



TTF
AUSTRALIA
Tourism & Transport Forum

Tourism & Transport Forum (TTF)
Productivity Commission Inquiry

Economic Regulation
of Airport Services

April 2011





Tourism & Transport Forum (TTF) is a national, Member-funded CEO forum, advocating the public policy interests of the 200 most prestigious corporations and institutions in the Australian tourism, transport, aviation & investment sectors.

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INTRODUCTION

The Tourism and Transport Forum (TTF) is a national, member-funded CEO forum, advocating the public policy interests of the top 200 corporations and institutions in the Australian transport, property, tourism & infrastructure sectors.

TTF is also the only national multi-modal transport advocacy group in Australia and is committed to improving the quality of aviation services and passenger transport across the country.

TTF represents all Australian capital city airports as well as Alice Springs, Bankstown, Cairns, Gold Coast, Mackay, Mount Isa, Newcastle and Townsville airports. TTF also represents Air New Zealand, Emirates, Etihad Airways, Jetstar Airways, Qantas Airways, Singapore Airlines, United Airlines, Virgin Blue, Boeing, Airservices Australia, Fintrax Payment Services, AWPL Retail Solutions, and key industry players across the land transport, accommodation, attractions, major events and nature-based tourism sectors.

TTF acknowledges the extensive consultation undertaken by the Productivity Commission during this review process and welcomes the opportunity to participate in this inquiry. Furthermore, TTF is happy to provide any further assistance to the Commission at any point during the inquiry period.

Given the structure of TTF's membership, a wide range of conflicting views exist between airports, airlines and other TTF members regarding the economic regulation of airport services. This places a practical restriction on the range of issues within the scope of the current inquiry on which TTF will address in this submission. For those issues not addressed, we direct the Commission to individual submissions and ask they be given full consideration in their own right.

While TTF did not provide a submission to the Productivity Commission Inquiry in 2006, the broader scope of the current inquiry ensures TTF is in a position to discuss specific issues where there is consensus between all members.

TTF continues to ensure that passengers have genuine land transport choices that meet their needs by encouraging the integration of air and ground transport services, improvements to major city land use planning and infrastructure development and the championing of innovative infrastructure funding solutions. TTF strongly believes these issues are critical to improving the passenger experience of business and leisure travellers around Australia.

OVERVIEW

The *Productivity Commission Issue Paper on the Economic Regulation of Airport Services* outlines a number of issues on which it wishes to receive information and comment. Although not explicitly required to do so, this submission will address a number of specific questions raised within the paper, as well as making broader comments about the issues addressed.

RECOMMENDATIONS

Land transport access to Australian airports

1. That greater planning and resources from all levels of government will be required for land transport access to Australian airports if they are to fulfil their potential as economic drivers of the economies of our major cities.
2. That greater cooperation and coordination of planning and funding between state and federal governments is required in this area.
3. TTF supports the recent changes to the *Airports Act 1996* requiring airport master plans to feature detailed land transport plans, but calls for the Commission to recommend a cultural change within state governments to respond more appropriately to the economic importance of land transport access to airports.
4. That selected land transport projects to airports should be prioritised for joint Commonwealth/State funding through Infrastructure Australia.
5. That land transport access to airports be at the forefront of the Council of Australian Governments' major cities planning reform agenda.
6. That the Commission supports recent changes to the *Airports Act 1996* regarding non-aeronautical development on airports and recognises that airport non-aeronautical activities are normally closely aligned to aeronautical functions.
7. That the Commission recognises that many non-aeronautical activities, such as car parking and rental car industry facilities, directly provide land transport access to airports.
8. That the Commission uses the wealth of analysis in the attached Booz and Co. report on land transport access to Australia's airports. TTF recommends that in considering land transport access issues, the Commission looks beyond the five price and service monitored airports to consider all 12 airports reviewed in the report.
9. That the Commission considers the community benefit of the included list of priority short, medium and long-term land transport access projects identified. For example, land transport projects identified in the Booz and Co. report as priorities for the next three years (the short-term) for the five monitored airports are:
 - a. For Sydney Airport:
 - i. State government delivers M5 East expansion
 - ii. State government delivers M4 extension, to also benefit Port Botany
 - iii. State government delivers fare reform of the Airport Link rail service to the airport
 - iv. State government delivers new bus services to the airport

- v. State government delivers designation of high vehicle occupancy lanes on key approach roads
 - vi. Sydney Airport to explore options for encourage employee car pooling
 - vii. State government plans for a link from the M4 to the M5
 - b. For Melbourne Airport:
 - i. State government to revise public transport options available for commuters from western and northern satellite suburbs including Met Bus services 478 and 479
 - ii. State government to address provision of bus services to the airport:
 - 1. from the Metropolitan Ring Road/Eltham corridor
 - 2. on Sunday afternoon from across Melbourne
 - 3. Shepparton on weekends
 - 4. Country Victoria beyond the major regional cities
 - c. For Brisbane Airport:
 - i. Construction by the airport (that is currently underway) of:
 - 1. new roads for the drop-off and pick-up areas
 - 2. a new 5,200-bay multi-level car park
 - 3. roll-out of public transport and cycle networks within the airport
 - d. For Perth Airport:
 - i. State government addresses network planning of bus services to the airport
 - ii. State government provides bus service to the international terminal
 - iii. State government addresses the limited supply of taxis in peak periods
 - iv. State government with Perth Airport addresses the congested traffic conditions at the single access road to the General Aviation precinct.
 - v. State government integrates express bus route planning with the Great Eastern Highway widening project to ensure adequate bus priority and carriageway space is provided
 - vi. Main Roads WA to assist Perth Airport to design and construct a left in slip lane on Tonkin Highway and a right turn entry to Tonkin Highway with a new signalised intersection.
 - e. For Adelaide Airport:
 - i. State government to increase provision of taxi licensing to better manage availability of taxi services at the Airport
10. Land transport projects identified in the Booz and Co. report as priorities for the period from 2014 to 2020 (the medium-term) are:
- a. For Sydney Airport:
 - i. State government acquires the Sydney Airport Link (the rail line)
 - ii. State government facilitates an increase in rail patronage by:
 - 1. increasing frequency and hours of operation
 - 2. improving accessibility between the airport stations and arrival halls and within Central Station to the airport line platforms
 - 3. providing an interchange shuttle bus service from Sydenham Station
 - 4. introducing dedicated rolling stock to make the trip more passenger friendly (including luggage facilities)
 - 5. integrate remote check-in facilities to improve passenger amenity
 - iii. State government delivers the cycleway from the north of the airport to Maroubra

- iv. Sydney Airport to link the Northern and South Eastern sectors of the airport to Port Botany Bay cycling trail and provide adequate staff access to shower facilities, lockers and secure cycle parking at the airport.
 - b. For Melbourne Airport
 - i. State government to widen the Tullamarine Freeway for designated bus lanes, to improve the reliability and efficiency of both the Skybus and taxi services.
 - ii. State government to deliver a heavy rail link to Melbourne Airport
 - c. For Brisbane Airport:
 - i. Brisbane City Council to improve the capacity of external access roads, in particular Kingsford Smith Drive
 - ii. State government agencies to improve the provision of public bus services to areas not serviced by Airtrain, and extension of bus services to Terminals
 - iii. Airport to continue the roll-out of its cycle network, providing connections across the airport
 - d. For Perth Airport:
 - i. Perth Airport to construct additional long term car parking facilities
 - e. For Adelaide Airport:
 - i. State government to upgrade Sir Donald Bradman Drive by adjustment of signalised timing and grade separation with South Road, to improve traffic flow between the airport and CBD.
 - ii. Adelaide Airport to construct efficient vehicle parking facilities to accommodate the full range of vehicles likely to access the airport
 - iii. State government to address the safety and security issues of the current single entry and exit point of Adelaide Airport
11. Land transport projects identified in the Booz and Co. report as priorities for the 2020 to 2030 (the long term) are:
- a. For Sydney and Melbourne Airport no long term project priorities were identified
 - b. For Brisbane Airport:
 - i. State government to create additional capacity on Gateway Arterial as a key access road to the airport
 - ii. State government to develop a third heavy rail station to service the Airport Brisbane 1 Village
 - c. For Perth Airport:
 - i. State government to upgrade the Leach Highway, Tonkin Highway and airport link road a full freeway to freeway interchange as the primary access into the planned Perth Airport consolidated terminals via SugarBird Lady Road
 - ii. State government to upgrade the Horrie Miller Drive, Tonkin Highway and Kewdale Road intersection to a grade separated diamond interchange
 - iii. State government to widen Tonkin Highway to six lanes between the Great Eastern Highway Bypass and Roe Highway
 - iv. State government to upgrade the Roe Highway and Tonkin Highway to a full freeway interchange

- d. For Adelaide Airport:
 - i. State government to extend light rail to Adelaide Airport
 - ii. State government in conjunction with the airport to provide bike and pedestrian paths along key road frontages to the airport

LAND TRANSPORT ACCESS TO AUSTRALIAN AIRPORTS

Aviation delivers billions of dollars in economic benefit to Australia every year, supporting hundreds of thousands of jobs across the country. Indeed, the economic value of our six biggest airports is estimated at \$25 billion annually – almost 2 per cent of Australian GDP. As hubs for domestic and international travel and freight, our airports are essential pieces of economic infrastructure, driving investment and employment at a local, state and national level.

Over the ten years to 2009/10, the number of passenger movements at the top ten Australian airports grew almost four times faster than the Australian population, however, investment in land transport links to our airports has not kept pace with the burgeoning demand.

Extensive research commissioned by TTF in 2011 establishes that existing arrangements for the planning and operation of land transport linkages to the airports are ineffective.

Aviation's economic contribution and growth has not been matched by development of land transport access to our airports.

The key problem in Australia is a lack of integrated planning, with airports a Commonwealth responsibility and urban transport the domain of state/territory governments. In the past there was a perception that public investment in transport links to airports supported aviation commercial interests, but now there is recognition of airports as key city and state economic drivers.

The rise of low cost carriers has also meant many more price sensitive consumers when it comes to accessing major airports. Unfortunately, the lack of long-term, sustained investment in transport services to airports means that, in many cases, air passengers are left with little choice but to use a private vehicle to access the airport.

In fact, almost 60 per cent of air passengers nationally travel to the airport by private vehicle. A number of factors influence this decision, including the supply, range and quality of parking facilities and the price and availability of alternative transport. On average, taxis are the second most popular mode of transport to our airports, adding further demand for road capacity.

While the challenge of integrated planning is common to Australian airports, they vary in the nature of the priority developments that would improve their land transport access.

Sydney and Brisbane Airports are both served by rail links, however patronage on these links remains relatively low, hampered by factors including inadequate provision of luggage space and low frequency. In both cases, the higher ticket prices are influenced by the station access fee which represents another disincentive to use, especially if two or more people are travelling.

Research from Booz and Co. allowed development of the following review of service quality comparisons for land transport access to selected Australian and overseas airports:

Figure 5
Best practice public transport access to airports

SERVICE QUALITIES							
Country/ Region	Airport	High Frequency Timetables (≤ 15 min headways)	Extra Luggage Provision	Direct Access to City Centre	Strong Branding	Journey Time Advantages	~PT Mode Share
United Kingdom	Heathrow	●	●	●	●	●	38 per cent
	Gatwick	●	●	●	●	●	36 per cent
	Stansted	●	●	●	●	●	47 per cent
Europe	Oslo	●	●	●	●	●	62 per cent
	Geneva	●	●	●	●	●	45 per cent
Asia	Hong Kong	●	●	●	●	●	60 per cent
	Tokyo	●	●	●	●	●	60 per cent
Australia	Sydney	●	●	●	●	●	11 per cent*
	Melbourne	●	●	●	●	●	14 per cent
	Brisbane	●	●	●	●	●	5 per cent

● Meets Service Quality Level
● Service Quality Level Occasionally Met
● Does not meet Service Level

Source: Booz & Company based on Heathrow Civil Aviation Authority Passenger Survey Report. Note: * mode share refers only to Sydney Airport Link.

Over the next 20 years, official forecasts indicate passenger movements at capital city airports alone will grow from 100 million to 235 million per year. As that growth continues, airports will increase in importance as transport hubs and economic assets. While airports are making significant investments to deal with the higher demand for aviation services, the importance of enhancing land transport access to cope with that demand is becoming ever more obvious.

It's also vital to remember that the expected rise in passenger numbers will see the number of people working at airports continue to increase. Add to that the concomitant growth in ancillary industries at and near airports and the land transport challenges become even greater.

Airports around Australia have and continue to provide strong support for private vehicle transport with significant on-site parking. This, in part, reflects the Australian preference for private car transport over public transport built around dispersed cities, but also reflects a failure by state governments to develop sufficient and appropriate public transport to our airports. All airports face keen demand for space close to terminal buildings. Short-stay car parking competes with a range of other uses for near terminal land including: bus access and layovers, taxi access and layovers, rental cars, and hotels. The rapid growth of passenger flows has increased pressure on this premium on-airport space, in a number of cases encouraging development of more expensive infrastructure to provide high rise parking facilities.

The respective location of our major airports near key arterial roads is another factor that must be considered. These roads carry considerable amounts of commuter traffic to and from the CBD and demand for road space will become even greater as our cities continue to grow. Combining the increase in commuter movements with the expected rise in airport traffic, it's apparent the current reliance on private vehicles as the primary mode of travel to the airport will simply be unsustainable.

These issues prompted TTF to commission Booz and Co to produce a paper entitled, *Accessing Our Airports – integrating city transport planning with growing air services demand*. Produced in

consultation with TTF's Airport Infrastructure Panel, the report looks at the transport challenges facing 12 major airports around Australia and identifies short, medium and long-term priority projects for improving land transport access to them.

In addition to recommending specific fixes for each airport, it also recommends:

1. Greater planning and resources from governments if Australian airports are to fulfil their potential as economic drivers of the economies of our major cities;
2. Greater cooperation and coordination between state and federal governments in this area;
3. Selected land transport projects to airports should be prioritised for joint funding through Infrastructure Australia; and
4. Airport access to be at the forefront of the Council of Australian Governments' major cities planning reform agenda.

The Booz and Co. report is attached to this submission and we welcome the Commission using the wealth of analysis it contains of the issues for land transport access to Australia's airports.

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