Hedland Schultz

Sydney Airport

Inquiry Into commercial regional aviation services in Australia and transport links to major populated islands.
Supplementary Submission

Sydney Airport Corporation Ltd's (SACL's) formal submission to the House of Representatives Standing Committee on Transport and Regional Services Inquiry into commercial regional aviation services in Australia and transport links to major populated islands dealt primarily with the cost of accessing Sydney Airport's aeronautical services.

At the time of writing, the structure of the domestic and regional aviation sector was particularly uncertain. In addition, SACL's development of the Sydney Airport Master Plan was still at a very preliminary stage.

It is therefore appropriate to provide an update to the Committee regarding the development of SACL's Master Plan and the continuing access by regional airlines to Sydney Airport throughout the 20-year planning horizon.

PRICING PROTECTIONS

SACL's earlier submission makes clear that charges at Sydney Airport are significantly below those of NSW regional airports, and have remained at these very low levels while charges for domestic and international operations have increased significantly.

The Committee should also be aware that the Federal Government has accepted the Productivity Commission's recommendation in relation to light-handed regulation of airport pricing.

This means the core regulated (capital city) airports are no longer subject to formal price regulation and price caps, but continue to be subject to price monitoring by the Australian Competition and Consumer Commission.

In relation to Sydney specifically, the Deputy Prime Minister and Minister for Transport and Regional Services has directed that regional airline charges should not increase by more than the Consumer Price Index. The price for access to Sydney Airport for regional airline services is therefore assured.

ACCESS PROTECTED

Access itself is assured by a by a number of legislative and regulatory mechanisms. The number of movements at Sydney Airport is capped at 80 movements per hour under the Sydney Airport Demand Management Act 1997.

Landing and take-off 'slots' are allocated by Airport Co-ordination Australia, and slots used by regional carriers are 'ring-fenced' such that unused regional slots handed back go back into the regional 'pool' for other regional operators to take ahead of interstate or international airline operators.

In this manner, such slots cannot readily be taken over by domestic or international operations.

The government recently tightened the ring-fence to prevent 'cascading' of regional slots out of the peak period.

Notwithstanding these substantial access protections for regional airlines, a number of submissions to the Inquiry have questioned whether regional operators will continue to have access to Sydney Airport.

MASTER PLAN – THE 20-YEAR OUTLOOK

SACL has completed long-term forecasts for the Sydney Airport Master Plan and these forecast confirm the continued presence of regional operations at Sydney Airport, including substantially during the peak period.

These forecasts out to 2024 (the Master Plan horizon) show that a substantial proportion of peak hour slots are allocated to Regional traffic at Sydney during the peak hour.

Generally, the forecasts show an annual growth of regional passengers, an annual decline of aircraft movements, and an increase in the average aircraft size.

UPSCALING

There is already some evidence of aircraft upscaling: comparing a typical busy day in 2002 with a similar busy day in 2000 shows that while regional movements decreased by 11.4%; regional seats grew by 6.4%, indicating a growth of 20% of seats per movement.

From the lower 2002 movement figure, the 20 year forecast shows little growth in regional movements, whilst regional passengers show an average 2.3% increase, implying a general increase in seats per movement from 28 to 56 seats.

Slightly less than 20% of total movements projected for 2024 are regional, whilst more than 20% of the peak hour slots are used by regional traffic. In terms of passengers, regional passengers are forecast to be around 4% of all passengers in 2024.

Initial Master Planning is looking at a number of alternatives for location of regional gates including gates adjacent to the Domestic Terminal and the provision of a separate regional facility. SACL at this stage has pursued the alternative of gates adjacent to the Domestic Terminal.

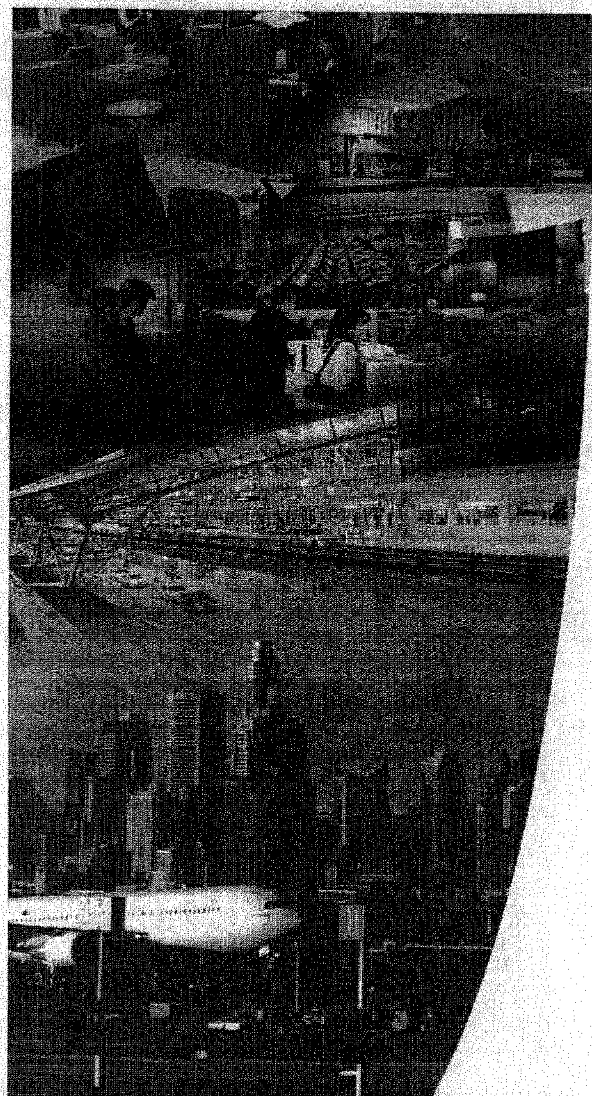
As part of the Master Plan process, we have consulted with a number of customer and industry organisations.

Our understanding from consultation with the aviation industry was that significant proportions of regional travellers connect to either domestic or international services. This led to the placement of regional aircraft around the domestic terminal.

Consultation with representatives of the regional industry revealed an alternative desire – that of a separate facility directly connected with the domestic terminal. The benefits of this alternative are the consistency of facility location for regional travellers, and the clustering of facilities for operational efficiencies.

SACL is continuing to examine the availability of potential operational solutions.

Delivering Sydney Airport's Future



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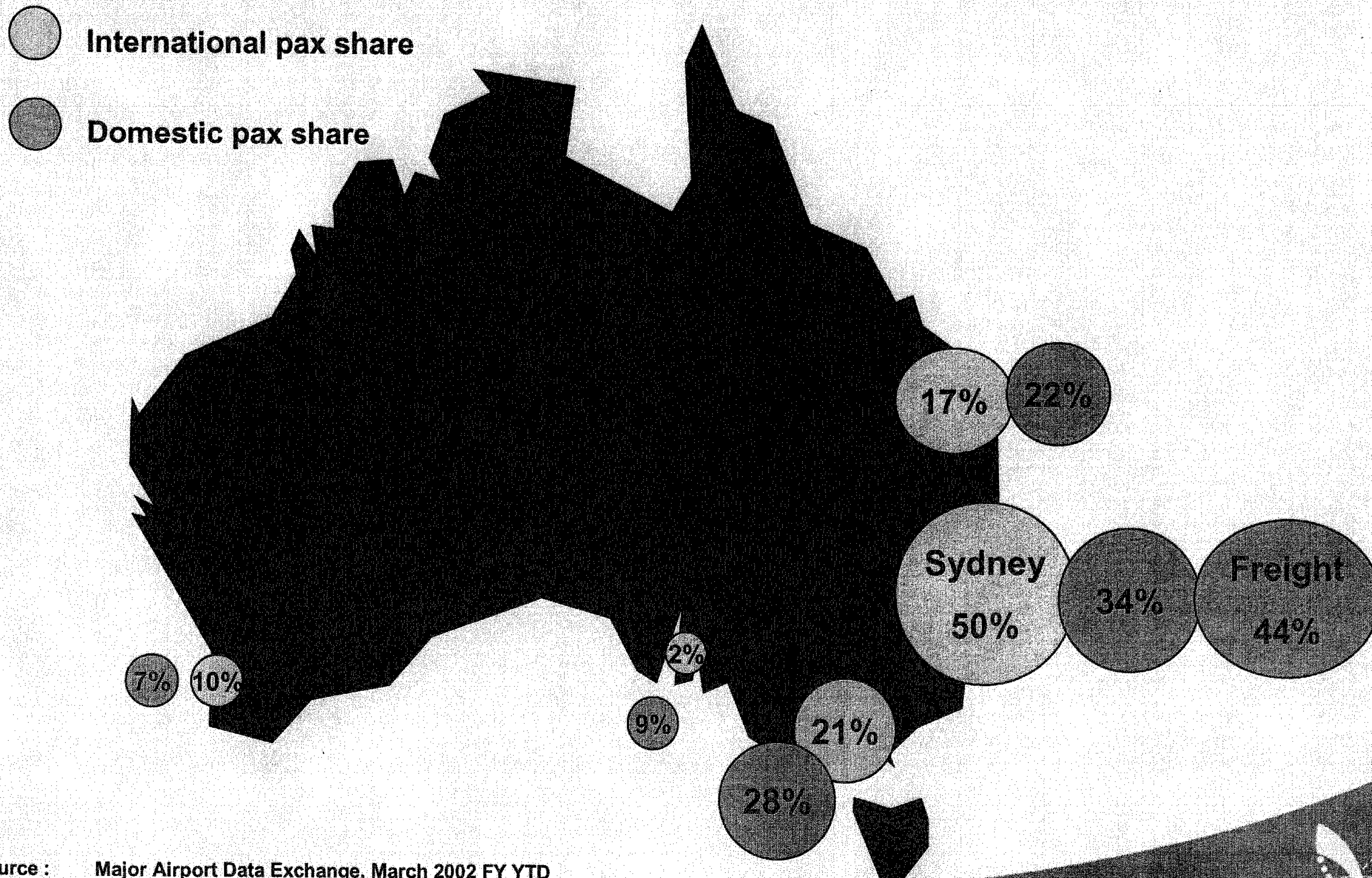
Sydney Airport

Sydney is the major gateway to Australia and the major domestic hub



Source : Major Airport Data Exchange, March 2002 FY YTD
International includes domestic on-carriage

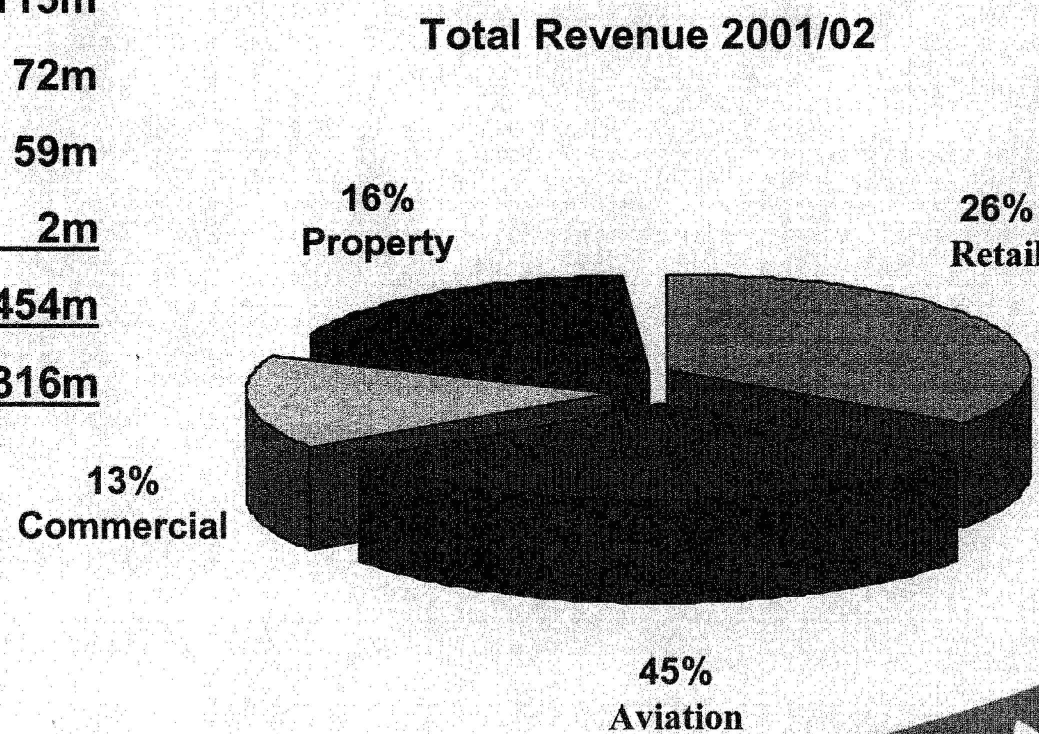
Sydney Airport

Recognised world class

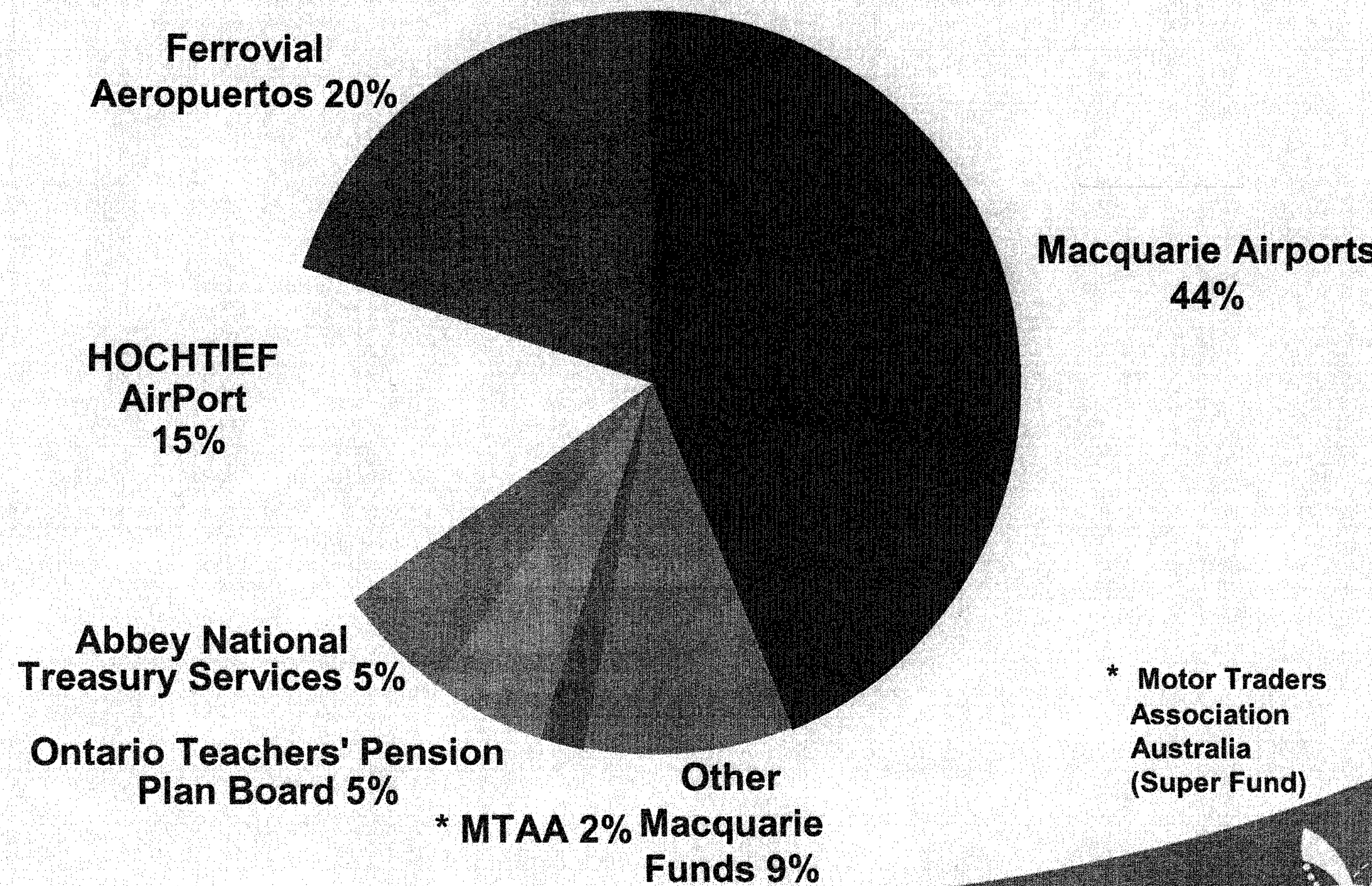
- 2000 - Australian Airport of The Year - AAA
- 2001 - World's Best Airport in Class - IATA, ACI
- 2002 - Airport of The Year (top 3) - Skytrax
- 2003 - No. 1 Australian international airport - airline survey
- ACCC customer satisfaction surveys have consistently rated Sydney Airport's services and facilities as 'good to excellent'

The airport " business" - robust revenue streams, strong cashflows

	A$m
Aviation (aeronautical)	206m
Retail	115m
Property	72m
Commercial Trading	59m
Other	2m
Total Revenue	454m
EBITDA	316m



Shareholder Structure



* Motor Traders Association Australia (Super Fund)

Sydney Airport

Making it all work

- 38 Airlines including Qantas as home base carrier
- 25 general aviation operators
- 124 freight organisations
- 131 retail operators
- 205 airport service providers eg fuel, catering, maintenance, security
- 54 ground transport providers
- 10 airport hotels
- 6 Federal and State Government departments
- 14 car rental and carpark operators

Sydney Airport

Jobs, jobs, jobs

- 170,462 full and part-time jobs
  - about 8% of the Sydney labour force
- 100,450 full-time equivalent jobs
- Good quality jobs
  - average wages for airport workers ~ 40% higher than NSW average
- Jobs generator
  - 6.5 jobs/1,000 passengers
  - Aust average 5.4 jobs/1,000 passengers
  - US average 5.7 jobs/1,000 passengers

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Wealth creation

- around $24.9 billion in gross output/turnover
- around $13.6 billion contribution to GSP
- around $6 billion to household incomes
- $25.5 billion imports
- $10.1 billion exports
- 2% of the Australian economy
- 6% of the New South Wales economy

Equivalent to 2.7 Olympic Games in NSW…

every year

Sydney Airport

Sydney Airport Master Plan

Looking to the Future

Sydney Airport

Regulatory Context

- Regulatory Context
  - Commonwealth Airports Act 1996, administered by DoTARS
  - Deadline for submission to Minister 31 December 2003
  - Planning Mechanisms
- Basic Requirements of Master Plan
  - Provides a 20 Year Strategic Outlook
  - Reviewed every 5 Years
  - Inclusions
- Consultation
  - Airlines and Airline Associations
  - Business Partners
  - Federal /State / Local Government Organisations
  - Community

Base Assumptions of the Master Plan

- **Basin Airports**
  - No Second Sydney Airport within 20 yr life of plan
- **Operations**
  - Curfew
    - 11pm -6am
  - Cap
    - 80 movements per hour
  - Noise Sharing
    - Ministerial Directive
  - Runways
    - Government Policy
  - Regional Access

Sydney Airport

Community values

- Surveying community attitudes since 1998
  - ✓ Curfew
  - ✓ Noise sharing important
  - ✓ Don't change flight paths
  - ✓ Don't dump fuel (?!? We don't!)
  - ✓ Sydney Airport here to stay
  - ✓ Locational convenience a positive
  - ✓ High quality facilities valued, expected

✓ **Master Plan built on community values**

Where to from here...

- Master Plan based upon community values
- This Master Plan:
  - 5 year focus, 20 year "big picture"
  - no critical issues in ~10 year horizon
  - feedback via consultation + public exhibition
- Towards the next Master Plan:
  - LTOP review
  - 2005 Government review

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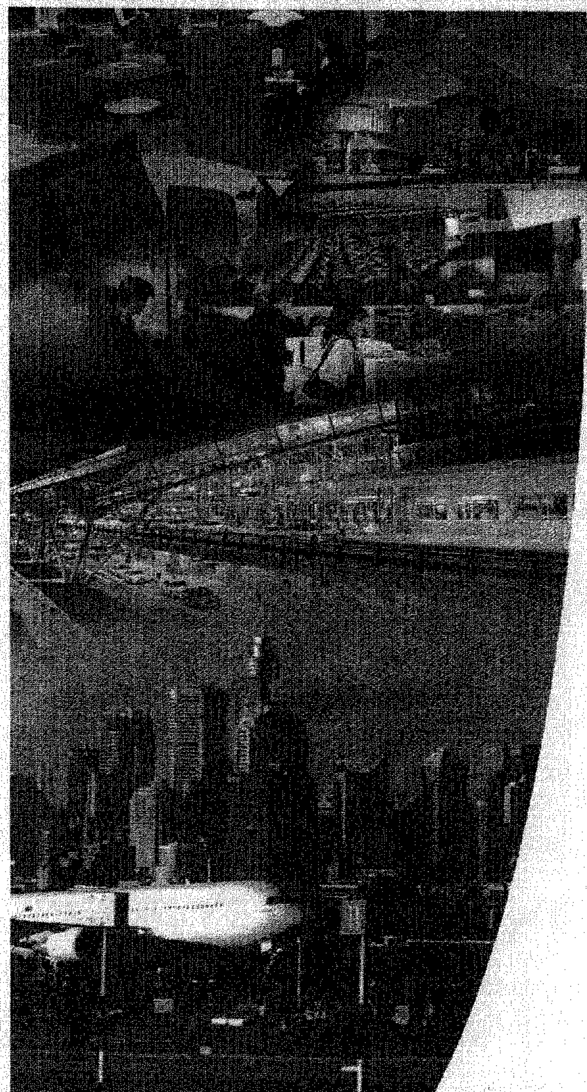

Presentation to Federal Transport Committee

Glen Stuart

Manager Land Use Planning

Sydney Airports Corporation Limited

07 May 2003

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Presentation Outline

- Master Planning Process
- Base Assumptions of the Master Plan
- Forecasts and Regional Traffic Projections
- Master Plan Proposal for Domestic Quadrant

Forecasts

- **Methodology**
  - IATA Long Term (2024) Forecast
  - Busy Day Schedule - TFI
  - Compliance Check - ACA
  - Gate Allocation - Sydney Airport (Aris)
  - Interim Years 2009, 2014, 2019

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Forecasts - Annual Outcomes

Passenger Growth

• Total Passengers	26 million to 68 million
• Intl Passengers	9 million to 28 million
• Dom Passengers	17 million to 40 million
• Regional Passengers	1.6 million to 2.7 million

Movements

• Total Movements	250,000 to 412,000
• Intl Movements	49,000 to 93,000
• Regional Movements	84,000 to 68,000

Aircraft Size Growth

• Average Aircraft size	100 to 180 seats
• Average Regional	28 to 56 seats

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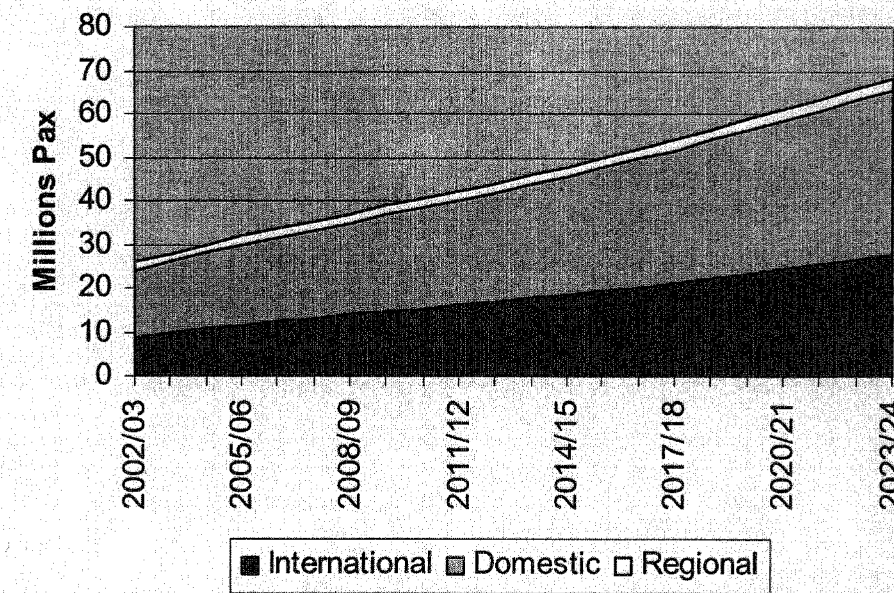
Forecast: passenger growth

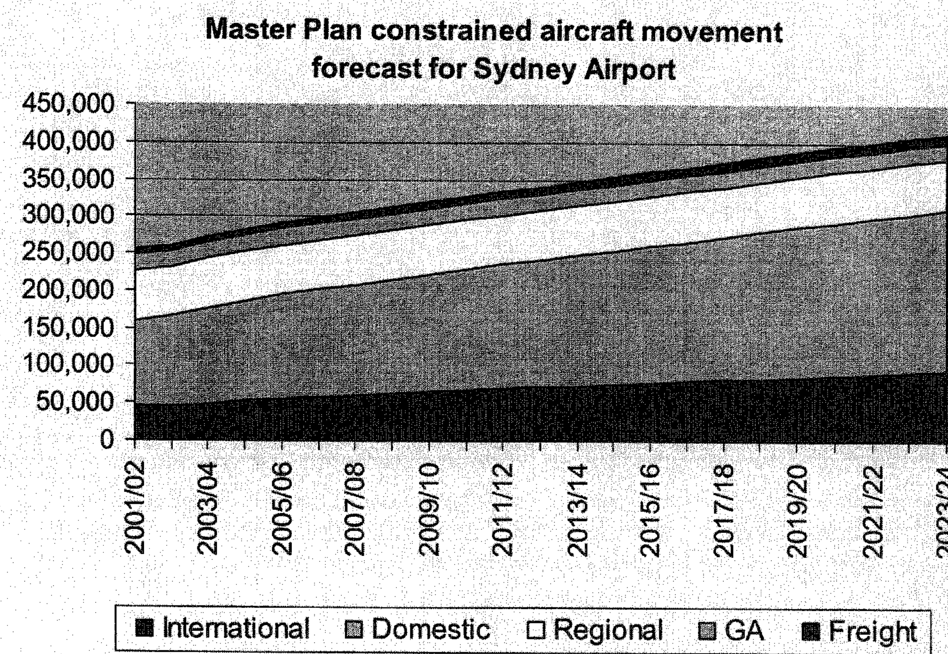
- Master Plan updated passenger traffic: 68.3m in 2024
  - 27.6m will be international
  - 38m will be domestic
  - 2.7m will be regional
- Master Plan updated international freight
  - 955,000 annual tonnes in 2024
- Note annual averages
  - peaks / troughs "smoothed"
- Based on:
  - Airline data
  - GDP
  - Regional & route analysis

Master Plan constrained passenger traffic forecast for Sydney Airport



Forecast: traffic growth

- Cap and curfew stays; no new runways
- 4.1% passenger growth met by 2.1% traffic growth
  - larger aircraft
- 399,656 passenger aircraft movements in 2024
  - of which 54.2% domestic
  - 23.2% international
  - 17.1% regional
  - 5.5% general aviation
- 12,354 freight movements in 2024
  - of which ~50% are night freight



Forecasts - Busy Day

Busy Day Profile

- Note Cap of 80 movements per hour
- Note provision of regional access
  - **24% peak hour slots Regional**
  - **17% RPT movements are Regional**

Comparison of Busy Day with Busiest Day (02 Oct 00)

- 1109 movements in total (2024) vs 1003 (2000)

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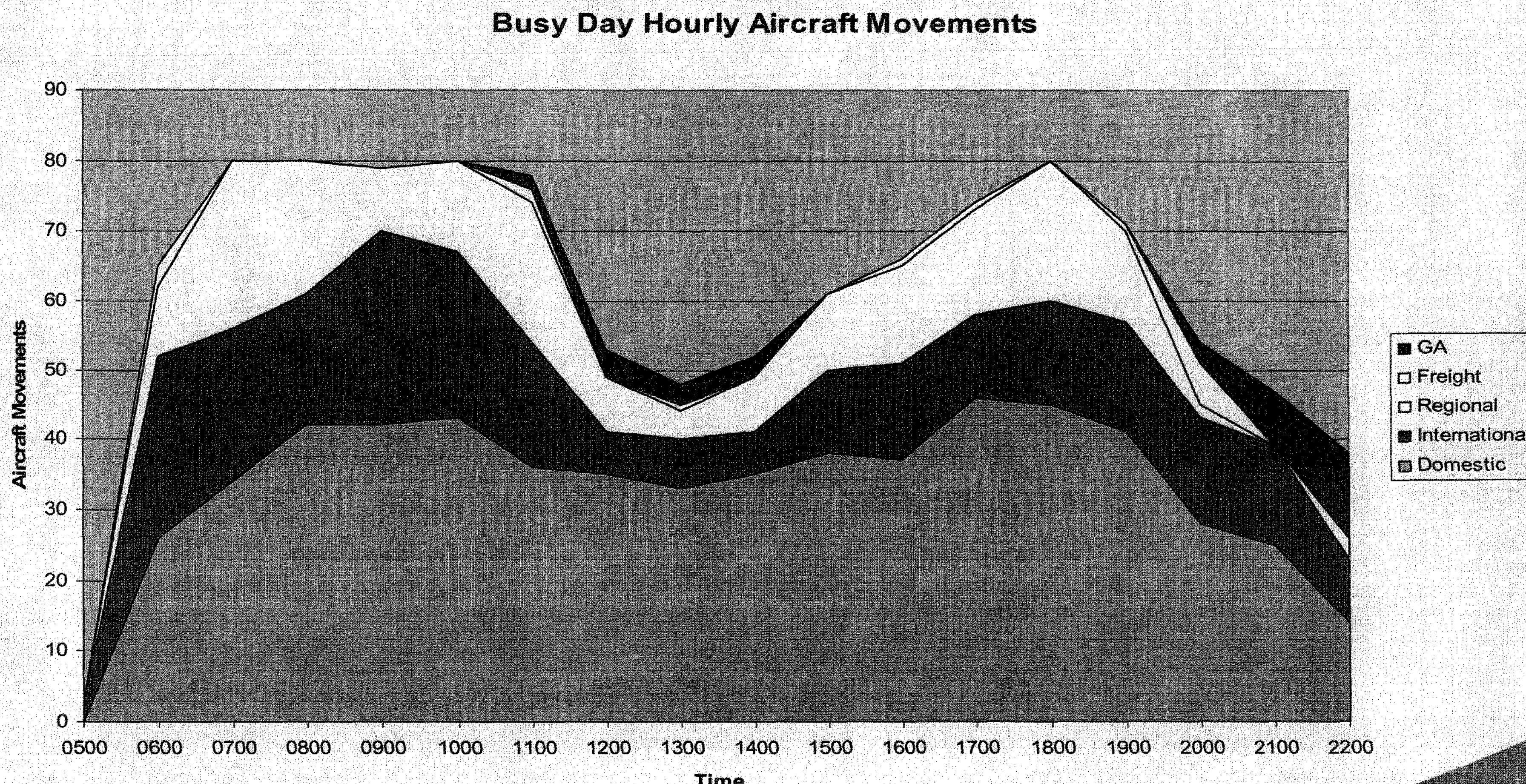
Master Plan forecast: traffic growth



Source: IATA 2002, TFI 2003

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Domestic Quadrant

- **Aircraft parking Layout**
  - adopted scheme
- **Terminal Layout**
  - Integration of existing terminals
  - additional Pier(s) to the south/east
  - incorporation of Regional
  - taxilane widths
  - Airside Road
- **Commercial Zone Layout**
  - Central Spine
  - Kerb Length
  - Public Parking
  - Reconfiguration of access
  - Commercial opportunities
- **Jet Base**
  - Provision of Maintenance Facilities

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