

21<sup>st</sup> September 2011

Economic Regulation of Airport Services  
Productivity Commission  
GPO Box 1428  
CANBERRA ACT 2601

Dear Commissioners

**Re: Productivity Commission  
August 2011 Draft Report Economic Regulation of Airport Services**

We refer to the Productivity Commission's Draft Report, dated August 2011, concerning the Inquiry into the Economic Regulations of Airport Services.

Our organisation, Airport Link Company Pty Ltd (ALC), provided a submission to the Inquiry, dated the 5<sup>th</sup> April 2011.

We now also appreciate the invitation to provide comment on the August 2011 Draft Report, both in writing, and at the public hearing, in Melbourne on the 6<sup>th</sup> October 2011.

This letter details the subject matters which I will present at that public hearing.

**Sydney Airport Mode Share by Rail as Specified in the Draft Report**

ALC notes that the Draft Report records the mode share of the Sydney Airport Link (ie rail travel to and from Sydney Airport) as either 9% or 11%.

More particularly, the following comments are drafted:

*"The rail service to the airport carries only 11 per cent of airport users."*

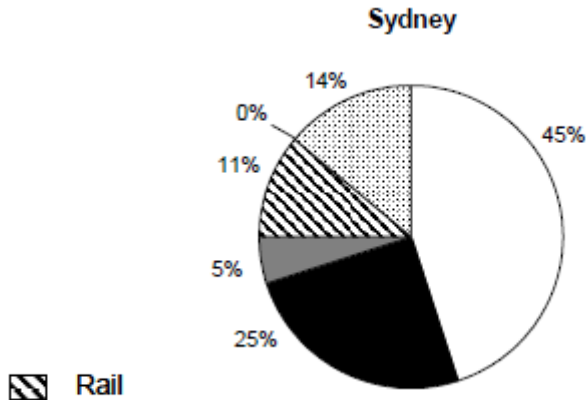
“In Sydney, 21 per cent of airport passengers make use of either the rail link (9 per cent), public buses (2 per cent) or private coaches/shuttle buses (10 per cent).”

Draft Report, Page 167

“Meanwhile, the passenger rail service to the airport carries only 11 per cent of airport users.”

Draft Report, page 267

The report also records the following pie graph, on page 14, specifying the rail component as 11%:



graph from Draft Report, page 14

And then also details the following table, on page 163, recording the rail component as 9%:

**Table 8.1 Transport mode share at selected capital city airports — all airport users (per cent)**

Airport	Private vehicle			Taxi	Rental car	Bus	Rail	Private coach
	kerbside	on-airport parking	off-airport parking					
Adelaide	na	16	na	27	5	4	-	2
Brisbane <sup>a</sup>	58	16	2	9	na	na	9	5
Melbourne <sup>b</sup>	35	27	15	14	na	9	-	-
Perth	46	35	1	12	4	2	-	-
Sydney <sup>c</sup>	17	22	na	33	6	2	9	10

table from Draft Report, page 163

## **Actual Mode Share by Rail for 2010/11**

To assist the Commission, ALC wish to clarify the exact Mode Share, as we conceive it to be.

During 2010/11, ALC reports that 4,945,106 people passed through the gates at Sydney Airport Domestic and Sydney Airport International Stations. During the same period, Sydney Airport reported 35,885,000 passengers.

This is a mode share proportion of 13.78%. In more recent months, during the first half of calendar year 2011, the mode share has risen above 14%. In fact, the latest recorded mode share result (for August 2011) was 14.26%.

## **ALC's Request**

ALC requests that the actual Mode Share amount of 14% be published in the final report. In particular, where references to 9% or 11% are presently used, these be changed to 14%. ALC also requests that the page 14 pie graph and table 8.1 on page 163, be amended.

ALC considers that the existing discrepancy between actual, and what is recorded in the Draft Report, is too wide. When reported in the Draft Report at 9%, this is 35% below actual, and when at 11%, it is 20% below actual patronage volumes.

This is pertinent when comparing the physical volumes of passengers between the actual and the Draft Reported mode shares. The differences are not insignificant; there is a notable contrast.

For example, based on the patronage at Sydney Airport, for 2010/11, the variances are as follows:

Actual Sydney Airport Passengers:	35,885,000
Actual Rail Passengers	4,945,106 (being an actual 13.78%)
Estimated Rail Passengers at 9%	3,229,650 (as recorded on pages 163, 167)
Estimated Rail Passengers at 11%	3,947,350 (as recorded on pgs XL, 14 & 267)

This indicates that the Draft Report, when detailing a 9% rail mode share, underestimates by 1,715,000 real-life annual passengers who are presently using rail services to or from Sydney Airport.

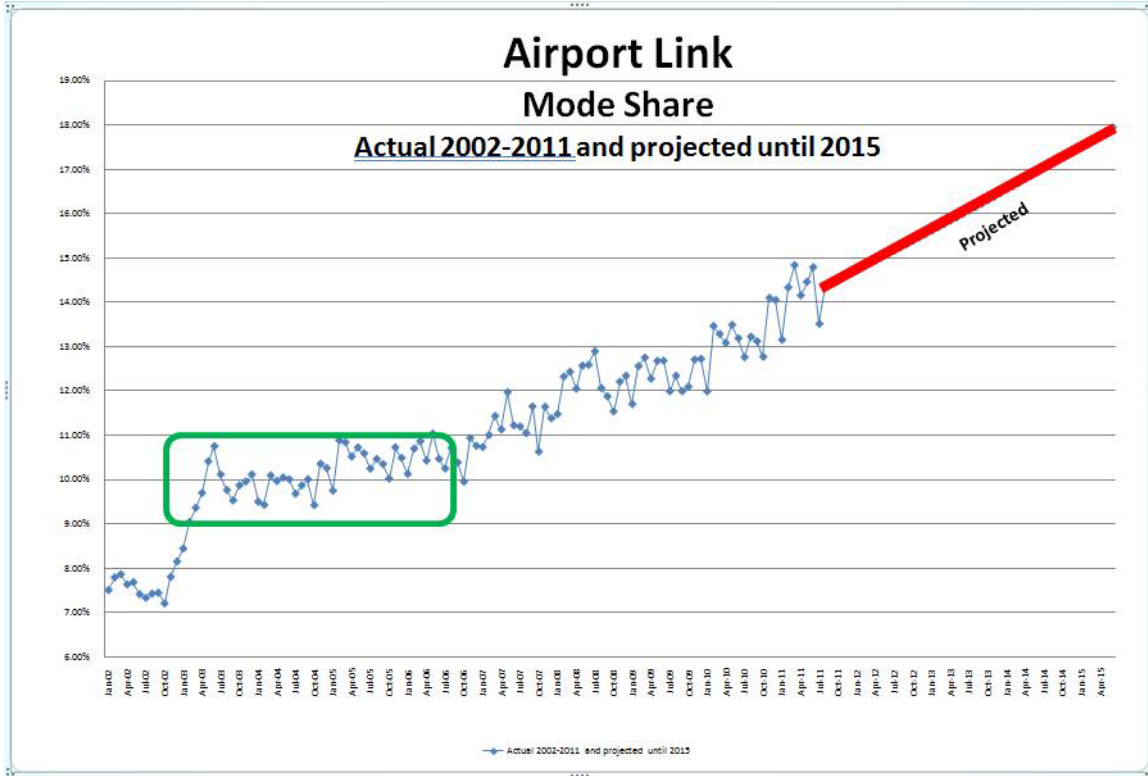
And then, when referring to an 11% mode share, the difference is an underestimate of 998,000 passengers.

## Mode Share Trend

As indicated, the mode share for 2010/11 was 13.78%.

But perhaps of more interest to the Commission, will be the actual and projected modal trend.

This line graph records the actual and projected monthly modal share, of rail to airport passengers:



The Blue Line details the actual results. The Green Box outlines the range of 9% - 11%, which is recorded in the Draft Report. The Red Line is the ongoing trend.

It can be identified that the growth is consistent, and constant, and on an upward trend. We anticipate that this could potentially result in a mode share of 17% to 18% by 2015; with fare reform, logically, much higher.

## Low Patronage or Underutilised?

In considering this existing patronage, and the factual indication of the ongoing modal share trends, as identified above, we ask that the Draft Report's application of the term "*low usage*", to describe Airport Link, be reconsidered.

The term "low usage" has been adopted to describe Airport Link on pages XL, 267 & 268.

ALC considers that the Airport Link's patronage is significant and continues to increase. Last financial year, airport train patronage increased by 13%. Over the past two financial years, by 24.7%.

And this year, during 2011/12, we anticipate that more than 5.4 million people will use train services, to or from Sydney Airport, being an average of 14,800 per day. In comparative terms, our two physically small underground Sydney Airport train stations annually accommodate more than the entire population of Sydney (or Melbourne).

As a single example, last Friday (the 16<sup>th</sup> September 2011) 17,434 people used train services to or from Sydney Airport. That is equivalent to 98 fully laden Airbus A320 aircraft, or 46 fully laden Boeing 747s.

So ALC considers that rail connections are well supporting Sydney Airport's present flight activities and there is no evidence of *low usage*.

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However, whilst ALC disagrees with the Draft Report's terminology of "*low usage*" to describe Airport Link, we would agree that rail use to Sydney Airport remains underutilised.

Since 2008, under our new ownership, ALC has revised and improved the marketing, service delivery, station infrastructure and general management of our airport stations. Activity has accordingly increased by almost 25% to nearly 5 million annual passengers.

This growth is continuing. We therefore hold the view that the infrastructure, and more generally - train travel to Sydney Airport, *remains underutilised*.

ALC requests that consideration be given to adopting this phrase in the final report.

We also accept that rail use to the airport may, in part, be underutilised at the present time due to the pricing structure.

In point of fact, ALC has recently publicly stated that it would be prepared to review this matter with the NSW State Government.

After more than ten years, perhaps it is appropriate that the original setting of the airport line arrangements be reviewed. ALC would participate in that discussion.

Also, we note that the Fare Reform in March 2011 at Mascot and Green Square stations resulted in a very significant uplift of additional passengers. It is possible that similar reform at the Airport Stations could achieve quite advantageous outcomes.

## **Conclusion**

We trust the observations as recorded in this letter, and as presented on the 6<sup>th</sup> October 2011, will assist the Commission's final inquiry report.

In particular, we are hopeful the Commission will adopt our mode share analysis of 14% and will favourably consider our comments regarding usage and utilisation of the Sydney Airport Link.

Yours sincerely

Tim Anderson  
Chief Executive