File Ref:

25 March 2019

Airport Regulation Inquiry
Productivity Commission
Locked Bag 2
Collins St East Vic 8003

Dear Commissioners,

RE: Economic Regulation of Airports Draft Report

The Sutherland Shire Local Government Area (LGA) is situated at the southern periphery of the Sydney Metropolitan Area, approximately 14km from Sydney Kingsford Smith Airport (KSA) and has a population of 218, 500 people. Its close proximity to Sydney KSA results in the community, notably at Kurnell, Cronulla and Bundeena being adversely exposed to aircraft noise from aircraft that arrive and depart the airports two parallel southern runways. Whilst noise pollution in these suburbs is the most acute, many other suburbs in the Shire are affected by aircraft flying at low altitudes on approach and departure paths.

In recent years the impact from aircraft noise has become increasingly more difficult for the community to avoid as the flexibility in air traffic movement across Sydney rapidly diminishes under the strains of an insatiable growth in air travel demand.

It is in this context and the objectives of Productivity Commission's Terms of Reference –

- Appropriate economic regulation of airport services
- Minimising unnecessary compliance costs
- Whether the existing arrangements for the planning and operation of land transport linkages to the airports are effective
- The provision and quality of land transport facilities providing access to the airport

that the following comments on the Economic Regulation of Airports (ERA) Draft Report are made.

Sydney KSA Urban Context and Externality Costs

In response to strong community concern and protests regarding aircraft noise during the planning and development of the Third Runway in 1994, regulations were enacted by the Federal Government to minimise the adverse health and amenity impacts arising from aircraft noise, these are the

- Long Term Operating Plan (LTOP)
- The Sydney Airport Demand Management Act 1997
- Sydney Airport Curfew Act 1995

These regulations play a vital role in effectively managing aircraft movement and noise across the Sydney Metropolitan area by distributing aircraft movements (noise sharing), limiting the number of aircraft movements per hour and minimising sleep disturbance.

The Productivity Commission's view that, " the objective of managing the effect of aircraft noise on local residents should be balanced with reforms that benefit the community at large" is considered to greatly under estimate the cost of noise and emissions pollution on the economy especially with respect to its broad impact on community health and general productivity.

Sydney KSA's has historically been enveloped by the growth and expansion of the Sydney Metropolitan area which results in air craft noise impacts of some level being difficult to avoid. N70 contour maps (where exposure to air craft noise events are above 70dBA) shows that the extent of this impact in Sydney extends across a major proportion of Sydney's LGAs from Ryde to the North, Georges River to the West, Eastern Suburbs to the East and Sutherland Shire to the South.

The externality costs associated with aircraft noise and emissions cannot be ignored and must be included in any economic assessment of Sydney KSA. Sydney's densely populated urban areas are continuing to grow rapidly and at the very least, many of these areas will have a moderate impact on the amenity and health and well-being of the community.

As an indicative appreciation of the externality cost, the European Union in 2006 estimated for large airports situated in populated areas that the environmental cost to be in the order of $2,250 to $3,300 per landing. In Sydney on average, around 162 aircraft movements occur daily.

In 2015 an examination of long term exposure to aircraft emissions and premature death by the European Union wa estimated to be $33 billion globally.

- **Aircraft Movement Cap, disruptions and increase in aircraft noise exposure**

The Federal Senate Select Committee report Falling on Deaf Ears (1995) shows that exposure to noise levels over 54dBA can already start to trigger adverse health impacts in populations, these impacts include:

- Cardiovascular disease – Acute Myocardial Infarction Hypertension HT,
- Sleep Disturbance,
- Annoyance and impaired learning among children.

These finding are supported by a wealth of medical literature on the issue.

Because aircraft noise can be heard as the plane approaches and departs over a point location, the noise experienced by a resident under a flight path will become more constant as air traffic increases.

The ERA Draft Report notes that the operational capacity of Sydney KSA "could be well above 90 movements per hour for particular schedules" (pg 231). While this an optimal level, the ability to noise share in accordance with the aims of LTOP diminishes significantly at 80 movement per hour. At 80 movements per hour the ability to use a combination of runway modes to more widely distribute the noise impact across Sydney cannot be implemented due to the need to use the parallel runways.

Where 'noise sharing' modes operate optimally is around 60 movements per hour. At 60 to 70 aircraft movements per hour the airport has sufficient capacity to best address and manage circumstances that may lead to delays and scheduling of aircraft movements caused by unforeseen circumstances. If the current aircraft movement cap of 80 movements per hour

were to be lifted or increased, the ability to cater for system pressures will be significantly compromised.

The impact from aircraft noise exposure becomes more acute in the evenings when background noise levels are lower. While aircraft may be getting quieter they are still noisy and will remain so for some time yet. The US Federal Aviation Administration (2018) shows that the certified noise levels of most aircraft ranges from around 65 dBA to 95dBA.
The proposition on pg 231 that suggests that the current night time curfew on aircraft movements should be lifted on the grounds of economic efficiency and the national economy should not be supported due to its adverse health impacts on the community.

A change from 15 minute rolling hour to one that measures air movements on an hourly, daily or even weekly basis may have the consequence of clustering / concentrating aircraft movements. While a relaxation in these regulations may allow for greater flexibility, it could prove to be a less effective means of managing the available system capacity, generate greater uncertainty in managing aircraft movements and be counterproductive to the efficient operation of the airport.

The Productivity Commission (pg 211) reflects the concerns made by the aviation industry and peak business organisation about the current management of aircraft movement in Sydney which when disruptions occur, can generate significant cost to the aviation industry and increase aircraft noise events.

It is understood that while events can occur that lead to major system disruptions and congestion from time to time, they are likely to be very minor in proportion to the annual total number of aircraft movements. When an event occurs and requires aircraft to be placed in a holding pattern, current aircraft traffic management processes ensure they are done so over the ocean or land, which ranges from 83km to 222km from Sydney, thereby minimising any adverse noise impacts on the community.

Transport Access and Station Access Fee

Sydney KSA and surrounding aviation industries are a major employment destination for the Sutherland Shire's workforce with around 34% of employees travelling from the Sutherland – St George area.

In 2013 the Sydney Airport Ground Transport Plan shows that approximately 29% of people that travel to Sydney KSA choose to park there, 15% drop off a passenger(s), 11% travel by train and 25% by taxi; (it is of note that the recent Sydney Airport Master Plan 2033 shows rail mode share has increased to 15%).

Sydney Airport typically generates around 3.2 million vehicle movements each month (Sydney Airport Annual Report 2018) and with Airport forecasts pointing to an increase in passenger numbers by 51% to around 66 million in the next 20 years it clearly supports the need to examine ways in which motor vehicle mode share could be reduced.

Typically around 33,000 passengers pass through the domestic and international stations on a busy day (SMH 2018). While the number of people choosing to travel to the airport by rail has increased by 42% since 2012, a major barrier to achieving greater mode share is the imposition of the Airport Railway Station Access Fee. Currently passengers who access the International and Domestic Airport Railway stations incur a fee of $14.30 for adults and $12.80 for children, concessions and pensioners. In comparison, trips undertaken by train elsewhere in Sydney that are less than 3km are $2.20 and 3-8km $3.66.

A report by Booz & Allen commissioned by Sydney Airport has estimated that an initial uplift in rail patronage of 35% could be achieved, if the Station Access Fee was removed – this would

be comparable to other international airports that have a mode share to rail of around 40%. The Station Access Fee is highly likely to remain until 2030 when ownership of the stations reverts to the NSW State Government.

In the interim there may be a potential to encourage greater travel to Sydney KSA by rail, by subsidising the Station Access Fee though the imposition of a car parking and motor vehicle access levy.

While airport operators have "said that their ability to increase car parking prices has been constrained by the existence of substitutes" (pg 186) the high demand for car parking spaces is likely to continue.

Conclusion

The Commission notes in its report that the "Regulatory constraints at Sydney Airport, including the cap, curfew and slot management scheme, restrict the effect of aircraft noise on residents but come at the expense of broader airport efficiency [and flow on affects to other airports]..a sentiment that has been echoed by many participants", (pg 230).

In this submission it has been shown that the regulations that have been imposed on Sydney KSA are operating successfully to mitigate the externality costs associated with aircraft noise and emissions. As air travel demand increases and movement cap thresholds are placed under increasing pressure for longer periods of time the flexibility of the system to easily adjust to disruptive events becomes more problematic. The cost of these events and operational constraints according to the aviation industry is considerable but so too is the cost to the hundreds of thousands of people that live under the flight paths and must daily endure long periods of time adversely affected by aircraft activity. The costs to their health, well-being, amenity, declining property values etc must also be properly taken into account in any economic evaluation of regulatory options.

Nationally the cost of motor vehicle traffic congestion to the economy is projected to rise to $37.3 billion by 2030 without major policy changes (ABC 2018); the way we choose to travel in the future will have a significant bearing on this outcome. Increasing growth in aviation activity will also exert greater pressure on accessing Sydney KSA.

While major road projects to the airport such as the Sydney Gateway and within the airport precinct are being constructed to accommodate future traffic demand little has been done to shift mode share to rail and help reduce traffic congestion. The Airport Station Access Fee continues to be a major impediment to mode shift to rail but an opportunity exists to explore the imposition of a levy on car parking at the airport to subsidise the cost of rail travel to the airport until the ownership of the Stations revert to the NSW State Government in 2030.

We thank you for the opportunity to comment on the Productivity Commission's Economic Regulation of Airports Draft Report. Please note that due to reporting cycles this submission is yet to be revised and endorsed by Council. Once such endorsement is received we will contact you and confirm the contents of this submission. If you have any queries regarding the above please do not hesitate to contact Ingo Koernicke (Senior Environmental Scientist)

Yours sincerely,

Ian Drinnan
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Environmental Science Unit