

20.12.13.

The Hon. Natasha Maclaren-Jones MLC
Chair
General Purpose Standing Committee No 3
Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Chair

RE: Questions taken on notice – Inquiry into removing or reducing station access fees at Sydney Airport

The Tourism & Transport Forum (TTF) thanks you for the opportunity to participate in the public hearing for the above inquiry on 2 December 2013.

Three questions were taken on notice. Please find below TTF's response.

Question 1 from Mr Scot MacDonald: Can I just get some clarification? On page 7 of the 'Unlocking the Full Potential of Sydney's Airport Rail Link' document it says, "In 2011 the New South Wales Government decided to subsidise the scheme for Mascot and Green Square at a cost of \$8 million". Is that to the end of the contract, 2030?

Response: The \$8 million figure is not used in the report, which actually refers to \$80 million.

This is a reference to a document from the Parliamentary Budget Office entitled 'Buyout of the privately owned airport stations – International, Domestic, Mascot, Green Square', dated 25/03/2011. The document is available on the NSW Parliament website. The section of the Budget Office document referred to in TTF's report states the following:

'At the time, the NSW government noted that the annual station use fee for Green Square and Mascot totalled around \$4 million a year. The fee for the international and domestic stations was said to be \$40 million a year. Over the 20 year residual leasehold, the net present value of this subsidy might amount to around \$80 million – assuming that the expected rate of passenger number growth together with growth in the station access fee was equivalent to the discount rate.'

Question 2 from Scot MacDonald: Just going on from the discussions you had with Paul, and maybe it is a bit unfair to throw it at you on the run, even your document says, "Benefits will flow to the consumer as well as reductions in congestion". Maybe you could go away and look at other models besides throwing it all on the State Government, and I recognise what you say, that there are difficulties in capturing given the beneficiaries— people on Virgin or Tiger or wherever—but I think it

is worthy of some more thought and just the New South Wales Government picking up the tab. I do not have that answer but maybe there could be a little bit more thought along those lines.

Response: TTF believes that it is hard to identify a discrete group of economic beneficiaries from the removal of the station user fee.

In summary, the key beneficiaries are likely to be:

1. Passengers and workers travelling to the airport. They already pay a 'levy' for using the line. TTF's argument is that this additional cost should be removed to encourage more people to use the train service, provide a better visitor experience and to provide greater equity for workers in the airport precinct who pay a cost not borne by other train commuters.
2. Road users in the vicinity of the airport and on the road network which feeds the airport. These include: people travelling to the airport by road; truck and freight-related vehicles using the Port of Botany; and other general road commuters. All of these users face congestion costs and would benefit from an increased public transport mode share and the concomitant reduction in traffic volumes. It is hard to see how the cost of reducing the station access fee could be transferred to these beneficiaries unless congestion charges or tolls were introduced on the surrounding existing road network.
3. The broader tourism industry and state economy in general, which will benefit from reduced congestion and a better customer experience for visitors. A formula that would allow costs to be passed on to this larger group is almost impossible and TTF would argue that this is why the cost of removing the station access fee should come from existing consolidated revenue.

It was apparent from some of the questioning that there is a perception that the primary beneficiary would be Sydney Airport itself. TTF does not accept this view – whether air passengers arrive by road or rail is not a matter of direct commercial concern to the airport (and it would be possible to mount an argument that the airport could lose parking revenue if rail had a higher mode share).

Given the beneficiaries are extremely broad, it would be hazardous to retrospectively assess the value capture of the removal of the station user fee. Value capture for infrastructure projects is only workable when such a scheme is put in place prospectively, when an uplift in property value or economic activity can be accurately measured and assessed on baseline data.

We would therefore be concerned about any proposal that sought to levy businesses or users of the airport for lifting the station user fee. Ultimately, the entire Sydney economy benefits from reducing road congestion by increasing rail mode share in the airport and Port Botany precincts and the commercial and residential areas in surrounding suburbs.

Question 3 from The Hon. Paul Green: But in saying that and taking on board what previous people said as well that they were putting up \$300 million to deal with outside and the management of traffic, if you carved out even \$20 million of that money and put it back into reinvesting to help carry the load of reducing the ticket, could that not be a fair contribution to lowering the issues that are happening outside?

Response: The transport and congestion challenges in and around the airport and port precincts and more generally between Botany Bay and Sydney CBD are complex and require an integrated response. The road upgrades announced by the NSW government and Sydney Airport, both within and outside Sydney Airport, are part of this response.

These upgrades are needed to ensure this major economic precinct remains competitive and TTF welcomes the NSW government commitment on this matter. If the road projects are valued at \$300 million, they must be fully funded and completed. Half measures will not solve the regular congestion occurring in the area. The road upgrades are part of an integrated package of land transport measures. TTF believes it is now time to make the best of the existing public transport infrastructure to complement changes to the road network.

Should you require further information from TTF, please do not hesitate to contact Trent Zimmerman, Deputy Chief Executive Officer and Director, Transport Policy at tzimmerman@ttf.org.au.

Kind regards

Ken Morrison
Chief Executive