

27 April 2010



Mr James Cox
Acting Chairman and Chief Executive Officer
2010 Review of Taxi Fares
Independent Pricing and Regulatory Tribunal
PO Box Q290
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Dear Mr Cox

2010 Review of Taxi Fares in NSW

Sydney Airport is Australia's major gateway to the world. Servicing 44 airlines and with 45% of all Australia's international airline passengers arriving in Sydney, it is our nation's busiest airport. In 2009, Sydney Airport saw 33 million passengers pass through its terminals (an average of more than 90,000 per day). As detailed in the approved Sydney Airport Master Plan 2009¹, this is forecast to grow over the next 20 years to reach 78.9 million passengers in 2029 (an average of more than 216,000 per day).

Taxis are an important part of the ground transport arrangements that service Sydney Airport.

Background: Sydney Airport's role as a transport interchange

As the graph below shows, Sydney Airport handles more passengers than any of CityRail's busiest stations.²

Sydney Airport is therefore the busiest and most important transport interchange in NSW. Further, in addition to passengers, Sydney Airport hosts tens of thousands of meeters, greeters and farewellers each day.

Sydney Airport is an inter-modal transport interchange, and passengers use a variety of public and private transport options including train, taxis, bus and shuttle bus services, limousine services, rental cars, private coaches, airport and off-airport parking, and private vehicle pick-ups and drop-offs to travel to and from the airport. Further, a total of 16,000 airport workers are estimated to be employed within the airport site, with a maximum daily population of 12,000. These workers also use a variety of transport options to travel to and from work.

¹ Sydney Airport, *Master Plan 2009*, 2009

² Based on 2009 data provided to Sydney Airport by CityRail via private communication on 22 March 2010.

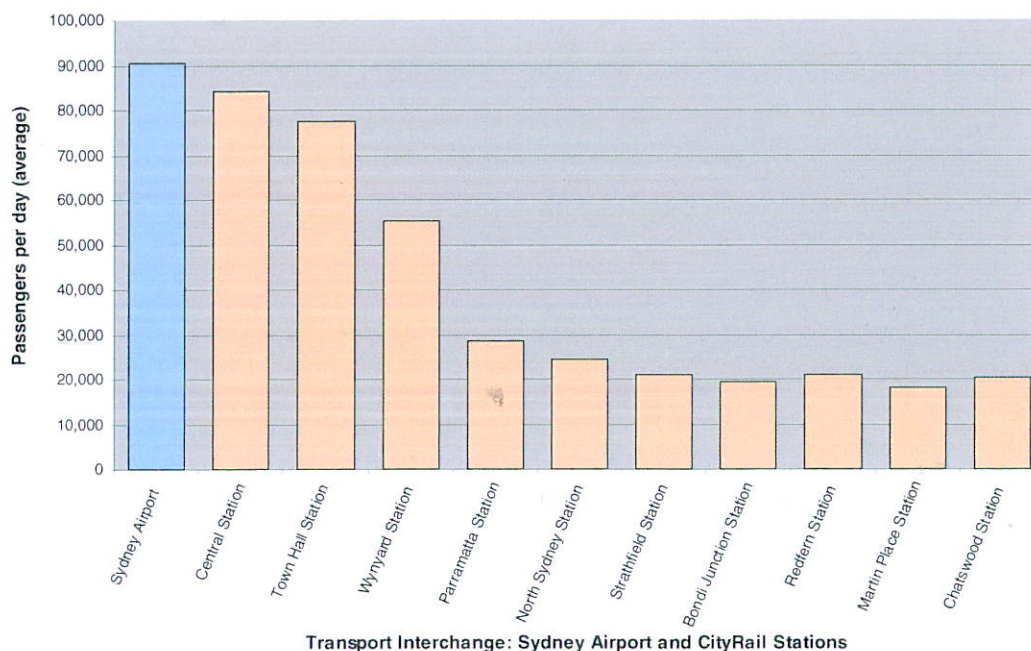
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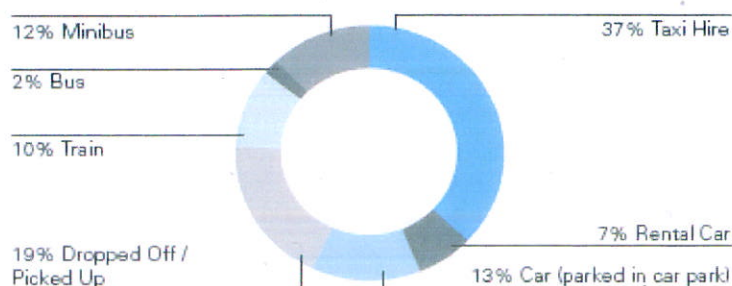


Major Transport Interchanges in Sydney: Passenger throughput in 2009



Sydney Airport's Airport Ground Travel Plan (AGTP)³, demonstrates that taxis are a very important transport mode for Sydney Airport with more than one in three passengers using taxis to travel to and from the airport.

Passenger Mode Split



Review of fares and consideration of flat fares

The provision of safe, efficient and affordable taxi services is obviously important for the successful operation of the airport.

³ Sydney Airport. *Airport Ground Travel Plan*, 2006.



Sydney Airport does not, however, have a view on the price to be paid for a taxi trip beyond assuring that it is a reasonable and affordable transport option for passengers.

Sydney Airport's main concern is that taxis are readily available to passengers when they are required and is concerned that if a flat fare were introduced at a level that meant drivers could earn a higher income on trips that were not subject to flat fare regulation, then this may lead to the unintended consequence of passengers not having access to taxis.

Given the importance of taxis to the ground transport task, then this would obviously have a very serious impact on passengers travelling to and from the airport.

Other concerns about the flat fare proposal that would need to be addressed relate to how the proposal would actually be implemented on the busy taxi ranks at Sydney Airport. Loading the taxis at the rank needs to proceed without any confusion and hesitation. Any confusion on the ranks leads to delays and inconvenience to passengers. Many passengers do not travel to the CBD and both drivers and passengers would need to be aware of the operation of any flat fare scheme.

Sydney Airport already operates an effective "short fare" registration system to ensure that drivers will accept a short fare from Sydney Airport (say to Mascot or Marrickville) and are not disadvantaged for doing so. Implementing a similar system for CBD fares would not be workable and therefore the acceptance of any flat fare proposal by the drivers themselves seems to be an essential requirement for any scheme to succeed. Attempting to impose a flat fare system that economically disadvantages drivers, or that drivers think disadvantages them, is likely to lead to practical and operational difficulties at the ranks and Sydney Airport would be very concerned at the prospect of such impacts.

Available information on passengers being overcharged

Sydney Airport is not aware of a significant problem relating to taxi drivers overcharging or taking passengers by indirect routes and receives only a very small number of complaints from passengers about taxi services. In terms of misconduct by professional drivers, Sydney Airport is aware of two problem areas:

- Touting: touting is undertaken by some hire car (ie limousine not taxi) and shuttle bus drivers at Sydney Airport. Touting contravenes the provisions of the *Passenger Transport Regulation 2007* and exposes passengers to overcharging by unscrupulous drivers. It also disrupts the efficient and orderly management of ground transport movements and often disregards traffic safety concerns.

Sydney Airport supports the enforcement action taken by NSW Transport against touters and will continue to work with NSW Transport to eliminate the practice.



Hire car and shuttle bus drivers are accredited by the NSW Government and Sydney Airport is concerned that touting does not lead to an automatic cancellation of the driver's accreditation. On the contrary, drivers who tout and are fined for doing so can continue to operate in the industry. Sydney Airport's view is that the practice of touting could be easily eliminated if a touting offence was held to be evidence of a driver not being a fit and proper person to hold accreditation as a hire car or shuttle bus driver and led to the automatic cancellation of the driver's ability to operate a passenger vehicle.

- Return tickets on shuttle buses: there have been a small number of complaints from passengers that shuttle bus operators who sell return tickets do not then provide the agreed return transport service. Passengers are obviously disadvantaged by this failure, and must make late and stressful alternative arrangements to travel to the airport. In the process passengers are disadvantaged financially as they do not receive the travel service that they had (pre-) paid for. This particularly impacts on departing international passengers whose ability to resolve the matter is disadvantaged as their departure from Australia is due to occur on the day that the matter arises.

Sydney Airport is only aware of a small number of such complaints, and is not aware of a widespread problem within the shuttle bus industry regarding the dishonouring of return tickets. Nonetheless, it is a disturbing practice and attention needs to be paid to it to ensure that it does not become a more prevalent feature of Sydney's transport industry.

Improving Public Transport

If the aim of the flat taxi fare proposal is to improve travel services for passengers, then Sydney Airport would like to suggest some additional options for consideration.

The Airport Ground Travel Plan aims to identify and target specific opportunities to promote non-car modes of access to and from Sydney Airport, and to encourage a shift to more sustainable transport modes. In line with this commitment, Sydney Airport believes that there are a range of initiatives that the NSW Government could take to improve the transport options available to people who wish to travel to and from Sydney Airport.

Improving Rail Services

People traveling by train to or from Sydney Airport, Mascot or Green Square are being heavily penalized compared to other rail passengers on the CityRail network. The 'station access fee' means the fare they pay is up to four times higher than the normal CityRail fare.

Sydney Airport recently commissioned Booz & Company to analyse the impact that removing the station access fee would have on the number of passengers using the four Airport Link rail stations. Booz & Company is expertly qualified to undertake this research having previously been engaged by the NSW IPART as part of its review of City Rail fares.



The Booz & Company Report identified that it is actually cheaper to travel 119 kilometres from Central to Kiama (fare \$13.60) than it is to travel the mere 6.7 kilometres from Central to the Domestic Airport (fare \$15.00). The key finding of the Booz & Company Report is that removing the station access fee would result in an immediate increase of 1.5 million rail journeys per year:

- 1.1 million additional journeys for Sydney Airport's Domestic and International Airport Stations, equivalent to an increase of 26%;
- 400,000 additional journeys for Green Square and Mascot stations, equivalent to an estimated increase of about 17%.⁴

Increases in rail patronage of this magnitude, which could be achieved almost overnight, would make a significant contribution to easing traffic congestion across the region, as well as make public transport more affordable.

Improving Bus Services

It is estimated that 11.4% of all trips by residents in the East subregion of Sydney⁵ and 6% of all trips by residents of the Sydney Statistical Division are made by bus.⁶ This compares to only around 2% of airline passengers and 7% of airport employees who access Sydney Airport by bus.⁷

The reason so few people travel to and from Sydney Airport by bus is very obvious: only one solitary bus route (Route 400) stops at the airport's passenger terminals. The provision of one bus service for Sydney Airport, which serves more passengers than any CityRail station, compares with 28 bus services provided for Bondi Junction, 22 for Burwood, 25 for Bankstown and 14 for Kogarah.

Sydney Airport has therefore sought the early introduction of additional bus routes to and from Sydney Airport's passenger terminals. As with fare reform for the users of Airport Link stations, additional bus routes and services would help to reduce traffic congestion and provide more choice for passengers and airport workers.

Disappointingly, it was recently announced that new Metrobus 30 service from Sydney's north shore to the inner west will terminate at Sydenham, rather than travel less than two kilometres further to serve the tens of thousands of people using or working at Sydney Airport. This inexplicable decision repeats previous decisions such as:

- having the Route 410 from Rockdale to Bondi Junction bypass Sydney Airport's terminals making it ineffective for most users of Sydney Airport;

⁴ Booz and Company, *Impact of Fare Reform on the Sydney Airport Rail Link*, 2010 available from: www.sydneyairport.com

⁵ NSW Department of Planning, *East Subregion: Draft subregional strategy*, July 2007, page 71. The east subregion comprises the Botany Bay, Randwick, Waverley and Woollahra local government areas.

⁶ Transport Data Centre, *Household Travel Survey: Summary Report*, 2006, page 10.

⁷ Sydney Airport, *Airport Ground Travel Plan*, 2006, pages 10 and 11.

- terminating the Metrobus 20 service at Mascot, rather than travel less than two kilometres further to serve users of Sydney Airport.



Sydney Airport looks forward to working with Sydney Buses to improve the provision of public transport services to and from Sydney Airport.

If further information is required, the contact officer for this submission is Michael Samaras, Manager Media and Communications, on 9667 6470.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Russell Balding', with a long, sweeping horizontal line extending to the right.

Russell Balding AO
Chief Executive Officer