide to do that on their own rule we also let them know that this incident happened and to be careful.

Mr SCOT MacDONALD: Do you deal with the Botany police?

Mr NYAR: We are on airport land so we deal with the Australian Federal Police.

CHAIR: Time has expired for questions. Thank you for appearing. Any questions taken on notice will need to be responded to by 10 January 2014.

(The witnesses withdrew)

(The Committee adjourned at 4.56 p.m.)
