

**Submission to Productivity Commission
on its Draft Report on the
“Economic Regulation of Airports”
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1.0 Introduction

This submission has been prepared by Inner West Council in response to the Productivity Commission's Draft Report on the "Economic Regulation of Airports".

Council recognises the importance of Australia's airports and the need to respond to issues which may inhibit their economic vitality, however Council also stresses the need to maintain a balance between the on-going development of Australia's airports and the numerous societal impacts that airports have on neighbouring communities. Of critical concern to Inner West Council, and the Inner West Community, is the Draft Report's proposal to reduce or remove the curfew and aircraft movement cap applied to Sydney Airport.

The curfew and cap have been a long standing, politically bipartisan, commitment applied to Sydney's airspace since the creation of Sydney Airport's third runway (in the mid-1990's). All master plans prepared for Sydney Airport since that time have accepted this legislative framework as a guiding constraint. The key purpose of the existing curfew and cap is to reduce the impact of aircraft noise on adjacent communities – increased number of flights results in increased aircraft noise, which in turn affects community health and well-being, property values and general standards of living.

Additionally, all of the airport's neighbouring Councils' land use planning controls have been prepared to reflect the aircraft noise implications of the airport operating within the current legislative framework and it is highly likely that current land use zoning would need to be altered in response to additional overflight, should the curfew and cap be diluted or deleted. This would result in reduced residential zonings in areas that are currently adjacent to flight paths, as increased frequency of flights has the potential to expand the airport's existing noise footprint. This would be in direct conflict with existing pressure, from the State Government, to increase residential densities in the Inner West.

Currently, over 101,000 residents in the Inner West LGA are detrimentally impacted by aircraft noise (living within the ANEF 20 contour or greater). Council is concerned that alterations to the curfew and cap will increase this number significantly and consequently, it is strongly opposed to any alteration of Sydney Airport's existing curfew and caps.

2.0 Draft Report's Proposals for Sydney Airport's Existing Curfew and Aircraft Movement Cap

The Draft Report proposes exploration of opportunities to either dilute or delete the airport's existing curfew and cap to assist in enhancing Sydney Airport's economic vitality; however the Draft Report notes that Sydney Airport already has the best aeronautical operating cost per passenger of all of the airports examined in the Study. While the Draft Report suggests that there could be a range of options for alterations to the existing curfew and cap, Council is concerned that any alteration has the potential to detrimentally impact on the community and, further, that once the power of these regulations has been diminished potential exists to create an unrestrained operational environment for the airport.

Council considers that any alteration to the existing curfew and cap has the potential to significantly and detrimentally impact Inner West residents, businesses and visitors, while providing only limited economic benefit to the Airport. The existing curfew and cap were hard-won by the Inner West Community, over two decades ago, in an effort to minimise the unacceptable noise impacts resulting from the area's proximity to a rapidly growing international airport. In addition to the curfew and cap, this community was promised the Long-Term Operating Plan (LTOP) for Sydney Airport, to provide respite and equitable noise sharing across all of the airport neighbours.

LTOP was introduced in July 1997 with the target of having no more than 17% of aircraft movements (both arriving and departing) over Sydney's Inner West. In the two decades since its establishment this target has never been met for more than short periods of time; with the Inner West generally experiencing between 25% and 28% of over-flight from Sydney Airport. Consequently, many residents of the Inner West continue to experience unacceptable levels of aircraft noise throughout the day.

To increase the number of aircraft movements per hour or to permit additional flights during the current curfew (11.00pm to 6.00am) is considered to be totally inappropriate, having unacceptable psychological and physiological health impacts on local residents. It would also be likely to significantly impact on land use planning and property values.

Further, in 2018 Sydney Airport Corporation Limited (SACL) prepared its new master plan for Sydney Airport (2039). This master plan guaranteed adherence to the existing curfew and aircraft movement cap. Consequently, it is clear that SACL, the operator of the airport, considers that Sydney Airport can, and does, operate efficiently within the framework set by the existing curfew and cap.

The Productivity Commission's Draft Report notes that, regardless of the existing curfew and cap, Sydney Airport continues to operate efficiently; with its aeronautical operating cost per passenger being among the lowest of the airports in the Draft Report and with its whole of airport operating costs being very low in comparison with many overseas airports. Consequently, there appears little justification to sacrifice the health and amenity of local communities.

Additionally, there appears to be no assessment of the impact of extended operating hours for Sydney Airport, on the economic viability of the future Western Sydney Airport.

Council considers that there is no justification for any alteration to Sydney Airport's existing curfew and cap, and calls on the Productivity Commission to remove any reference to altering Sydney Airport's existing curfew and cap from its "Economic Regulation of Airports" Draft Report. Further, Council requests that the Productivity Commission note both the public health and community well-being benefits associated with retaining the existing curfew and cap, as well as the unqualified bipartisan political support for their retention.

3.0 Comparison of Projected Aircraft Movements in Constrained and Unconstrained Operational Environments

In considering the likely implications of alterations to Sydney Airport's curfew and cap two key studies have been examined:

- "Joint Study on Aviation Capacity in the Sydney Region 2012" (Joint Study) – produced in 2012 to examine factors influencing future aviation capacity of the Sydney Region;
- "Sydney Airport Preliminary Draft Master Plan 2039" (PDMP) – produced by SACL in 2018.

Both of these studies assume that the existing legislative framework established by the curfew and cap would be retained, however the Joint Study did include some analysis of unconstrained the potential for aircraft movements (ie no curfew or caps). The Joint Study also included consideration of Western Sydney Airport (WSA) at Badgery's Creek, and a large proportion of Airbus A380 aircraft in the international aircraft fleet.

It should be noted that, since the release of the Joint Study:

- *Construction of WSA has commenced with its opening scheduled for 2026;*
- *Airbus has announced that, in response to lower uptake than predicted, it will not produce any A380s after 2021.*

4.0 Comparison of Constrained and Unconstrained Demand (existing curfew and cap Vs no curfew and cap)

The PDMP indicates that aircraft movements at Sydney Airport over the past three years have been relatively stable:

- 2015 - 336,958
- 2016 - 348,354
- 2017 - 348,974

It also indicates that, under normal circumstances, the airport operates at around 60 movements/hour during morning and evening peak periods, with the cap only being approached during "super peaks" such as public holidays/long weekends and the start and finish of school vacation periods.

Additionally, the PDMP forecasts an annual aircraft movement growth rate of 0.8% p.a. between 2017 and 2039:

- 2017 - 348,974 aircraft movements;
- 2039 - 408,500 aircraft movements.

In comparison the Joint Study proposed 100 aircraft movements/hour as the theoretical capacity for Sydney Airport (contrasting to the existing cap of 80 movements per hour). Based on this theoretical capacity, it's analysis of unconstrained demand (ie no curfew or caps) for Sydney Airport forecast 459,600 aircraft movements by 2035.

This represents an annual growth rate of 1.8% p.a; over twice the demand projected in the PDMP (maintain the curfew and cap).

Council considers that, while such growth may be considered a more economically efficient operating regime for an airport, the consequences for adjacent communities are totally unacceptable. Dilution or deletion of the curfew and cap will result in increased over flight of residential areas in the form of both an increased number of flights and flights later at night and/or earlier in the morning. Both of these flight regimes have been shown to impact significantly on:

- the health and well-being of residents, employees and regular visitors;
- reduced property values;
- inability of future land use zoning to accommodate residential densities prescribed by the State Government, and so significantly impacting its goals for land use, infrastructure, community development and sustainability.

5.0 Land Use Implications

Should the existing curfew and cap be diluted or deleted, it is highly likely that Sydney Airport's noise footprint (Australian Noise Exposure Forecast - ANEF) would be altered. The ANEF contours influence land use planning by delineating areas where residential development is unacceptable due to the impact of aircraft noise. All of the Councils neighbouring the airport have endeavoured to respond to its noise footprint by applying appropriate zoning in adjacent areas.

Additionally, based on the limitations currently placed on land use by the Airport's noise footprint, the State Government proposes increased residential densities in many areas adjacent to, but outside, the critical 20-25 ANEF contours. These areas are proposed in numerous planning policies and studies including:

- The Parramatta Road Corridor Urban Transformation Strategy;
- Greater Sydney Commission District Plans: and
- The Urban Design Study for Norton Street/Parramatta Road.

Extension of the current noise footprint would place many residential dwellings within unacceptably high ANEF contours. This would then require the rezoning of such residential areas to other uses, jeopardising the State Government's residential targets for many areas.

6.0 Ground Access to Sydney Airport

In addition to the noise implications the Draft Report highlights that both the airport rail station access fees and current contractual agreements which restrict public transport services from competing with the *Airport Link* rail service (the "no-compete" clause) are disincentives to airport patrons, however no recommendation is made to remove either constraint. As well as being disincentives for the use of public transport, particularly for airport employees, the additional demand placed on the adjacent road network (because of

the reliance on cars for access to the airport) is necessitating extensive and expensive roadworks to increase road network capacity around the airport.

An indirect effect of station access fees is the encouragement of employees to drive to adjacent suburbs and then walk to the airport. Council is aware of resident complaints in Tempe and Sydenham, where airport employees park in residential areas and walk to work. This parking results in inconvenience for residents in the form of reduced parking availability and reduced amenity in the form of late night noise. Should the curfew and cap be altered this issue will become more prevalent (including early morning noise) as additional shift work is introduced to the airport workforce.

Further, should the airport's operating hours be extended it would be essential to provide improved public transport during these late night/early morning hours, for both employees and passengers.

It is not apparent whether the Productivity Commission has taken into consideration the increased costs associated with the provision of additional train services when proposing extended hours for the airport.

Consequently, Council requests that, as well as removing reference to altering the existing curfew and cap, the Productivity Commission should include recommendations to remove:

- station access fees from airport stations;
- current contractual agreements which restrict public transport services from competing with the *Airport Link* rail service.

Further, should an assessment of an altered curfew be carried out it should consider all costs associated with extended airport operating hours, including increased public transport services, public health, local amenity and community well-being.

7.0 Conclusion

In summary, preliminary analysis of Sydney Airport operating in an unconstrained environment (no curfew or cap) indicates potential for an annual increase in flights of 1.8% p.a., compared to the existing constrained operational environment (existing curfew and cap) with a growth of 0.8% p.a. It is considered that such a rate of growth has the potential to significantly jeopardise the health and well-being of the local community.

Consequently, Inner West Council strongly opposes any measures which would reduce Sydney Airport's existing curfew and aircraft movement cap because it would:

- result in increased noise impacts on the Inner West (and other nearby communities);
- require rezoning of land away from residential uses, in response to an extension of the airport's noise footprint, and so jeopardise the State Government's current population targets;
- potentially result in reduced property values in areas under the new noise footprint;
- jeopardise public health as a consequence of increased aircraft noise;

- place increased parking burden on adjacent areas as airport workers choose to park in nearby suburbs. With extended operating hours meaning that these impacts could exist throughout the day, including late night and early morning noise issues;
- have costs associated with the provision of additional late night/early morning train services.

Council requests that all reference to alerting Sydney Airport's curfew and cap be removed from the Draft Report.

Further, in proposing an extended airport curfew and cap, for economic reasons, it does not appear that the Study has considered increased:

- operational costs for public transport associated with extended airport hours;
- public health costs associated disrupted sleep, noise and emissions;
- costs associated with reduced land values in new areas to be affected by aircraft noise;
- costs, to the State Government, associated impacts on not being able to meet its population density targets as land is re-zoned away from residential to accommodate the airport's increased noise footprint;
- economic impact of extended operational hours of Sydney Airport on the viability of the future Western Sydney Airport.

Should any further examination of alterations to the airport's curfew and cap be carried out it is essential that the above economic factors be included in the assessment and that all adjacent Councils and Communities be comprehensively consulted.

Additionally, separate from the discussion of the airport's curfew and cap, Council requests that the Productivity Commission's final report recommend removal of station access fees at airport stations and current contractual agreements which restrict public transport services from competing with the *Airport Link* rail service.