



3 September 2018

Mr Paul Lindwall
Presiding Commissioner, Economic Regulation of Airports Review
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Via online portal

Dear Commissioner,

Productivity Commission Review: Economic Regulation of Airports

The Sydney Business Chamber (SBC) welcomes the opportunity to provide a submission to the Productivity Commission's Inquiry into the Economic Regulation of Airports.

The SBC is a leading advocate for Sydney as a competitive global city. A division of the NSW Business Chamber, SBC has offices in the Sydney CBD and Parramatta CBD and represents over 145 leading Sydney corporations. Our members include multinational corporations, 'iconic' Sydney brands and government agencies and include a broad cross-section of the Sydney economy including representatives of the aviation, infrastructure, property, retail, education, tourism, banking, business events, and sport and arts sectors.

SBC's main priority is to identify, develop and promote the major public policy issues that underpin or impede economic activity and growth in the Sydney economy. We advocate to reduce the barriers that threaten our global competitiveness.

Sydney Airport contributes over \$30 billion in economic activity and its activity helps to generate over 300,000 jobs.

A key criteria for a city to be designated a "global" city is the presence of a major international airport. Sydney Airport clearly meets that criteria. Sydney's case is further strengthened by the fact that the airport is just 8 kilometres from the CBD. It is a major economic asset that underpins our strength in the visitor economy and as a major freight gateway with half of Australia's air freight going via Sydney Airport. Demonstrably it plays a key role in Sydney's global connectivity.

The focus of the SBC submission to this Inquiry will be on:

- Landside access and transport linkages
- The 'regional ring fence'
- Other operating restrictions that impact on the economic performance of Sydney Airport

Landside access and transport linkages

As the Commission identified in its 2012 Review into the Economic Regulation of Airport Services¹ Sydney Airport, due to its proximity to the Sydney CBD, major port infrastructure of Port Botany and the volume of freight loads through its facility faces particular challenges in terms of landside access and transport linkages.

These are issues which Sydney Airport is intimately and actively engaged.

The Issues Paper identifies the issue of car parking and landside access as potential issues relating to market power. SBC contends that Sydney Airport's promotion and advocacy for public transport access to the airport is evidence of a company not seeking to misuse its market power but instead one looking to promote alternatives (including through pricing signals).

Sydney Airport actively advocates for improved public transport to the airport, including additional train and bus services to provide options for all airport users.

Since 2012 daily usage of rail services across the two airport stations has increased by 45%. The Airport welcomed the NSW Government's recent decision to increase the number of train services to Sydney Airport, in both the peak and off-peak times.

The SBCⁱⁱ and Sydney Airportⁱⁱⁱ have both publicly and consistently advocated for reductions in the station access fee to encourage greater utilisation of rail in accessing Sydney Airport (and to ensure it can compete effectively with other transport options).

SBC with Sydney Airport have also argued for changes to the NSW Government's agreement with the Airport Rail Link company to remove provisions that limit additional bus services to and from the airport, beyond the single route 400 service.

Sydney Airport's commitment to alternative transport access has further been demonstrated in its new masterplan development which has delivered increased facilities for bus, rideshare and cycling.

Regional Ring Fence

Although the Chamber strongly endorses the principle of the regional ring fence, which helps to ensure regional air access to Sydney, the complexity of the current arrangements could lead to perverse outcomes where the lack of flexibility of moving between interstate and regional air services, could lead to missed opportunities.

It would be appropriate for this issue to be discussed in more detail with airline operators to see how the current regional ring fence rules may be inhibiting airlines from looking to support regional air routes.

Other operating restrictions that impact on the economic performance of Sydney Airport

Whilst we note that the Issues Paper indicated it was not intending to examine regulations such as those related to noise, SBC contends that the regulations that restrict Sydney Airport operations, in a manner not experienced by any other Australian airport, has ramifications that impact the efficiency of the whole Australian economy.

SBC believes that the case is strong for a review of the operating restrictions on Sydney Airport and at the very least the Commission should convene a separate inquiry into the economic impact of the specific operating conditions of Sydney Airport.

Thank you once again for the opportunity to provide a submission to this review. If you have further queries in relation to this submission, please feel free to contact Mr Luke Aitken, Senior Manager Policy, NSW Business Chamber

Yours sincerely

The Hon. Patricia Forsythe
Executive Director
Sydney Business Chamber

ⁱ Productivity Commission 2012, *Economic Regulation of Airport Services*, Report no. 57, Canberra.

ⁱⁱ <https://www.parliament.nsw.gov.au/lcdocs/submissions/46070/0026%20Sydney%20Business%20Chamber.pdf>

ⁱⁱⁱ <https://www.parliament.nsw.gov.au/lcdocs/submissions/40499/0015%20Sydney%20Airport%20Corporation%20Limited.pdf>