

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 3

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

At Sydney on Tuesday 3 December 2013

The Committee met at 9.30 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

CHAIR: This is the second hearing of 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 station be maintained, removed or reduced. Today is the last of two hearings we plan to hold for this inquiry. Today the Committee will hear from Botany Bay City Council, Associate Professor Philip Laird, Australasian Railway Association and Ecotransit Sydney.

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 may 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 off their mobile phones for the duration of the hearing.

JOHN PATTERSON, Special Project Manager, Botany Bay City Council, sworn and examined:

CHAIR: Mr Patterson, do you want to make an opening statement?

Mr PATTERSON: Yes. There have been varying disputed projections around the future throughput of Sydney airport and that of Port Botany, and no doubt the Committee has heard some varying figures on that. What is beyond dispute is that both are critical pieces of New South Wales and Australian transport infrastructure. Further, inefficient access to and from these locations comes at a significant direct economic and environmental cost, as well as impacting negatively on surrounding communities and on commuters who find travel through the area unavoidable. The Government has committed \$282 million to road works on Mill Pond Road, Joyce Drive and General Holmes Drive with the stated completion date of 2018. While such works may provide extra capacity at those locations those vehicles using those roads will still have to empty onto existing at-capacity road systems, such as Botany Road, O'Riordan Street, Bourke Road, Southern Cross Drive and the M5.

Further, the current 37 million airport passengers are projected to grow to 46 million within the same 2018 timeframe. Airport Link has forecast airport train travelers for 2013-14 to number 6.41 million or 17 per cent of total passengers. The 2018 target is 23 pc or growth of 6 per cent over that period. Unfortunately, that means an extra 15 per cent in road patronage or an additional five million movements, not including additional airport staff and passenger meeters and greeters. In considering the impact of maintaining the status quo the Committee should not lose sight of the projected impact of Port Botany. With an additional five berths coming online, adding to the six currently in existence, as well as growth in bulk liquids handling capacity, projections are that the two million TEU—for the Committee's information that is 20-foot equivalent units or 20-foot containers—throughput in 2009-10 will exceed seven million by 2030.

While the Government has targeted an increase in container handling by rail from 18.7 per cent to 28 per cent over that period, containers still moving by road will experience growth in excess of 300 per cent over current volumes. The removal or at very least the substantial reduction of the station access fee and modification of the current and “no compete” public transport clause must occur and must occur quickly in order to counter the accelerating gridlock in the area. The cost of doing so must be measured against the quantifiable returns from increased ticket sales but also against positive, economic and environmental returns for Sydney, New South Wales and Australia.

The Hon. PENNY SHARPE: Your opening statement has summed up some of the matter the Committee tackled yesterday in the evidence when it was trying to get a holistic look at what is actually happening in that precinct. Would you talk about the impact currently on congestion on the residents in Botany local government area?

Mr PATTERSON: The principal impact on the residents, apart from the fact that they are required to negotiate the streets surrounding the airport getting to and from their business, the immediate surrounding residential streets have become substitute parking areas for both users and staff at the airport, such that council is progressively introducing resident-only parking schemes. But as it is introduced in one street they simply move another block and so on and it is really a case of taking the cheapest option even though there is the inconvenience of the additional on-foot travel time. It is fairly obvious, even from casual observation, that the number of people who alight at Mascot station and walk to the airport simply to save the difference in money.

CHAIR: Does your resident parking scheme cost \$30 for individual households? Do you charge people?

Mr PATTERSON: I will take that question on notice to give you the exact figure.

CHAIR: I assume also that quite a lot of people in the municipality work at the airport. Does the council have any figures on how staff who live in Botany access the airport?

Mr PATTERSON: No, we do not. Anecdotally, I think, the figures that the airport itself has gathered suggests that the majority of their workers come from the St George and Sutherland areas. No doubt a number of workers do reside in the City of Botany Bay but I gather it is not a significant number based on the airport's own figures.

The Hon. PENNY SHARPE: The Committee has had a lot of discussion about the very poor bus service into the airport. Does council have a view about the M20 Metro and if it should be extended from Botany shops into the airport?

Mr PATTERSON: The short answer is yes. Council has remained very supportive over a considerable period of time for the introduction of appropriate bus services servicing the airport. We understand the no-compete clause and the fact that it probably would make little sense to operate a bus service that mirrored the rail system. But there are significant gaps in the mass transport network and particularly with the volume of workers who reside in the southern suburbs who work at the airport for them to be able to get direct mass transport access by bus would appear to me to be an immediate resolution of a number of problems including the on-street parking and the simple volumes of traffic entering the airport.

The Hon. PENNY SHARPE: You are obviously very familiar with the current road works, the enabling works around WestConnex et cetera. There have been a number of studies, including the joint aviation study, with which I am sure you are familiar that say that the congestion is pretty much already at capacity. Will you provide the Committee with a list of roads that are already at capacity in your view?

Mr PATTERSON: Varying times of the day, certainly Joyce Drive and General Holmes Drive adjacent to the airport. Anybody that experiences the thrill of travelling through the airport tunnel at various times of the day would attest to that. O'Riordan Street is another and Bourke Road is becoming increasingly so. I gather that there are moves afoot to look at making O'Riordan and Bourke roads one way in each to try to relieve some of that. I would suggest that there are still going to be issues as you approach the airport regardless of whether that happens. Botany Road is another. With some of the works that are proposed and some of the works that the airport has identified in its draft master plan to occur in that O'Riordan Street location, with the added works on Mill Pond Road there is concern that an increasing volume of port-related traffic rather than travelling to basically O'Riordan Street and travelling that way, will avoid it by using Mill Pond Road and entering onto the already congested and the amenity of the Mascot shopping centre with huge trucks travelling through there at all hours of the day and night.

The Hon. PENNY SHARPE: It is a very significant issue. The Committee has talked about getting rid of the access fee altogether. What is your view about whether a reduction in the fee would also assist?

Mr PATTERSON: It would. I would suggest that it would probably need to be a substantial reduction. If the Committee was looking at offsetting the loss of income as a result of the current arrangement that could certainly be factored into it. Clearly it would, in my view, need to better reflect the sorts of fares that are being charged on the metropolitan network.

The Hon. PENNY SHARPE: I know that your council area not only has the airport and the port but it is also a significant growth residential lots area. Would you talk through the project growth? I know more will come in Green Square?

Mr PATTERSON: I guess the other issues apart from the station access fee is the capacity of the rail line not only to manage the increase in airport-related traffic, which would certainly occur if the access fee were removed, but also the major development precincts at Wollie Creek, Mascot and Green Square. I think the figures certainly at Mascot and Green Square with the station access fee, and the increase in patronage and the fact that there is still, as you say, quite substantial development at Mascot, Green Square and to take place at Wollie Creek, it would stand to reason that there would be an explosion in the number of commuters who would be travelling from those areas on top of the users of the service from the airport.

Even though the volume of services has recently been increased from six to eight, and there is a proposal for a further increase in 2016, and an overall estimated capacity of 20 movements an hour with some infrastructure upgrading, I think some serious work needs to be done on just what capacity that delivers in terms of what demand might be expected from those increased multi-unit development precincts.

The Hon. PENNY SHARPE: Are you concerned that the capacity might not be there based on that growth?

Mr PATTERSON: The volume of traffic at the moment at peak times is approaching capacity already with the increase in services. So allowing that there is another projected increase in 2016, which is another three years away, there are in excess of 1,000 residential units coming on-stream in the Mascot precinct well within

that timeframe. Similarly there is development at Wolli Creek and further major developments at Green Square. Whether the volumes of development and the uptake of mass transport systems is met by those increased movements I do not have the figures. However, I am sure the relevant government departments could model it.

The Hon. PENNY SHARPE: Do the future developments at Green Square and Mascot have parking attached to them or is it a mix?

Mr PATTERSON: I am not sure about Green Square as that is in the City of Sydney and Sydney city has interesting views on parking in my opinion so I could not attest to what is happening there.

The Hon. PENNY SHARPE: Yes, what is the view of the City of Botany Bay.

Mr PATTERSON: Mascot has provision for residential parking. The issue often with residential streets is always the number of occupants versus number of vehicles owned by those occupants regardless of whether you are talking multi-unit or stand-alone housing.

The Hon. MICK VEITCH: Going back to your comments around mass transport and buses, what routes should be looked at? The no-compete clause prevents mirroring the rail line, but what about, for example, Bankstown to the airport?

Mr PATTERSON: I think probably something in that Canterbury and Bankstown area to the airport and, as I mentioned before, something from the southern suburbs based on the figures that the airport has been able to gather. Certainly, the extension of the Metrobus service would provide immediate access for everybody on that, which runs basically from the North Shore through. I think all of them are certainly relevant of close examination.

The Hon. MICK VEITCH: Does council have a view about whether the no-compete clause should be removed from the contract?

Mr PATTERSON: I am not familiar with the fine print in it, let us say. As I said before, it would be impractical to run it in direct competition with the rail link but if it were removed it would allow for the flexibility of running services that would add to the ability of mass transport across the metropolitan area. As the Committee is probably already familiar, coming from a lot of the outer suburbs into the CBD is quite efficient; travelling across the suburbs is non-existent. Those sorts of issues would need to be factored in to any plans to develop a bus network to service the airport.

The Hon. MICK VEITCH: As someone who spends quite a lot of time sitting in the M5 tunnel I was interested in your comments around the surface congestion and the pinch points created by the airport and Port Botany. Would there be a better way of interfacing the airport traffic flows in and out of the international and domestic terminals? The surface congestion there is just woeful.

Mr PATTERSON: Exactly. I think the proposed on-airport works that Sydney Airport has identified in their draft master plan will certainly assist in movement. If they can get the major players to agree to their terminal rationalisation it will assist by removing the number of people commuting between the domestic and the current international terminal, having basically one user terminals. As I said in my opening statement, the works that are proposed in Joyce Drive, General Holmes Drive and Mill Pond Road will certainly add to capacity in that immediate location but the traffic still has to come from and go to somewhere.

The Hon. MICK VEITCH: The M5 is the cheapest parking lot in Sydney.

Mr PATTERSON: Exactly. And bearing in mind that the intended WestConnex link at this stage is proposed to be west of the airport, the council really cannot see how that is going to deliver any sort of benefit with the amount of Port Botany traffic that still has to traverse the airport either on the M5 or Qantas Drive to join up with a link to WestConnex or the airport traffic not going in a westerly direction.

The Hon. MICK VEITCH: Do you think better intra-airport travel arrangements such as a shuttle between the domestic and international terminals would have much of an impact on the surface congestion?

Mr PATTERSON: It does have some. There is capacity to do that on the airport rather than on Qantas Drive, although I am sure the airport's view would be that the government owns Qantas Drive so why should

they be disadvantaged by having to provide a duplicate service, but that is a possibility. As I said, the joint user terminal proposal, if Qantas and Virgin and their allies can agree to it, would make a substantial difference. I cannot quote the airport's projections off the top of my head but we are talking several million movements between the terminals during the life of the draft master plan.

The Hon. MICK VEITCH: What sort of issues did the council have to consider due to increased passenger flow when the access fee was removed from Mascot station?

Mr PATTERSON: There really was not a great deal of impact because of the fact that the area in that location was pretty much fully developed. There was a proposal that council floated probably 18 months to two years ago that there was land that may have been suitable for the provision of a bus interchange in that location. I believe that now has been subject to development although there was no action taken in relation to government moving that possibility forward. I believe that land is now actively being developed.

Dr MEHREEN FARUQI: What roads under the maintenance responsibility of Botany council are significantly impacted by traffic to and from the airport? You mentioned some earlier but are any other roads under the council's responsibility?

Mr PATTERSON: The majority of the roads in question are within the City of Sydney or are State and main roads. As there always is when you have the sort of congestion we are talking about, there are people who are in the know, who know the back streets and the highways and the byways, who will use the residential streets to try to minimise that impact. Council has always favoured the idea of ramps directly off the overbridge into the airport to encourage people to stay on Southern Cross Drive, effectively.

Dr MEHREEN FARUQI: Does people taking those side roads cause any specific impact on maintenance costs? Has that been estimated at all?

Mr PATTERSON: It has not been estimated but, obviously, with increased usage there is increased wear and tear and increased demand.

Dr MEHREEN FARUQI: Were there any positive impacts from council's perspective following the removal of the station access fee from Green Square and Mascot stations?

Mr PATTERSON: The substantial positive impacts are certainly for workers in the commercial precinct adjoining Mascot station. I would suggest that they, in terms of people coming into the area to work, would be the major users. I am not sure what arrangements their employers had in relation to the provision of parking but there would have been substantial relief from that and from the congestion caused by them using private motor vehicles to enter and exit the precinct.

Dr MEHREEN FARUQI: What impact would removing the station access fee from the domestic and international terminals have on Botany council?

Mr PATTERSON: There would be an uptake of mass transport and a reduction in the number of private and vehicles for hire that would be accessing the airport. In its submission to the Committee the council made the statement that it was suggested that the uptake from workers on the airport could be mapped based on the sorts of uptake there had been at Mascot and Green Square but that the uptake by travellers would be more problematic. What we failed to recognise at the time was that while that is certainly the case, people with substantial amounts of luggage or coming from locations not easily accessed by mass transport would be more likely to continue to do that. The fact that there has been a huge increase in the numbers of low-cost carriers and that a lot of their patronage is people who are somewhat cost conscious and also tend to travel light with just cabin baggage and the like—backpackers for want a better word I guess, although they are certainly not all backpackers—the uptake by airport passengers as well may be greater than we first imagined.

Dr MEHREEN FARUQI: What is your view on the proposal that the New South Wales government should buy back the four stations on the airport line given that the estimated cost is about \$290 million, which is the same as the enabling works for WestConnex? We would remove the fees, we would not have the no-compete clause and it would allow for a more integrated public transport system. Does council have any views on that?

Mr PATTERSON: I guess it comes down to budgetary priorities of the government but, quite clearly, that would have an immediate positive impact because it would effectively become part of the metropolitan rail system as opposed to a quasi-private operation. The numbers in terms not only of the acquisition but also the maintenance costs and so on would need to be factored. But as I said in my opening address, at the end of the day with the projected increases in the volumes of throughput at both Port Botany and Sydney Airport eventually the numbers are just going to suggest that it has to operate on a basis that attracts the maximum usage by people. As council included in its submission, the provision of added sweeteners such as capacity to check in your bags at Central station and go straight to the airport—the sorts of things that are happening at airports overseas—would obviously add to the attraction of people using that in lieu of private vehicles.

Dr MEHREEN FARUQI: Do you think removing the M5 cashback scheme would encourage more people to travel by train?

Mr PATTERSON: I think the short answer to that is it depends on where they are going. If train travel is convenient in terms of where they are coming from and going to I would expect that there would probably be a substantial number of people that are already doing that, bearing in mind the parking lot status of the M5.

Dr MEHREEN FARUQI: It may also make it a little more competitive for people coming to and from the airport. At the moment with the cashback scheme and the \$15 or \$30 return it is not competitive.

Mr PATTERSON: I do not really think that would factor in to many people's thinking.

Dr MEHREEN FARUQI: Apart from buying back the stations and removing the access fee, what other measures do you believe would improve patronage on the airport line?

Mr PATTERSON: There are two issues in relation to it. The major one is cost and the money coming out of a person's pocket on a weekly or monthly basis. The other issue is convenience in terms of where they are coming from and going to. Similarly for the airport users, the capacity for baggage to be managed in a way that provides comfort to the traveller that their luggage is secure. At the moment the issue of people with substantial baggage travelling with commuters in the same carriage trying to get on and off trains is substantially less attractive than just about any other option.

The Hon. PAUL GREEN: Do you believe that the discounted ticket fee should be given to airport employees? It might be part of the solution.

Mr PATTERSON: I would certainly think that in terms of equity that would be appropriate. The fact that they happen to work at the airport and use or have the option to use rail access and are being penalised at a substantial rate compared to any other traveller on the rail network—in my view a similar treatment would be not unreasonable.

The Hon. PAUL GREEN: If the Committee recommended abolishing the station fee, would that relieve council of significant impacts on its road infrastructure?

Mr PATTERSON: As I mentioned in my previous response to that, it would certainly be a positive impact. The major impact would be in terms people living and working within the city of Botany Bay traversing the city itself and being able to get to work or to wherever they need to go with less traffic on those key road corridors because of people taking up the option of mass transport.

The Hon. PAUL GREEN: Given that positive outcome, do you think there would be a place that council could help reduce those ticket prices by way of a reduction?

Mr PATTERSON: I am not sure I understand the question.

The Hon. PAUL GREEN: If you are getting a significant impact on your roads, would it not be a smart investment to help reduce the ticket prices and carry that burden to get more people off your roads because more people would take the train?

Mr PATTERSON: As I mentioned before, the major pinch points at the moment are State roads. The issue of people rat-running through back streets is an issue but in terms of whether there should be any

economic responsibility on the council for that I would suggest is unreasonable, and I would suggest that the owners of this particular problem are the Federal and State governments.

The Hon. PAUL GREEN: I would not think that would be unreasonable. I think it would be creative in the way one could address one's roads budget and infrastructure maintenance. In saying that, are you aware whether, through development applications, hotels are required to have as part of their development applications staff parking provisions?

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

The Hon. PAUL GREEN: We heard yesterday that it is about 912 beds being basically projected within 2014 and that one of the issues was staff needing quick access to the workplace but not really potentially having a place to put their car. I thought that under section 94 there might be a requirement for a certain amount of staff parking.

Mr PATTERSON: I am not sure.

The Hon. PAUL GREEN: You are not aware. Are you happy enough that the bus services to that particular area are effective in terms of servicing the whole area of the airport and its needs?

Mr PATTERSON: Not in terms of servicing the airport itself because there is only the 400 bus service at the moment, which for some strange reason runs from Burwood to Bondi Junction. While Bondi Beach might be foremost in a lot of overseas travellers' must-sees, it hardly seems conducive to most people travelling to their accommodation from international or domestic terminals. The M20 service quite clearly would provide substantial options but I still think the issue is those areas where there is not sort of a direct rail link where people would be required to change trains and change platforms and all those sorts of things to get from wherever they are coming from to the airport. They would be things that would be considerations in terms of improved bus servicing.

Mr SCOT MacDONALD: I am just curious to know this: Does the Botany Bay City Council get involved in the Preliminary Draft Master Plan [PDMP] around the transport and the Sydney Airport precinct? Could you tell us whatever involvement you might have with any transport planning, such as with the airport or with the State government Long Term Master Plan?

Mr PATTERSON: A personal point of view is I remain confounded by the fact that particularly State government agencies, when they are doing things like land transport master planning, simply neglect to consult with the local councils. The planning that has been done up to basically a draft stage has been done between the airport and State government agencies.

Mr SCOT MacDONALD: And Federal government?

Mr PATTERSON: And Federal government. The council really has only been in a position to receive briefings on where things are up to late in the piece. In terms of the draft master plan, the council has made a fairly detailed submission on the draft master plan that the airport would have considered and would be making available to the Minister for his consideration in terms of whether he approves the draft master plan or not.

Mr SCOT MacDONALD: If this Committee was to make a recommendation, which I suppose is a bit ancillary to the terms of reference but it is all transport, would it be along the lines of earlier and more consultative interaction with the local councils?

Mr PATTERSON: I think certainly that is the case and that, again in my view, should relate not only to transportation but a whole range of issues that flow across various political bailiwicks.

Mr SCOT MacDONALD: We heard from a number of people yesterday about the strong economic driver that is the Sydney Airport, which is roughly 5 per cent or 10 per cent of the State's economy with 28,000 direct jobs, et cetera. The plus side for you, I would imagine—I hear what you say about getting your views heard—there must be some strong economic benefits for the Botany council there.

Mr PATTERSON: I guess there are economic benefits in terms of the usage of local businesses and in terms of the nature of development that has taken place, but again that has to be balanced against the capacity of

the infrastructure. I think that is where we are getting to in terms of the projected increased volumes coming out of the airport, the increased volumes coming out of Port Botany, the increased density of residential development in peak locations around the subregion all placing, and will continue to place, increasing demand on services and access that simply have to be addressed.

CHAIR: I have a couple of questions. It has been reported that people are catching the train to Mascot to avoid paying the access fee and then walking to where they work. Are you aware of that being the case? Has that been something that residents have raised?

Mr PATTERSON: I am aware that that is the case. In terms of numbers, I could not tell you, but it certainly does happen. Any casual observation would show people wandering the streets, effectively, between the railway station and the airport.

CHAIR: My final question is just in relation to patronage. It is known that the airport was behind target for almost a decade and in the last few years it has increased. Do you think at the current moment, irrespective of the access fee, enough is being done to boost numbers?

Mr PATTERSON: Boost numbers of users?

CHAIR: Of people, yes, of users.

Mr PATTERSON: I would think that it has probably only been over recent years that there has been an increase in publicity about the availability of the link, where it goes to and from, and so on and so forth. I think some of the usage is as a result of the changing face of the air traveller in terms of not only their price sensitivity and their ability to travel light, as I mentioned before, but because of the substantial increases in the airport's market in Asia and now coming from India and to a lesser extent from Europe. Those people are very familiar with rail travel and mass transport systems and are probably conditioned to that being a first option, to a certain extent without regard to the cost, because that is the way you get from A to B.

CHAIR: For someone from New South Wales going to the airport, do you think there is a fair balance between promoting parking versus the train, or do you think there is a bias towards one or the other?

Mr PATTERSON: In terms of promoting, I guess certainly the parking in my view would feature more highly in terms of it being advertised, but I think the issue there, as with the rail service, is cost and that cost can be substantial depending on how long you are travelling for and where you are best placed to park. The airport will say that the fees are commensurate with the cost of parking in the central business district and that is probably true, but you have far more options in terms of whether you park or not in the central business district than when you are going to go to the airport to catch a plane.

The Hon. PAUL GREEN: Does the Botany Bay City Council have a view on the second airport? Do they have a position on that?

Mr PATTERSON: Botany Bay has been a strong supporter of the second airport and a strong supporter of Badgerys Creek. On a personal view—I will not put it in the purview of the council although I think I would be fairly safe in doing so—with the overwhelming support that the construction of the second airport at Badgerys Creek seems to have from all manner of groups and people and so forth, why the State and Federal governments are so loath to put their hand up and say, "Yes, let's get on with it", beggars belief.

The Hon. PAUL GREEN: Obviously my point is that right now the Botany Bay City Council would be like the New South Wales Government—trying to work out the transport situation around that whole precinct. Obviously it is a lot of money and they will need to be aware that option B might be the place to put that money rather than option A. But the council must be pretty nervous, given that it will have a population growth of eight million people in Sydney by approximately 2050, container movements increasing from two million to potentially eight million and road movements that were talked about yesterday, which was 74 million passenger-related movements around the airport in 20 years, air freight increasing and the Government's projection of increasing tourism by 7 per cent by 2020. The airport is the gateway to Australia. Most people understand that.

Mr PATTERSON: Yes.

The Hon. PAUL GREEN: Botany Bay City Council must be one very nervous council about what that means for infrastructure.

Mr PATTERSON: Very much so. Literally for decades the Botany council has been trumpeting the coming problem. It has been only now, when not only has the horse bolted but it has bred three Melbourne Cup winners and gone out to stud, that various other tiers of government are saying, "Hey, we've got a bit of a problem here. We might have to invest some money in it."

The Hon. PAUL GREEN: Talking about Melbourne Cup winners, I will just let everyone know that the first one came from Nowra and the second one—it was the same horse.

CHAIR: Time for questions has expired. Thank you very much for appearing. Did you take questions on notice?

Mr PATTERSON: There are a couple.

CHAIR: They will be forwarded to you but you will need to respond by 10 January.

(The witness withdrew)

PHILIP GLENCOE LAIRD, sworn and examined:

CHAIR: Professor Laird, would you like to make an opening statement?

Professor LAIRD: I point out that I am appearing in a private capacity. I am not representing the University of Wollongong, but I have drawn on its resources to prepare my submission. I will make a brief opening statement. I thank the Committee for holding this inquiry; it is timely. I appreciate the invitation to attend today. Sydney Airport is fortunate in that it has a rail connection with two stations. However, in my view these stations could be moving many more people than is currently the case. Disincentives to their use include both the price and the level of service. It has no luggage-friendly trains to the central business district. Many people who access the domestic or international stations with come by rail and will have to change trains, including those from the North Shore or from where I live on the South Coast. In addition, the level of service with its double-decker commuter-style carriages is not a good welcome to overseas or interstate visitors, or even visitors from other parts of New South Wales.

My submission also refers to Brisbane airport and three overseas airports that have rail access that I have recently visited. Lower fares for train travel to the Vancouver airport—on the Canada line, which opened in 2009—have resulted in a good increase in patronage. Kuala Lumpur airport is a little further from town than the Vancouver airport, but it also provides passengers with the option to check in their luggage downtown. Narita airport is out of Tokyo, but there are two rail operators competing on not only price but also levels of service. I am not arguing for the abolition of the station access fee, but it is too high. If the fee cannot be lowered and/or levels of service improved, I recommend that the Independent Pricing and Regulatory Tribunal examine current fare levels and certainty any proposed increases and/or provide more buses to supplement the excellent 400 service, which spends its life going from Burwood to Bondi Junction and back every 20 minutes. On a personal note, it is the route many people from Wollongong use to get to Sydney Airport.

The Hon. PENNY SHARPE: Thank you for the submission. I am particularly interested in your suggestion about the Independent Pricing and Regulatory Tribunal. As you are probably aware, the station access fee is determined in a very opaque negotiation between Transport for NSW and the Airport Link Company. Can you expand a little on why you think that the fee should be subjected to Independent Pricing and Regulatory Tribunal scrutiny?

Professor LAIRD: I have the perception that the fees have increased in the past. How did they get away with that? What level of scrutiny was applied? Many RailCorp fares are subject to Independent Pricing and Regulatory Tribunal scrutiny. If a past government cut itself out of this then we are reminded yet again that "PPP" stands not only for "public-private partnership" but also "public perpetually pays". We are being dealt a rough deal. As a citizen of New South Wales, I think we deserve better, not only in relation to fares but also the level of service. We spend millions of dollars trying to promote Sydney as the number one tourist destination.

The Hon. MICK VEITCH: An international city.

Professor LAIRD: Yes. Come to Sydney, the gateway to Australia. Many flights arrive at Sydney Airport on a week day at about 6.00 a.m. or 7.00 a.m. and people think they will catch the train into town as they would in Boston, London or Vancouver. They are probably not worried about the fare when they go downstairs, but they are when they see the Campbelltown commuter train completely full and there is hardly room to stand in the vestibule let alone with a piece or two of luggage. That might have been okay for the first year or two, but it has been there for 13 years. We have seen two changes of government and we still put up with something that by any first-world scale must be regarded as substandard.

The Hon. PENNY SHARPE: I am familiar with Ron Christie's independent public inquiry. The quote from him that you included in your submission struck me. It states:

To date there has been no integrated consideration of the city's overall aviation needs in conjunction with its land-use and land transport needs.

That was 2009. Are you seeing any improvement in terms of that kind of planning?

Professor LAIRD: On the plus side, we are getting a railway to Sydney's north west. On the minus side, as of 2011 there is a huge amounts of catch-up needed. I have been invited to make submissions on a draft report on rail freight and port strategies. Has the final report been released?

The Hon. PENNY SHARPE: No

Professor LAIRD: My view is coloured by looking at Wollongong. I wonder why the State Government packaged Port Kembla with Port Botany. We could have had the two ports leased to different operators and Port Kembla could have had a quicker uptake of the container port to relieve some of the congestion around Port Botany. There is a very good precedent for such a model with the Port of Tauranga in New Zealand. It is served by a 200 kilometre rail shuttle. It is the second port for Auckland. We could have had Port Kembla standing alone and completed the Maldon to Dumbarton railway, which incidentally was started 30 years ago.

The Hon. PENNY SHARPE: It is still going at a glacial pace.

Professor LAIRD: Then Moorebank intermodal terminal provides warehousing next to the port to give port-centric or intermodal terminal-centric logistics. We have many challenges in this State.

The Hon. PENNY SHARPE: The Government has given evidence about the enabling works around the airport for the proposed WestConnex project on Millpond Road and so on. Do you have a view about whether that is the best way to deal with congestion around the airport? The Sydney Airport Corporation deals with some road issues in the master plan as part of the WestConnex enabling project involving \$280 million worth of roads. Do you have a view about that basket of goods and where the emphasis should be in terms of relieving congestion?

Professor LAIRD: I believe we need a balanced approach. We certainly need road improvements, but we need rail improvements as well. My theory about WestConnex is that it will simply create more traffic that will spill out to the west. We have serious rail issues to address in making the system a mode of choice rather than something you use because you have to. The same applies in Melbourne with the east-west tollway. There is a stronger case for the Melbourne metro railway to follow another freeway. Here it is a risk to put so many eggs into that basket.

The Hon. PENNY SHARPE: The 400 bus service has been much maligned over the past few days. Do people from the south, particularly from Wollongong, catch the train into Burwood?

Professor LAIRD: I must confess that I have used it myself. I have met many people from Wollongong complete with luggage going overseas who choose to use it. However, it has been made harder by the new timetable. Until October it was a breeze. You got on the train in Wollongong or wherever and travelled to Hurstville, waited on platform four for a couple of minutes and along would come a nice Cronulla train that would stop at Rockdale and Kogarah. You would change at Rockdale to the 400 bus, which would take you to the domestic or international terminal.

The Hon. PENNY SHARPE: There have been significant cuts to the timetable at Rockdale.

Professor LAIRD: Yes. Now you might have to transfer from platform four to platform two and catch the local train. It might send a few more patrons towards the Sydney airport stations. It is a good academic question.

The Hon. MICK VEITCH: The witness from Botany Bay City Council said that it and others have been talking for decades about the increasing congestion around Port Botany and the airport. In fact, they have been talking ad nauseam to the point where people are bored with the constant dialogue and inaction. We have heard in the past couple of days about increasing community dissatisfaction—bordering in ennui. What do you think the Committee should recommend to alleviate that surface congestion? We cannot simply keep talk about it; we have to do something.

Professor LAIRD: I hope that the Committee would look at, yes, and given one can go too much—one can say let us eliminate the surcharge altogether and there might be some support for that or there might not. Secondly, reduce it. One suggestion is that if the airport company sell you a fare for \$5.00 on domestic to international or vice versa, surely \$5.00 is a reasonable gate fee. I think the only reason it is \$5.00 is maybe there is a bus that sits between the two terminals for \$5.00.

The Hon. PAUL GREEN: I think it is \$10.00.

Professor LAIRD: Or you could catch a 400 for less.

The Hon. MICK VEITCH: This is a failing of governments for several decades. It is all parties.

Professor LAIRD: Or you could even build what they have in other ones, between terminals spaced apart a purpose-built railway but that is expensive. The first one is eliminated altogether. The second one is reduce it. The third one is consider recommendations for improvement to the existing service, for example, easier connections between main interchange stations. Central Station is an interchange station. It is not very user friendly. It is small and slow.

The Hon. MICK VEITCH: No escalators.

Professor LAIRD: No escalators. Town Hall is another.

The Hon. MICK VEITCH: Town Hall is saturated. You simply cannot spread any more people in Town Hall.

Professor LAIRD: That is right. Someone in the 1990s cut costs. You did not have, for example, a direct connection from the two airport stations through the CBD to North Sydney where so many people who use the aircraft actually live. Nor did you have a connection to the South Coast. In Brisbane it is fantastic. You get out of the airport, okay, there is a surcharge, but given that the company has to own eight kilometres of elevated track, not unreasonably, but you can get from Brisbane airport a train at least every half hour down to the Gold Coast without having to change. To get to Wollongong you are looking at one, two or sometimes three different trains.

The Hon. MICK VEITCH: Do you think there has been enough work done on identifying alternative public transport to the airport? Do you see any bus routes like Wollongong up or Strathfield across?

Professor LAIRD: I think the scope for one from Hurstville by bus, Sutherland—that is served by rail. I think it is a matter of making the rail work better. The other thing that I would love to see is a luggage-friendly train that goes from the CBD out to Revesby. By luggage friendly I mean single deck without the stairs. The other thing is perhaps even we could be looking, again because of this configuration, with the capital constraints in the 1990s, you cannot do a complete loop around the CBD. So why not? There are two stations that could possibly be brought into use, St James, have a St James-Revesby shuttle.

The Hon. MICK VEITCH: I know the Hon. Niall Blair is keen to talk about shuttles to the airport—an airport-CBD shuttle so that is something else that could be looked at.

Dr MEHREEN FARUQI: Do you think that not removing the station access fee is the main reason for low patronage on the line? By removing that and some of the other measures that you have suggested, could we also get up to the 40 per cent patronage as is in other comparable cities around the world?

Professor LAIRD: It is a very good question whether—I think it is a trade-off between level of service and high fares. I would not mind a slightly lower fare but I want to see the level of service improved. I have suggested, say, a \$5.00 cap. No-one can reasonably object to that. Although it is only one way in Vancouver, it has not impeded the fast take-up of the airport line service in Vancouver, with a \$5.00 surcharge. I think something has to be done. I am not quite sure exactly what.

Dr MEHREEN FARUQI: And the \$5.00 surcharge that you have suggested, that is based on economic feasibility?

Professor LAIRD: No. It is simply I have seen it work elsewhere. I also have to confess I am of the view that I think as a whole with the exception of going around adjacent stops and the CBD, like my daughter went from Circular Quay to Wynyard for \$3.60. I think that is too high but overall Sydney and New South Wales, even urban train fares are too cheap. You have got to the stage, as recognised by Infrastructure NSW in 2012, where you are only getting 20 per cent of costs covered by revenue and you have a system crying out for capital upgrades. To give you an example, the track from Central out to Strathfield started off, I think, two lines, then it was four and in the 1920s they wanted to fit in two extra tracks to make six. It snakes around everywhere. Under the present funding model, there is no incentive to straighten it out.

Likewise the previous government's 1998 Action for Transport 2010 statement envisaged speeding up trains to Newcastle, Wollongong, Parramatta, the Epping link as well as Epping-Chatswood. You have all this work that needs to be done if Sydney's population is to be able to continue to grow without choking the place in traffic. See what has happened to transit times for people who choose to or have to drive around Sydney not only during the week but on Saturday. It is possible even that this, coupled with high house prices and a perception of Sydney as being too difficult to get around, is perhaps one of the reasons, at least a few years ago, Melbourne was growing faster than Sydney.

Dr MEHREEN FARUQI: What is your view on the proposal that the New South Wales Government should buy back the stations on the airport line, bring them back into public ownership, given that some estimates suggest it is about \$290 million to buy those back and then remove the fees or set your own fees through the Independent Pricing and Regulatory Tribunal? The normal non-compete clause would not be effective any more so there can be more bus services and it will provide for a more integrated public transport system.

Professor LAIRD: I am not sure if \$290 million is a fair price or not. Secondly, if the Government were to buy them back I still feel there is a case for a modest surcharge. But with the money going into—you would then be left with a debt to pay but I think between the Government and the Airport Line Company the level of service just is not good enough. After 13 years Sydneysiders, other people in New South Wales and our visitors deserve better.

Dr MEHREEN FARUQI: A number of submissions have raised the issue of 28,000 workers at the airport, a lot of whom are low-income workers, casual or part-time and who are unable to afford these fares. What is your view on providing discounts for employees at the airport?

Professor LAIRD: There is certainly a case for that, and on that I note the airport link's submission. Does it say adult weekly, \$20.00?

Dr MEHREEN FARUQI: Yes.

Professor LAIRD: Is that the case or is that an error?

Dr MEHREEN FARUQI: No, that is the case.

Professor LAIRD: No-one can reasonably object to \$20.00 a week.

Dr MEHREEN FARUQI: That is the surcharge.

Professor LAIRD: Yes. What I cannot understand, though, is our system allows a weekly for \$20.00 and a day return for \$24.00.

The Hon. NIALL BLAIR: It is not \$20. The ticket is on top of that. That is the surcharge.

Professor LAIRD: That is the surcharge. For \$20.00 a week I think that is reasonable, but I think it is a matter of making the trains more attractive so that people want to use them. It is not only the workers who use it but there are a number of volunteers, including from Wollongong, who go up to the international airport and act as volunteer guides. They get stuck with it too.

Dr MEHREEN FARUQI: With making the trains more attractive, would you think the newer trains like the Waratah should be on the line, rather than the older trains?

Professor LAIRD: By more attractive I mean luggage friendly for people with luggage and easier connections at connecting stations.

The Hon. PAUL GREEN: What similarities were there in terms of Vancouver and Sydney? You used that quite a bit in your report.

Professor LAIRD: I have had the pleasure of using it once. Vancouver had to wait many, many years to get it. When it was opened circa 2009 motivated by the 2010 Winter Olympics, just like our one was

motivated by the 2000 Summer Olympics, it has gone well. I cannot add anything more off the top of my head to some of the figures quoted by the Chief Executive of Vancouver airport. It is brilliant.

The Hon. PAUL GREEN: That is where we want to get ours to—brilliant and deliver first-class service, customer service. Do you think that the burden in terms of reduction of ticket cost, because you mentioned earlier something like recovery costs of the infrastructure is only about 20 per cent of what has been—

Professor LAIRD: That is for the system all over.

The Hon. PAUL GREEN: So it is very low in terms of what you need to recover to have asset maintenance schemes and invest in new schemes. Would you think it is fair to share, rather than the taxpayer cop the full burden of the reduction of tickets, it should be other stakeholders who are getting some sort of benefit out of the airport link?

Professor LAIRD: Yes. For a start, if you go to Wolli Creek you see a lot of transit orientated development. You wonder how much of that, if any, is helping to pay for the railway that was opened 13 years ago. So I think there is more scope for value capture and more scope with fares. But it has to be done in such a way—you cannot, as Tom Parry's ministerial inquiry into sustainable transport in 2003 observed, there is a case for higher rail fares across the board but you need to address road pricing at the same time. This is challenging.

The Hon. PAUL GREEN: Do you have a comment on the impact of loss of revenue on other parties that rely on pedestrianisation, like taxis and private hire cars? If we were to reduce ticket prices, do you think that would have a huge impact?

Professor LAIRD: It is difficult to say, but I think this raises another thing, that taxis in this city are getting expensive by world standards.

The Hon. PAUL GREEN: That is another inquiry.

The Hon. PENNY SHARPE: We have done a taxi inquiry.

The Hon. PAUL GREEN: We hear a lot about people coming from the north and the west, but would you clarify what you would see as the ideal situation if you were heading for the airport from Wollongong and wanted to use rail?

Professor LAIRD: If you had another \$50 million—not now because of land supply, but the airport line could have connected when it was built to the south coast line. That is gone. I think we are probably stuck with that, from a south coast point of view.

The Hon. PAUL GREEN: Your view would be something like getting to Hurstville and then jumping on a bus to go straight across to the airport?

Professor LAIRD: My personal preference really is for the surcharge to come down a little bit so that you are not so motivated as to want to get on a bus, because there are traffic issues as well.

The Hon. PAUL GREEN: That is a point that was raised yesterday. You can jump in a taxi, but the timing could blow out, so there are advantages to trains.

Professor LAIRD: And I would have to say that one of the benefits that the last timetable did appear to give was more trains stopping at Wolli Creek from the south coast.

The Hon. PAUL GREEN: Do you think the service, as is, is advertised well enough?

Professor LAIRD: The airport one?

The Hon. PAUL GREEN: Yes.

Professor LAIRD: It is advertised at the airport. Maybe it has a bad reputation as expensive and difficult to use. I do not think its problems will be cured solely by better advertising.

The Hon. NIALL BLAIR: We have the situation of a service that was a public private partnership [PPP], which went bust early on and has been bailed out once, and now a company that is starting to get greater efficiencies and run a bit better. When you compare that to the examples that you used in your submission, are you aware of how much those examples, like Vancouver and Kuala Lumpur, are being subsidised by government agencies?

Professor LAIRD: No, I am not aware. I think with the Vancouver one certainly there is a capital investment that has to be paid off. Kuala Lumpur I think was opened nine years ago as a turnkey operation built by Siemens of Germany and switched in. I cannot say whether it is subsidised or not, but I would be surprised if it was subsidised to a large extent. Certainly the two in Narita, the JR East and the Keisei line, are standalone operations. The amazing thing is that Keisei actually found the money to upgrade its track into Tokyo town. They both come on different tracks. I like the way that Keisei offers you coming in very fast, but if you are running low on cash they will take you out on a regular train. What you get is, "We will take you on a regular train, but we will make you pay in full for it."

The Hon. NIALL BLAIR: One of the witnesses yesterday suggested that we should prioritise the use of new rolling stock, that is, our Waratah trains, on the airport line. Do you have a view on that?

Professor LAIRD: It is a small marginal thing with more and more Waratah or A-class sets coming into service. That would be a small improvement, but the main thing is that you cannot solve your problem of large numbers of overseas visitors weighed with luggage coming down at around 8 o'clock in the morning confronted with—

The Hon. NIALL BLAIR: What sort of a percentage are we talking about? We saw some figures yesterday which suggested that the largest group of users of the train line came from the central business district. That would suggest that they were not all international travellers and a proportion would be potentially people not travelling with two or three pieces of luggage.

Professor LAIRD: No, certainly there would be some. I think that is a very good question: how many are going in and how many are coming out. What are the airport stations peak times for passengers flowing through, leaving the airport? You need more analysis I think.

The Hon. MICK VEITCH: We heard yesterday that Central and St James are the two main stations for airport traffic.

Professor LAIRD: Yes.

The Hon. NIALL BLAIR: You could argue that some are coming in to use the hotels in the CBD, but it is very difficult to suggest that everyone is travelling with two or three large cases. Then there is the question: Do we try to maximise the rolling stock that we have to try to accommodate where we are going, or do we spend large amounts of money on new rolling stock and then perhaps find that no-one is using luggage racks, for example? It is a difficult thing to quantify when we do not know who is going where and where they are coming from.

Professor LAIRD: I agree. You would not want to incur the expenditure just to carry fresh air, but from what I have seen it is not an encouragement to use it if you are coming in at that time of the morning.

The Hon. NIALL BLAIR: Do you have a view on express services bypassing some of the residential stations and coming directly from the airport to Central, and potentially St James? Is that something that would make a difference or is it okay to be stopping at those residential stops? You can take that question on notice, if you would like?

Professor LAIRD: Yes, thank you.

CHAIR: You have commented on international comparisons, which sometimes can be a bit difficult considering that Tokyo and Vancouver have larger populations than Sydney, but looking at it more domestically, Brisbane is the only other city that has a train from the airport to the city and their price is approximately the same as in Sydney. Do you think it is fair to say that the other major cities do not have the train line because of the cost of operating and getting it started up?

Professor LAIRD: It depends where you live. If you are from Europe, the chances are that your major airport will be well connected by rail. If you are in America or even parts of Canada—

CHAIR: I am more interested a comparison domestically. Perth and Melbourne operate bus services and taxis, but they have not looked at nor have the train line.

Professor LAIRD: I think Perth is very seriously looking at one. I think it was the subject of contention in the last West Australian state election. Melbourne has been looking. In Adelaide the demand is not there. I mean for a million and a bit people it would not warrant the investment. Vancouver has grown in recent years, but at a guess I think it is smaller than Sydney in population, and its rail system is totally different to that of Sydney.

CHAIR: Action for Public Transport made the claim that there is a bias against public transport access. Do you agree with that statement?

Professor LAIRD: I can answer it in two ways. On the one hand, public transport enjoys a lot of support from the taxpayer. On the other hand, it could be a lot better than what it is at the moment. I cannot say yes or no.

CHAIR: There being no other questions, thank you very much for appearing today.

Professor LAIRD: Thank you.

(The witness withdrew)

(Short adjournment)

BRYAN NYE, Chief Executive Officer, Australasian Railway Association, and

EMMA WOODS, Manager, Urban Policy, Australasian Railway Association, sworn and examined:

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

Mr NYE: Certainly. A little, if you do not already know, about the Australasian Railway Association: We represent all of the passenger operators, freight operators, track builders and rolling stock manufacturers—an industry that represents 110,000 employees in Australia. We manage policy and obviously are an advocacy group. Under our umbrella we also have the Rail Industry Safety and Standards Board because the industry establishes its own standards and the real push is for harmonisation. That is a little bit of the background.

We are particularly interested in this inquiry, and I think probably our recommendation might be a little different from all the others. We actually do not believe that fares should be reduced at all. We believe it should be hypothecated into other areas and expenditures. Let me expand a little bit more on that. Evidence around the world, and it is a question that really should be put to Emma who has done a lot of research on this, is that no matter where you are, if people realise what their money is going into on public transport, they are accepting of higher fares, higher taxes—as long as they know where it is going. We think the fare should stay where it is but it should be hypothecated to certain issues. Some might suggest that one is—and I do not know if the Committee has been out there at 8 o'clock in the morning or travelled on the train, but it is quite an interesting experience. When you get to Central station and get off the train, there are no escalators at platforms 20, 21, 22 and 23, and people are struggling to get down. There is a very small lift at either end of the platform. If money was allocated to something that people could see, it would be worthwhile.

Also there is a lot of discussion about reducing congestion around the airport. One of the biggest issues that I know is in the government policy is to try to get freight onto rail. Around Port Botany, if you stand there and look at the traffic going through at any one time, you see lots of containers going out through Port Botany by truck. I have some examples. In Perth, both sides of government put an incentive for people to put their freight onto the rail network. You have a rail network over there, but there is no real incentive to put it onto the train. If people saw that there were measures being used or taking place, I do not think there would be a need for reduction. The figures in themselves indicate that, with the number of passenger increases over a period of time, the fare is really not an issue. Removing the fare and putting a number of more passengers on the network—if you go out there in peak hour, you could not fit any more people on there. You cannot get any more train passes as well. You have to look at not one issue; you have to look at the overall issue. I think that is incredibly important. The question is: what are you trying to achieve? If you are trying to improve transport efficiency then you have to look at that rather than the isolation of just the fares. I would welcome Emma Woods talking to you, if you are happy for me to do that, because she has been around the world and has developed a paper on how other places around the world fund passenger transport, because that is a real subject that I think is worth exploring.

CHAIR: You have developed a paper?

Ms WOODS: Yes.

CHAIR: Would you be happy to provide that to the Committee?

Ms WOODS: Yes, absolutely. The paper is about looking at alternative funding and finance mechanisms for public transport based on the fact that governments at State and Federal level here in Australia and around the world cannot keep relying on general government funds to invest in infrastructure, so what we have done is look at the various tools that have been implemented around the world from value capture to congestion charging, sales tax, fuel tax, et cetera, and it has examples of different cities around the world that have implemented these mechanisms successfully to generate dedicated revenue to reinvest in the public transport system.

Following on from what Bryan said, if people know where the funds are going they are more open to paying the fare or the tax. For instance, in LA county in 2008 almost 63 per cent of residents voted to increase the sales tax, only by 0.5 per cent, but they still voted to increase it for 30 years with the intention that that would generate \$40 billion for public transport and roads in the county. Likewise, Kansas City voted for what is called a Transport Development District, which has introduced land value capture and a sales tax within a

region in which they want to introduce a light rail network. They will fund the construction of the light rail network through these taxes. That went to community and residential voters and 319 voted yes versus 141 for no.

So our position is that removing or reducing the fare essentially reduces the revenue to government and then a bigger gap is created between the money needed and the investment required. It could be likened to the Australian fuel tax. The CPI increases were removed in 2001 and that has effectively stalled the revenue from that tax. It sits at about \$17 billion a year. In 2012 dollars, had the CPI remained the government would have taken in an extra \$5 billion. So our position is that if we were to reduce the fare or remove it completely, you are only reducing or removing revenue that could be reinvested into the system. If you publicly promote how that revenue will be reinvested and the Sydney commuters and visitors can see the benefits, then they are more open and more accepting of a fare.

Dr MEHREEN FARUQI: Thank you for coming here today. Actually, you have clarified your position, because my first question was why you were not advocating for removing the fee. Have you or anyone else conducted a willingness-to-pay kind of survey of commuters that asked, "If the fees were higher, would you be willing to pay it if it was invested in transport projects"?

Mr NYE: No. Basically, nobody has done that at all. We tend to look at the US and say, "Oh, the US is not a public transport-oriented place" but, in fact, it is totally the opposite. The amount of investment going into public transport in every city in the US is huge. We think that case could be made here quite adequately.

Dr MEHREEN FARUQI: Would you make the same case for, let us say, the M5, which at the moment has a cash-back scheme? Would you suggest putting the toll back on for similar reasons as you have advocated for the access fee?

Mr NYE: I think round the world there is a real push to make user pays for public transport and I think that is a push that we have to accept we are going to have to do. At the moment the car user does not pay fully for the utility they are actually provided.

Dr MEHREEN FARUQI: Earlier we heard that across the world, in Vancouver and other places where there are lower fares, there is much more patronage—up to 40 per cent—whereas we have just 12 per cent to 15 per cent on this airport line. What is your view on that?

Mr NYE: That is a very popular move, reducing the fares, but then you have to look at the other consequences. You have eight trains per hour at the moment. You could possibly increase that to 12, but you look at Sydney and Town Hall, both those lines through Central and the City Circle are all congested now. How would you cope with the extra passengers? People are surprised that we are not out there saying in a big publicity campaign that people should catch public transport. The fact is that we are at capacity now. Until we get better ways to increase that capacity, and there are means of doing it, you cannot do one without the other. Trying to increase more passenger operations would be detrimental because of the experience you have. If you catch the train out there between 8.00 and 9.00 in the morning, there is not much room, and you want to put another few thousand people on that train? I think that is poor use of public policy.

Dr MEHREEN FARUQI: Would you recommend increasing the capacity as well as the other measures you have suggested?

Mr NYE: Some of the things will take a long time. Some of the increases to capacity: putting in a new signalling system is close to a billion dollars for Sydney. It will have to be done, but finding the money today in the constrained environment is difficult to do. Other measures to raise the money are what everybody should be looking for.

Dr MEHREEN FARUQI: Although you do not advocate removing the station access fee, your submission suggests discounted tickets for a number of users, such as prepaying customers or airport workers. Are you suggesting that that money come from the funds that have been collected by the access fee?

Mr NYE: I have read a number of suggestions, and one of those is around the workers at DHL travelling out of hours. Why can you not have a different fare structure out of hours? Somebody like our organisation prepays and buys a whole range of tickets for the year so we can use it every time we travel into Sydney. There is no discount. There has been no approach that I am aware of to the airlines so that when you

buy your airline ticket you can buy the train ticket as well. There has to be a better way to manage travel demand. We just do not manage that demand. We just have one basic fare and that is it, whereas actually you could help relieve and provide for those who work locally but do not work the hours during peaks. The fare structure could be changed for those. Yes, you could tweak the fare structure but those working in the area are not the main users of it. I think by cleverly using travel demand management we could change the whole structure.

Dr MEHREEN FARUQI: Your submission suggests also the integration of airlines to improve services at airport links. What does that mean? Do you mean with timetables? What are you suggesting?

Mr NYE: When you travel and use the airport link in Queensland, if you travel from domestic to international you can use your airline ticket as a means of access across. You cannot do that in Sydney. That integration and concept of how we try to change the demand is not done. I think we can be clever at that today in modern ticketing systems. It is not hard to do.

Dr MEHREEN FARUQI: So it is mainly about the ticketing?

Mr NYE: It is just the ticketing.

The Hon. PAUL GREEN: Well done. You are so bold. Most people have come here and talked about reducing ticket prices. It is really bold to say, "Hey, don't lose it. Don't give that but, rather, hypothecate it back into further infrastructure." I think it is a really wise approach. It is good that you have noted we will end up with a mess if we take the easier road. We all agree that it would be good if we can increase patronage. Have you thought of any other ways to increase patronage?

Mr NYE: I think the airline usage overall. Changing travel demand, we are not really clever about that. If you travel out of hours you pay the same fare today as you would pay at any other time. You do not get out of peak. That is exactly the same as our use of tolling on the road.

The Hon. PAUL GREEN: So like a peak price?

Mr NYE: A peak price. If you are going to travel in the peak, you should pay full fare because you are making that personal choice. You want to travel on the peak.

Ms WOODS: I suppose that could work well. A lot of airport staff have to be there at the crack of dawn, not quite the peak time. So by reducing their fares when they are travelling outside the peak, it acts as a travel demand management tool to spread the peak. You could increase the capacity. I guess you are freeing up capacity during the peak whilst encouraging those workers to travel before the peak. We have been told that people will get off at Mascot and walk so that they are not paying that airport station access fee. So I guess for station staff, I suppose you would have to decrease it to match that. I do not know. I do not have a position on that. I guess you would have to do modelling.

Dr MEHREEN FARUQI: We asked that question yesterday, but there are no services at the crack of dawn or late at night.

Ms WOODS: Okay. They cannot do it.

Dr MEHREEN FARUQI: Yes. So that is a problem regarding demand.

Mr NYE: But that is when there is more capacity to put additional trains on the network, out of peak hours.

The Hon. PAUL GREEN: It is interesting that you drew some issue on the point. Yesterday we talked about the capacity being 20 trains and millions of people over the years, especially as the population will grow to 74 million people using the airport in 20 years. From what you are saying, there already is congestion on the line down the line, which would impact immediately from today.

Mr NYE: Yes.

The Hon. PAUL GREEN: That was an interesting point. Do you think advertising plays a part in better patronage?

Mr NYE: I think if you look at the London Olympics, probably the greatest thing there is that rather than everybody talking about having your Apps and new Apps and all the great stuff, they actually found that incredibly good signage was what achieved their greatest transport following. Listening to Sir Peter Hendy from Transport for London. He gave a presentation stating that the way they did the signage was what helped people travel through. You arrive at Sydney airport, the signage is not there. It is not clear. We tend to want to focus today on the clever elements of, say, let us have a new App and show you how to get there. You can sit round Central and see how many people cannot or do not use Apps and the signage is there. You come off the plane, as we did this morning, and look for "Train this way". You have to look carefully. It is not really up in your face because there is no relationship between the airport and the railway.

The Hon. PAUL GREEN: And the symbolism of what that might be because of multilingual situations?

Mr NYE: And the symbolism, yes.

Ms WOODS: Yes. You see the taxi rank. Obviously, we flew domestic this morning. You come down the escalator to the baggage claim and the taxi rank is straight out front. So if you are not sure where you are going or you do not know of the train, that is your immediate answer. Real time passenger displays coming down to baggage claim, "Three minutes until the next train to Central" and that it is only a 15-minute travel time would certainly direct passengers to the train network. I have a meeting in Sydney tomorrow and I had a colleague email me from Wellington this morning saying, "My flight arrives at 8.30. I'll jump in a taxi. I don't know if I'm going to make the 9 o'clock start." Our meeting is very close to Central so I replied: "Don't take the taxi. It's 15 minutes on the train." He had no idea. He said he flies into Sydney all the time and he always takes a taxi, and he works for a rail network. Definitely, advertising is key. Very few people are aware that it is only a 15-minute travel time. I think we could promote that a lot better.

The Hon. PAUL GREEN: If we were to subsidise a ticket reduction, because that virtually is what it would come down to, should other stakeholders have to help carry the burden rather than the taxpayer?

Ms WOODS: You have to get it from somewhere.

Mr NYE: You have to get the money from somewhere and I have not seen any government trying to give up revenue at the moment. I just think it would be counterintuitive. It is easy to be popular to reduce the fares. Our whole case has been to think of what you are trying to achieve and if there are other measures to use that money to try to relieve the whole situation. Our fundamental principle is: Do not do it. If you do it, what other stakeholders will be affected? In the bigger picture, land value capture is not something we have done around the airport or anywhere in Australia and that is a big issue that will be debated quite strongly in the future.

The Hon. PENNY SHARPE: Thank you for attending. What is your understanding of where the revenue from the station access fee goes currently? Yesterday there was some confusion from Transport for NSW. Where do you think it goes?

Mr NYE: From our understanding, it goes into RailCorp into its general revenue. That is where it goes.

The Hon. PENNY SHARPE: That is right. That was my understanding, although we heard some interesting answers.

The Hon. MICK VEITCH: That was a more succinct answer than those from Transport for NSW.

Mr NYE: I gathered that.

The Hon. PENNY SHARPE: It was quite interesting.

The Hon. MICK VEITCH: It took them about 10 minutes to say something like that.

The Hon. PENNY SHARPE: I accept your analysis that the money has to come from somewhere and as the shadow transport spokesperson I can say that trying to find money for more public transport is a constant issue. One problem we are seeking to solve around the airport and Port Botany is the surface road congestion. Myriad reports show it will be at capacity at the end of next year. Many reports show already that it is backing up and the impact of that flows on to the M5 and affects general productivity for those trying to travel around the airport, whether or not they are going to the airport. Given the range of road projects and your comments about improving the rail network capacity—I argue that they are three, five or 10 years away at the very least—do you accept that the biggest way to get mode shift and some reduction in road surface congestion would be to use the very crude reduction on the station access fee, in the short term?

Mr NYE: I think you would have almost exactly the same issue if you immediately started an incentive to put the container track that goes through the airport road network onto the rail network that is not at capacity and you would achieve both objectives. The previous Government and the current Government wants to get more freight onto rail but there is no incentive to do that at the current time. Yet you have got all these trucks coming in and out of Port Botany that goes around exactly the roads that you are trying to relieve the congestion on. If you stand there at cross roads, the busiest one that comes from O'Riordan Street and the road from around Port Botany, I would say about one-third of the vehicles are trucks with containers on the back. Elsewhere in the world they are trying to get containers from the port to an inland terminal where they distribute from the inland terminal. So there has to be some incentives. I think tying one to the other and if the public knew that they would probably be quite acceptable because you have to raise money to do that. I do not believe reducing the fees is a good option.

The Hon. PENNY SHARPE: No, but that is not what I am asking. The quickest way to get vehicles off the road—I accept your point about freight but leaving aside that—is to reduce the station access fee.

Mr NYE: My challenge having been on that every time I come to Sydney which is regularly, the capacity to put passengers on at the current time is just not there.

The Hon. PENNY SHARPE: That is in the peak time between 7.00 a.m. and 9.00 a.m. and I have no doubt about that. The Committee heard evidence yesterday that suggested there was no problem with capacity in terms of being able to take more people on the line. I accept that trains coming via Campbelltown and everywhere in that 7.00 a.m. and 9.00 a.m. period are a problem. If we were to go from 17 per cent people currently catching the train to a modest 24 per cent you are saying you do not believe that the capacity is currently on the line?

Mr NYE: I think there is not in the peak periods but using travel demand such as pensioners or others getting a discount to be able to travel out-of-demand service there is the capacity to reduce the fare for that. I think that is travel demand management is not something that we have done very cleverly.

The Hon. PENNY SHARPE: I am interested in your views about hypothecation. When you talk about hypothecation in your submission are you really talking about the money that we raise with our station access fee being dedicated pretty much to the airport line or do you see it as a revenue stream that should be spent on other projects that perhaps are not about the railway line specifically?

Mr NYE: I think it would be acceptable, in our view, if it was used for other public transport lines, like the escalators being put at stations 20, 21, 22 and 23 as it would be for everybody's benefit and relieve one of the problems of people now that people do change at Central to go to regional stations and have trouble getting down the stairs. It is a very crowded platform. I think that would be a benefit to others. As long as it is put back into public transport, or a large percentage of it, the public would be very accepting.

The Hon. PENNY SHARPE: What is your view about using that money to provide additional buses into the airport? It has one bus and Transport for NSW said there are two more but my sense is that they fleetingly go past it is a bit of hike from where they are dropping people off.

Mr NYE: The challenge with a bus or even with taxis at the airport is the traffic flow. If you add more buses you are increasing traffic flow in crowded streets. The real issue is how you reduce that congestion. Yes, there are bus networks from the eastern suburbs that have no rail access. There are many areas in Sydney that have no access to rail but the interesting questions are: where are you going to put them and where will people alight from and get on to them?

The Hon. MICK VEITCH: We can always move people to your office space at Canberra, that is quite a nice little office you have got down there I have got to say?

Mr NYE: It is in the airport too.

The Hon. MICK VEITCH: I refer to hypothecation because one of the risk is that governments of any persuasion, particularly in this environment, are trying to find money wherever they can. If you hypothecate the funds to a specific fund that becomes the only money available for public transport enhancements and it becomes "instead of" as opposed to "as well as" do you understand?

Mr NYE: I certainly agree. It is hard to argue you hypothecate it all to that fund overall. But I think the public in general know that the additional fare that they are paying is going to improve the service that they have got on the line. Another issue to improve the service is it does not have a wireless network. If you put a wireless network and people understand that it had wireless they would accept that is where the money is going. But at the moment it just disappears.

The Hon. MICK VEITCH: Yesterday the Committee heard discussion about the types of carriages, double-deckers are not advantageous at all for international passengers because of their luggage on that particular line. Is your experience around the world of single decker carriages on airport lines?

Mr NYE: High capacity rail carriages on airport lines are there but to build another set of rail wagons in New South Wales will be detrimental for the overall effect. At the moment you have all the Waratah coming on but because of the increased passenger capacity you cannot retire the un air-conditioned trains so we have a real challenge. To try to get money to add on another rail service is not a practical outcome.

The Hon. MICK VEITCH: What are your views about a dedicated travel service, for instance, using capacity at St James and add it to the airport?

Mr NYE: It would be fine if you can do it and get the train paths in to achieve that but I doubt in practical terms.

The Hon. MICK VEITCH: There would be bottle-necks at Central.

Mr NYE: Yes, at Central. We cannot get more trains into the city-circle unless eventually we get another harbour crossing which is probably the next biggest transport issue—

The Hon. PENNY SHARPE: All paths lead back to the second harbour crossing—

Mr NYE: They do because unfortunately we can only get so many trains on a network per hour. We are very close to that across the harbour bridge right now you are at that level.

Ms WOODS: Back to the carriages that the Hon. Mick Veitch was talking about, networks around the world are increasingly moving to high-capacity trains which means more doors, less seats, single deck because the double deck passenger flow, it just does not work as well.

The Hon. MICK VEITCH: It increases to all time loads.

Ms WOODS: It has a huge knock-on effect. Long term we certainly need to be moving to the high capacity single deck vehicles.

The Hon. MICK VEITCH: Other service delivery enhancements that could be looked at are escalators at Central and St James, Wi-Fi and are there any others that you have seen around the world that will enhance the services provided to customers?

Ms WOODS: Building on an earlier question, perhaps from the Hon. Paul Green, putting the Waratahs with more modern trains onto that line is a benefit in just general perception for visitors to Sydney. It is a more attractive welcome to Sydney than we got on a stinking hot double-decker train to come into Central this morning. That is fine for us. We know there are nice trains out there but as a welcome to Sydney I think that would be a nice gesture of service improvement for that line.

The Hon. MICK VEITCH: It is ironic that this morning I heard an advertisement on the radio for the airport link which was quite coincidental. Do you think advertising is a benefit?

Ms WOODS: Definitely.

Mr NYE: I think the signage at Sydney airport "Next train to Central leaves ... and you will arrive 15 minutes later."

The Hon. MICK VEITCH: You are a fan of real time?

Ms WOODS: Real time. You do not need a timetable you just need to know when you are there how many more minutes until the trains leaves, and can I get it?

The Hon. PENNY SHARPE: And a comparison with what is the actual road data says because we would see that. We have access to that sort of data from the Roads and Maritime Services.

Ms WOODS: Yes.

The Hon. MICK VEITCH: Yes, "15 minutes by train: 35 minutes by taxi".

The Hon. NIALL BLAIR: We almost need a *Top Gear* type race—someone in a cab and someone in a train to show people that the it actually works.

The Hon. MICK VEITCH: Every hour.

Ms WOODS: Yes, in peak hour.

Mr NYE: And sabotage it to make sure it does—

The Hon. PAUL GREEN: That is on the record.

The Hon. NIALL BLAIR: Do we really have a marketing problem? The Committee was told that we are blessed to have a service that runs to the airport and to have an airport close to the central business district. The Committee has been told by multiple witnesses that are trains are reliable and we have at least eight services running per hour out to the airport—

The Hon. MICK VEITCH: During the peak—

The Hon. PENNY SHARPE: for two hours, let us not get too excited.

The Hon. NIALL BLAIR: Is the hard work done? Have we just got a marketing problem in that if people find their way onto the train it is old and they drag their bag down the stairs at Central. The Committee has heard many times about escalators, Wi-Fi, the use of Waratahs as a priority on that train line and so we have done the hard work and we need to do a bit better advertising and marketing. Does not the case from your friend from Auckland amplify that?

Mr NYE: I totally support that but we are also have a cultural issue in Australia, we still love our car. We have to get people out of the car into public transport. It is something that we are lagging compared to the rest of the world. We still have the highest car ownership anywhere in the OECD so I think what we are seeing today is demand and capacity issues in all our rail networks in every capital city in Australia is that the younger generation want to get onto trains. I think it is marketing, particularly at the airport. Anecdotally, five years ago you would see nobody in a suit catching the train from the airport to the city. Today at 8.00 a.m. to 9.00 a.m. a stack of people catch the train. Why? Because of the congestion and they just want to get there on time. I think it is marketing. There is nothing at the airport to encourage people to get on the train.

The Hon. NIALL BLAIR: That is what I am saying. Yesterday the Committee heard that a very high number of people, maybe it was 70 per cent, who work in the central business district catch public transport. Yet those same people jump into cabs to go to the airport. Granted some use the line but still a lot of people jump into a taxi.

The Hon. MICK VEITCH: Particularly if there are two or more companions.

The Hon. NIALL BLAIR: Particularly if there are two or more because it is actually cheaper to catch a cab than the train because of the individual prices. There is no group discount. Should you look at that?

Mr NYE: I certainly think it is worth doing that. I think also your previous point of demonstrating the travel time differences going by vehicle. Sometimes it is quicker to go by road but on a Friday afternoon I can guarantee the journey by road will be a good 30 minutes longer than by train. I think people are not aware of that.

Mr SCOT MacDONALD: Was the Green Square and Mascot a good public policy change in February 2011?

Mr NYE: At the time when you were developing Green Square and Mascot, that whole brown-field development, the problem was trying to encourage people to use the line. I think at that time it was good public policy and to adjust it further down the line. I do not think it needs any more tweaking.

The Hon. PENNY SHARPE: Nice try.

The Hon. MICK VEITCH: Reword it.

Mr SCOT MacDONALD: It has come at a cost of \$80 million, according to the TTF, and we are trying to clarify what period of time that is over.

Dr MEHREEN FARUQI: It is per annum I believe.

Mr SCOT MacDONALD: Per annum, that is pretty high. What is the cost to that? From your submission you say that it has come at a pretty high cost to rail infrastructure structure spending?

Mr NYE: I will take that question on notice and get some more detail so I can give you expert advice. I prefer to do that.

Mr SCOT MacDONALD: That is the thrust of your submission, is it not? Every time we make an adjustment, the Government is expected to pick up the tab for the shadowed fee and it essentially comes out of infrastructure spending somewhere else?

Mr NYE: It certainly is.

Mr SCOT MacDONALD: That has to be weighed up every time up-front, not afterwards and that seems to be the case now?

Mr NYE: Yes.

Mr SCOT MacDONALD: You said that Western Australia pays incentives to put freight on rail. Does that mean there is not enough costs built into the road network?

Mr NYE: Basically that is the issue. Sometimes it is convenient for people to put it on the road. Road and rail pricing has been a debate that is well beyond this Committee. It is a very active debate that is currently pursued federally. In the case of Perth they did not want trucks leaving the Port of Fremantle coming through the city of Perth. To encourage the freight to go on the rail line they put in a lot of money in upgrading and gave an incentive for people to put their containers on the—

Mr SCOT MacDONALD: Rather than put a charge on the road?

Mr NYE: It is much the same.

Mr SCOT MacDONALD: Driving behaviour.

Mr NYE: Driving behaviour.

The Hon. PENNY SHARPE: To clarify your position, it is your view that patronage on the airport line will grow anyway and it is not something we particularly need to worry about.

Mr NYE: I think all the figures would indicate that is the case. Anecdotally, having travelled on it for a number of years now, it is getting more crowded.

The Hon. PENNY SHARPE: There is no doubt about that.

Mr NYE: Yes, so I do not think it is an issue that you need to be concerned about.

The Hon. PAUL GREEN: Obviously, there are a lot of visual displays at the airport. People understand colours as international symbols. Do you think coloured lines on the floor indicating blue for train and yellow for taxi would be helpful?

Mr NYE: I get confused by those colours and I probably do a lot of train travel around the world. I just think we need a simple sign saying that the next train to Sydney or Central will leave in three minutes and the journey time will be 15 minutes. Part of the challenge has been that the rail industry historically makes its timetable so difficult for people to read. It says that the next train will be here in 2½ minutes at 3.07 p.m. rather than just using simple language. The simpler the message the more important it will be.

The Hon. PAUL GREEN: That was my point about colours on the floor, like they do in some shopping centres. You follow the line and it takes you exactly where you need to go.

Ms WOODS: Maybe you could do a train track.

The Hon. PAUL GREEN: Yes. For example, the blue line goes to the train and the yellow line goes to taxis. They are international symbols; people understand colours.

CHAIR: Thank you again for appearing. We ask for responses to questions taken on notice to be submitted by 10 January.

(The witnesses withdrew)

MR GAVIN GATENBY, Co-convenor, Ecotransit Sydney, affirmed and examined:

CHAIR: Thank you for appearing. Would you like to make an opening statement before we commence with questions?

Mr GATENBY: Yes, I would. I thank the Committee for the opportunity to appear. I think this is an incredibly important issue. I have a long personal experience and history with this particular line. I was an officer in the community group that was critical in fighting for the line to be built in the first place, the Wollie Creek Preservation Society. I actually produced the first pamphlet that publicly announced the concept of the line. We fought for it by standing at bus stops in the freezing cold and getting people to sign petitions and form letters to the government and so forth. I also live close to Turrella station, so it is the line that I use characteristically to get into the city.

When it was built the airport rail line was and is an engineering triumph but its contractual arrangements can only be described as a total fiasco. We have ended up in a position where for \$200 million in extra public expenditure the public could have owned the line outright from day one, including all the stations. The government could then have made its own arrangements, if it wanted to, about premium fares or station access charges for the airport stations. What actually followed as you know is years of controversy, bankruptcies, legal disputes and arcane arrangements in relation to the access and now we have had crippled patronage. While the project was a wonderful project and a terrific asset for Sydney from day one, patronage on the line at the critical points, which are the airport stations, was crippled by the extraordinarily high access fees. That did not do the private owners that much good at all, especially in the early years.

Just to give you a sense of this I will compare it to the eastern suburbs railway. It is a comparable line in length, shorter but with more stations, and it also had enormous engineering challenges involved with it. It was built by a public agency, the Snowy Mountains Authority. The contractual arrangements were always entirely transparent; however, the problem was there was a great deal of political prevarication about the construction of the line that meant it took, I think they say, 10 years longer than the Pyramid of Cheops and twice as long as the Trans-Siberian Railway to build. Nevertheless, once it was completed nobody ever heard anything about it again other than it is wonderful, it is there and it works, it is the mainstay of Sydney's public transport system and it took a lot of traffic off the road. Indeed, right from the start it had a great deal more patronage than was ever predicted for it. It was an enormous success. By the way, it was initiated under a conservative government, the Askin Government, and completed under Wran.

Our view about what should be done here is absolutely unequivocal. The government should simply take the plunge—bite the bullet, if you like—and buy out the airport rail line stations entirely and then value-add to the line in order to improve patronage. It would then be open to the Government to put on a premium fare at a smaller level but not one that discouraged patronage at the two airport stations. We have been through this enormous experience with Kristina Keneally's decision to subsidise the fare—for government to pay the access fare at the two stations. Patronage was expected to increase by 17 per cent. It actually went to 50 per cent higher immediately—there was an extra 20 per cent that they attribute to other factors—and now three years later you are in a situation where patronage has gone up 177 per cent and 95 per cent at the two stations.

CHAIR: I will ask that you bring to your opening comments to a close to allow time for questions.

Mr GATENBY: Sure. I think that is the simple proposition. There is capacity left there, more capacity can be added and the government could be having the best of both worlds in this situation if it bought out the stations in their entirety.

Dr MEHREEN FARUQI: Why do you believe that buying back the four private stations would lead to a lowering of traffic on the road network leading into the airport and the south industrial area?

Mr GATENBY: That has been well covered in a number of studies. I could quote from, for example, the Mrdak and Haddad joint study on aviation capacity that has already been referred to here. Just based on the view that there would be a 17 per cent increase in capacity at the two non-airport stations, they anticipated about 3,500 cars coming off the road. Actually, they got 50 per cent and that has now risen very dramatically in the last year or so. That is where there was an access fee of only \$2.50. We are looking at something here where the access fee is over \$12. You are going to have a lot of vehicles come off the road—quite a dramatic number of vehicles come off the road—if the access fee is taken away.

To go back to this point, it need not be a total removal of the access fee because let us take the view that if you halve the access fee you would at least double the number of people going through those stations. You are still going to end up with the same amount of revenue coming in. It will probably be more than a doubling based on what has happened at the two non-airport stations. If the government were to buy out the airport line stations and then make its own arrangements it could play with that factor. In other words, lowering the access fee to a level where there was virtually no consumer resistance or no consumer resistance and then enjoying the benefit of the much higher number of people paying that access fee. I think we have got to look at it in relation to that and also in relation to the fact that if you look at the expenditure that is proposed for the M5 East section of the WestConnex proposal, the very expensive tunnel duplication and so forth, we can have the same result in a different way by paying a much smaller amount of money.

Dr MEHREEN FARUQI: What do you think of the retention of the cashback scheme that applies to the M5 motorway? Is that a missed opportunity in terms of increasing patronage on the airport line?

Mr GATENBY: I think it is. We have advocated that the Government should gradually remove, in a series of stages, the cashback scheme on the M5 and then hypothecate that money to building a series of add-ons to the airport rail line. We have flagged in particular another station at Doody Street in the central industrial area, an area that it does not cover at all but ought to, and also a major park and ride bus turnback and airport check-in at Kingsgrove—what we call the Kingsgrove last chance park and ride. That is before the tunnel and if you were to soak off a lot of traffic before the tunnel—1,500 to 2,000 vehicles a day—essentially you have relieved all the pressure in the tunnel. It is a bit like the situation in school holidays where everybody knows that roads suddenly free up because 5 per cent of people have come off the road or 7 per cent or whatever.

If you are creating a facility like the Kingsgrove one that we have advocated you are allowing tour buses or coaches to service a very large area of Sydney, drop people off at Kingsgrove where they have got the fast run into the city via either the airport line or over surface through Sydenham. Also you are able then to get a lot of cars out of the airport precinct. The congestion of cars in the airport precinct has considerable security implications in terms of terrorism. It is one of the reasons why airport managers around the world are going to systems where people check in at a number of locations on railway lines remote from the airport. That would be possible at Kingsgrove and we think that would handle quite a bit of traffic from the southern part of Sydney.

We think that the cashback should be removed. I would point out also that the Government is going to get itself into quite a political conundrum here by saying it is going to whack tolls back on the M4 in order to build WestConnex but it seems to have absolutely no intention of removing the subsidy to motorists from the south-west, let alone tolling them for the road. No doubt you heard yesterday from others who pointed out that you have this massive disincentive to people to catch the train to the airport. On the other hand of course, they get subsidised to drive to the central industrial area in the airport.

Dr MEHREEN FARUQI: Talking about toll roads, how do you think reducing or removing the station access fee might affect the proposed WestConnex toll road?

Mr GATENBY: What it would do immediately—and we are not the only people who say this—is lower traffic on the M5. It would significantly reduce traffic on the M5. I think that what it does in the first place is remove the rationale for WestConnex particularly on that south-western access of the road. We are certainly not in favour of WestConnex: In fact, we have produced a whole video series called "WestConnex—Greiner's Folly", which you can see on our YouTube channel in three parts. Part two of those video documentaries actually deal with the issue of the south-western M5 access.

Dr MEHREEN FARUQI: You mentioned in your opening statement value-adding measures. Could you explain a little bit about that? Assuming a buy-back happens, what additional value-adding measures or projects could then be put in place to increase the public transport share on this particular line?

Mr GATENBY: There are three major ones that we have advocated. I have mentioned two of them, which is to say another station at Doody Street in the middle of the central industrial area and which is particularly important. While it would slightly increase journey times into the central business district, I tend to think all this idea about "If we make it quick or have it express, people will be more attracted to it" is just not a factor in people's decision in any way at all. It would increase the journey time into the city but it would also mean that you would pick up many thousands more travellers and commuters going into the southern industrial area every day. You can estimate very robustly how many it would be from looking at the patronages at Green

Square and Mascot. Of course that station would have to be retrofitted so you are looking at probably \$50 million to \$70 million to retrofit that station.

From a station like that and the other stations at Green Square and Mascot, we believe that there should be feeder bus services to increase usage. The normal walking catchment from a station is about 400 metres. That is rising as the petrol crisis bites and people tend to think walking 500 metres or 600 metres is acceptable whereas previously the figure was generally regarded as about 400 metres. If you can then double that to a kilometre, you will have fantastic public patronage in the peak periods with fast feeder bus services. A very cheap way of handling that would be to have some robust systems in place for bike hire or bike storage for people to leave their own bicycle there. You are increasing your catchment area dramatically in that way.

The other one I mentioned is the idea of a Kingsgrove park and ride and bus turnback and an airport drop-off point. That is at a point where the M5 Motorway is right next to a little industrial area next to the station. At that point you have very fast transfer onto trains into the airport, the city and the central industrial area. That one is very doable and there are no technical challenges to that one. The other one that we have advocated is something that we call the East-West TransLink, which is to extend the light rail from where it will terminate, beginning in about February next year at Dulwich Hill and using the capacity that is still there for extra track in the Bankstown line, through to Sydenham, which is the critical interchange station for the airport. From Sydenham down you could use the spare capacity in the goods line to the domestic terminal and then on through Eastlakes and out to join the line that will be built to the roundabout or Kensington or the South's Juniors club there, which is where the final terminating point will be.

By doing that you are actually creating, if you like, an airport rail line for that great slab of Sydney for which the airport line is not much good at all. You are doing it at a bargain basement light rail cost—if you look at what should be charged for light rail around the world; you should be getting it very cheaply, that sort of infrastructure—and it means that people can get off the train at Sydenham and go quickly through to the domestic terminal and change there for other parts of the airport line, to either the international or domestic terminals. They are the sorts of things that we could be putting relatively small amounts of money into, which would have the same effect of pulling traffic out of our existing traffic stream. We are at a historic point now at which traffic is virtually flatlining in all our major capital cities, and it has been doing that for 10 years.

CHAIR: We might move to questions from the Hon. Paul Green.

The Hon. PAUL GREEN: Thanks for that very extensive answer. In terms of a comment on capacity, we have just had the Australasian Railway Association talking about down-line congestion that exists. How do you build capacity when you already have a problem down-line that needs to be addressed?

Mr GATENBY: There are two ways to look at that. The first is that it is still possible to put an extra four trains an hour onto that line. The second is that I doubt—and this is my anecdotal evidence and I travel that line all the time—if there is that much of a congestion issue, even in the peak periods. There is still capacity in the trains coming from the south-west during the peak periods. It is one of the rare places in Sydney where that is the case for the peaks. We could add to capacity. There is still some there, in my opinion. I think I would not be alone in saying that. We could be adopting measures, for example, of closing off a couple of carriages on trains during the peak periods in conjunction with increasing the number of them, so that those are the ones that open only when you got to the airport stations.

We could also be looking at a situation where we made much more use of people's baggage going independently of them into the city so they will not be carrying baggage on. I see this once or twice a week when I would be going into town during the peak periods. Yes, it is a bit chaotic at the moment, but there is still capacity there and extra trains can be put on.

The Hon. PAUL GREEN: In terms of separating baggage, with global terrorism would that be a method that people are still using across the world—separating the baggage from people who own it?

Mr GATENBY: I believe it is increasingly being used. We had some discussions with the project people from the airport probably about two and a half or three years ago. A lot of their thinking then was focused around how do we get rid of this enormous congestion of cars going into the airport and people handling their baggage and so forth? They really were flagging that for reasons related to security it would be far better if they had the opportunity to check people in at three or four locations in Sydney as well as the airport. It would encourage people simply to drive to these places, say goodbye to their aunt or uncle and put

them on the train. If you had the baggage check-in and the systems organised, it probably means an additional modification to some rolling stock. You would take a lot of the hassle out of it and you would take a lot of the hassle out of people getting on and off the train and so forth. It would be a lot more efficient.

The Hon. PAUL GREEN: I think that statistic was about 15 per cent of meeters and greeters of airport pedestrianisation. In terms of government capacity, there has been the suggestion that the Government should jump in and buy the deal out.

Mr GATENBY: Yes.

The Hon. PAUL GREEN: Have you or your people done any calculations on what that true cost is? It would not be just the value of the stations. I would imagine it would be some breaking-the-contract fees and penalties. Do you have a view?

Mr GATENBY: You would have to talk to a skilled and brutal negotiator, I suggest, on matters like that.

The Hon. PAUL GREEN: Yes. That is good.

Mr GATENBY: Governments are able to bring a lot of persuasive power and deal-making to bear.

The Hon. PAUL GREEN: My point is that it is not just the \$290 million price tag that has been mooted. There would be other implications of buying those stations.

The Hon. PENNY SHARPE: Given that it seems there are patronage forecasts made all the time around rail projects in particular, and leaving aside the catastrophic patronage forecasts for the original airport line that failed to keep their company afloat, can you comment generally and point to some examples around patronage? What I think we see all the time is that they say, "There'll be an increase in patronage if you change the fare or if you open a new station", or whatever, but it seems to constantly exceed, in terms of where he travelling public are at. I suppose that once it is there, they go there. That is a very long way of asking this: In your experience, are patronage forecasts reliable? What are you seeing in terms of the way the public react once they have better access to rail?

Mr GATENBY: It is a regular occurrence that the patronage forecasts for public transport are generally much lower than it turns out on day one. Of course this one was the exception because the patronage forecasts were made with the assumption, presumably, that there would be standard rail fares and then they added 400 or 500 per cent on top, which was particularly crippling. On the other hand, if I might put this one in, the patronage forecasts for tollways, typically but not always, are vastly exaggerated and that is of course for the reason that otherwise it probably would never have been built. If you just look casually at the rail press from around the world, you will always see that most new public transport rail and light rail systems get extremely well patronised right from the beginning. That was certainly the case with the eastern suburbs line. Everyone was very surprised by the usage of that. When it opened it was hamstrung by the fact that it was basically a shuttle service to Central. It did not go anywhere else after that. Nevertheless, it was very impressive right from the beginning.

The Hon. PENNY SHARPE: I am interested in the TransLink proposal you have in your submission. You talk about the goods line capacity from Bankstown out via the airport. Is there an issue there in terms of other Government objectives around getting more freight onto rail, if you were to use that capacity for passengers?

Mr GATENBY: No, because there are already two tracks along the section into Sydenham, or the capacity for two tracks. We are talking about additional space inside that easement. There is a space as wide as this room, or wider, in addition to the track capacity that is there already, which is going past, for example, Dulwich Hill station—two freight tracks and two general rail tracks. No, there is not at that point and there is of course, and has been for decades now, a capacity constraint on the freight line about three kilometres long between Port Botany and Sydenham. There is the space there. There is no problem with space. There is nothing technically difficult about it.

The cost of building it would be, in current figures, maybe \$25 million or \$15 million, or something like that to put in that track, but successive governments have simply failed to do anything other than produce

very costly reports. I think the last report that they budgeted money for in duplicating that three-kilometre section of track they had a budget of \$30 million for the report whereas the track would cost \$10 million or \$15 million to actually put in. Brian Nye referred to that and I agree with him that fixing those capacity constraints and pushing the figure up to 40 per cent—which it was always supposed to be—would be a major factor in getting rid of congestion around the airport and Port Botany.

The Hon. PENNY SHARPE: But you would acknowledge that the current policy settings will not get us anywhere near that.

Mr GATENBY: It is not just the policy settings; that is not the only constraint on rail freight. If it is a policy setting thing, it is simply a failure to get behind and back the people who want to send freight by rail, and there are businesses that want to do that. Governments prevaricate and so forth about simply allowing them to go ahead and do it. The freight rate could be pushed to up to 40 per cent. The 1979-80 Kirby inquiry said it should be 41 per cent, and it was a political compromise at that stage.

The Hon. PENNY SHARPE: Do you have a view about bus services into the airport?

Mr GATENBY: There is certainly room for extra services apart from the single bus route. We need some extra buses going into the airport from other parts of Sydney. That is certainly the case.

The Hon. MICK VEITCH: Do you have some suggestions?

The Hon. PENNY SHARPE: There are some obvious routes from Hurstville, Miranda and Wollri Creek. I suspect there are some in the eastern suburbs because they are not served by rail. Are there any others?

Mr GATENBY: That probably covers it. There would be cross-regional options. One of the reasons we have suggested the east-west link is that it corrects a problem whereby all the rail lines in Sydney go straight into the centre. People coming from the south of Sydney who want to go to the airport must go into city and then go back out again. There could be a direct line straight into the airport. That could be mimicked at a lower level with a bus route and that could be done very quickly and cheaply. It would also improve services into the central industrial area. It would be killing two birds with one stone. There is a case for more bus services.

The Hon. PENNY SHARPE: Can you expand on how you see the station at Doody Street operating and what you think it should cost?

Mr GATENBY: The station at Doody Street was in the early plans for the airport railway line. However, it was dropped as a cost-saving measure and that left a vast gap between Mascot and Green Square, where many people work. That was another very short-sighted decision. How would it work? There is a concrete tube there now and it would be very easy to work around it to create a station. It probably would not be the same design as the others. It could be closed down over the Christmas period so that they could cut through the concrete and set up platforms and so on. That sort of retrofitting would be pretty easy because of the way the line is constructed—it is called the egg-ring technique. The stations cost approximately \$50 million to build. There would be an increase given inflation, but I do not think there would be a significant increase because of the difficulty. During the early construction they created a box, bought in the tunnel boring machine at one end and rolled it through and pushed it out of other end.

The Hon. MICK VEITCH: What are your views about the no-compete clause? What does that mean for other public transport solutions for the airport?

Mr GATENBY: I am not aware of that.

The Hon. MICK VEITCH: There is a no-compete clause, which means the Government will not introduce transport competition from the city to the airport.

Mr GATENBY: On a bus line?

The Hon. MICK VEITCH: Yes.

Mr GATENBY: I was not aware that that was in the contract. I do not think a bus would compete from the city to the airport. I hope that it would go no further than that. If they abolish the clause and someone tried to

run a bus service in competition along the same route, I doubt that it would be successful. There is no reason not to abolish it. I hope it does not cover people coming from a wider area, for example, from the eastern suburbs, the inner-west or elsewhere.

The Hon. MICK VEITCH: I think you were present in the gallery when the previous witness talked about hypothecating the proceeds of the access fee into a dedicated fund for further public transport infrastructure.

Mr GATENBY: Yes.

The Hon. MICK VEITCH: What are your views on that?

Mr GATENBY: I am not in favour of it. By having an enormous access fee we are simply crippling the usefulness of the facility. That has been going on for 13 years; it is not doing what it is supposed to do. I do not accept Mr Nye's view that patronage is rising anyway at the airport station so we should not do anything about it. If the aim is to get traffic off the roads and therefore not have to spend vast amounts of money on extra road capacity, upgrading and so on then that is what will happen if the access fee is removed. On the other hand, I believe that if some of the money given to people as cash-back were hypothecated to build the Doody Street station or the Kingsgrove last-chance park 'n' ride, and people could see an immediate benefit, that would overcome the political problem associated with removing what has been an entitlement. You would step that down gradually. I am in favour of that. We need the airport rail line to do the job that it was intended to do in the first place.

The Hon. MICK VEITCH: Is not one of the risks of hypothecating the proceeds into a fund that a future government will see that pool as the only revenue source for public transport enhancements as opposed to it being in addition to general revenue? It could become an "instead of" fund rather than an "as well as fund"?

Mr GATENBY: Yes. Governments could get hooked on it.

The Hon. MICK VEITCH: Yes.

Mr GATENBY: Governments could get hooked on it and I would not be a favour of that.

The Hon. NIALL BLAIR: I am confused about why the Government needs to buy back the stations and then remove the fee. We were told yesterday that next year the Government may be getting up to 85 per cent of any excess from the line. What is your economic rationale for buying it back and using that money to subsidise the access fee? Why does the Government need to own the station?

Mr GATENBY: If the Government is getting 85 per cent—and I was not aware that it would get as much as that—and that might increase over time then there is probably an argument. These are very complex arrangements to work out financially. You would need an economist skilled in that to look at the various options.

The Hon. NIALL BLAIR: Has your organisation undertaken an economic analysis of these options?

Mr GATENBY: No.

The Hon. NIALL BLAIR: You said in your opening statement and in your submission that the Government needs to buy back these stations and the line and remove the access fee. Everything else then looks like a magic pudding because we have park 'n' ride and other light rail lines. Surely you have looked at the economics because that is the centrepiece of your submission. Why do we need to own it? Why can we not simply look at those other options?

Mr GATENBY: Because it is a simple, transparent, robust arrangement then. At the moment we seem to be committed to an arrangement that will roll on for many years into the future. I read in the *Sydney Morning Herald* yesterday that the Government will take its share of the profit from that access fee and put into roads, of all things. I think that we can get rid of most of our road problems by reducing road traffic and having a much larger percentage of people travelling by rail. The Government could simply forgo its share of the take and lower the access fee.

The Hon. NIALL BLAIR: If it did that would it reduce road traffic?

Mr GATENBY: Following Keneally paying the access fee it is an open and shut case that if the Government were to cut it to zero or somewhere between \$3 and \$4 there would be no public resistance. It would increase patronage greatly and there would be a benefit in terms of the number of people paying an access fee. We would also have the asset doing what it is supposed to do, which is to get people off the roads going to the airport.

The Hon. NIALL BLAIR: Does that mean the key to your submission is to increase patronage on the line, not to own the stations?

Mr GATENBY: Exactly.

The Hon. NIALL BLAIR: That is not what you said in your opening statement and in your submission. You were adamant in saying that the Government should buy it back. Now you are saying that the key to your submission is to get cars off the road and that will increase patronage. We have heard over the past two days a number of ways of doing that. You are the first person who has said that the Government should buy back the railway line holus-bolus. You are basing that on an article in the yesterday's *Sydney Morning Herald*.

Mr GATENBY: Basing what?

The Hon. NIALL BLAIR: You said "based on the evidence in the *Sydney Morning Herald*". Is it more of a philosophy or is there an economic driver behind it?

Mr GATENBY: As a matter of public policy, I think that entirely transparent contractual arrangements that can be easily seen and understood are to be preferred. The most simple scenario would be that the Government owned most stations and set the fares. Anyone would be able to look at the annual report and see what was going on. I accept that there might be another way to do that, but it would be less transparent. Rather than putting all the money it is getting as profit from this arrangement into roads, the Government could forgo its cut and lower the access fee accordingly. That might achieve the same result. Ecotransit Sydney does not have access to economists who could model that stuff for us. We are a cake stall financed organisation.

The Hon. NIALL BLAIR: As I said, I wanted to get to your intention. We have a contract and you started your presentation today with the history of this situation. We are well aware of that and we cannot change it. However, the Committee must try to arrive at some tangible outcomes that will benefit the people of New South Wales. I cannot understand any economic rationale for buying back the stations. That is why I am interested in your rationale. I now understand that your position is that we should increase patronage rather than buy back the stations. Is that correct?

Mr GATENBY: It is not so much a rationale as an outcome. The outcome that we are looking for is surely to increase patronage, get cars off the road and thereby remove the rationale for vastly greater expenditure on roads, which we should not be making.

The Hon. NIALL BLAIR: Is that outcome achieved by buying back the stations and the line?

Mr GATENBY: I believe it could be. The clearest, simplest way to do that would be for the Government to buy back the stations.

The Hon. NIALL BLAIR: How is the outcome achieved by buying them back? How do you increase patronage by buying back the stations?

Mr GATENBY: You would then have the option to put a much smaller access fee on, one which would not discourage patronage. I mean there is a solution.

The Hon. NIALL BLAIR: The Government has the option now to pay the owners of the line the access fee. I am not suggesting that we do that. I am sorry if I am pressing the point but I do not understand how spending the tens or hundreds of millions of dollars to buy back the line and then setting a lower fee, other than being a huge cost, will increase patronage.

Mr GATENBY: If you left an access fee to which there was no resistance, and patronage doubled or trebled from the airport stations, then you would surely be in a good position to recover your costs of the buy-back within a few years.

The Hon. NIALL BLAIR: And we have 17 years left on the current contract.

Mr GATENBY: That is right.

The Hon. NIALL BLAIR: So I am sure it will be a lot more over that. We have heard problems about doubling and tripling the patronage, about the actual line being able to handle that. But you have done no economics on any of those figures?

Mr GATENBY: No, we have not. We have to work by rule of thumb.

CHAIR: The time for questions has expired.

(The witness withdrew)

(Committee adjourned at 12.31 p.m.)
