Comments on the Aviation Green Paper of December 2008

submitted by Chris O'Rourke, resident of Bathurst NSW
(February 2009)

This submission focusses primarily on the provision of a second airport to serve Sydney and in doing so urges caution in any decision to build a new airport, whether it is or is not located in the Sydney Basin.

This submission recommends that a very fast train network be established as an alternative to short-medium distance air travel and before any airport is constructed.

This submission also recommends that the monopoly which is the Sydney Airport Corporation (SAC) be investigated for "price gouging".

In summary:

1. Delay any decision to build a second airport for Sydney
2. Build a Very Fast Train network in eastern Australia
3. Investigate price gouging by SAC.

1. Second Airport for Sydney

The decision to build a second airport should only be made when the need for one is absolutely certain. The current state of the world economy and impending high prices and/or shortages of jet fuel are likely to restrict the demand for air travel for some time to come especially in the discretionary market.

The demand for air travel in the next 50 years needs to be examined very carefully especially given that the sharp increase in oil prices in 2007-08 and the Global Financial Crisis (GFC) were not predicted even as recently as 2006. Currently (February 2009) demand is much reduced as a direct result of the GFC . It remains to be seen whether or not demand will return to previous levels despite the growth of low cost airlines in recent years.

It is well known that the price of jet fuel is now the largest component of airline costs. As the GFC eases it is highly likely that the price of jet fuel will return to the exponential rates of increase seen in the year or two leading up to July 2008 (see diagram on next page). This will have a further softening effect on the demand for air travel.

The quality of research into the price sensitivity of jet fuel and its effect on demand also need to be investigated. In the Bureau of Infrastructure, Transport and Regional Economics' (BITRE) "Working paper 72" (May 2008, page xxvi) an increase in the price of fuel by 50% was predicted to lead to a decrease in passenger numbers by 0.6%.

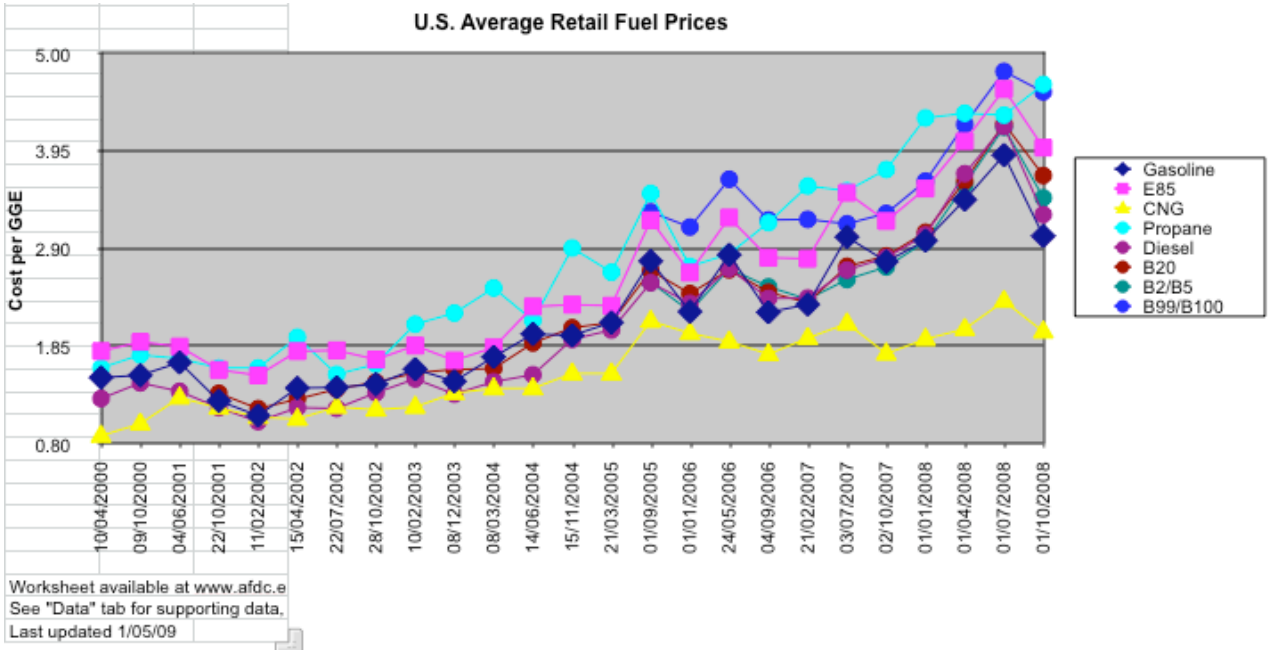
However, in the BITRE's Briefing – 1 ("How do fuel use and emissions respond to price changes?" August 2008, page 3), it was predicted that "for domestic aviation fuel use, a 10 per cent increase in aviation turbine fuel prices ... (would) result in a 2 per cent decline in passenger travel" and that for international travel a fuel price increase of 10 per cent would result in a 6 per cent decline in passenger numbers.

These figures are significantly discrepant and is essential that further modelling by BITRE is carried to ascertain the effect of the changing price of jet fuel on passenger demand and thus the impact on flights in and out of Sydney Airport.

While technological innovations have reduced the amount of fuel used per passenger kilometre, the airline industry is still a volatile one and very price sensitive. The report by FAA Aerospace Forecast Fiscal Years 2007–2020 "Risks to the Forecast" [1] predicted that "oil prices will remain in the $55-$65/barrel range over the next several years" (p.49) but in the two years following that report (published in 2006) oil prices rose to three times that level.

Despite the optimistic position taken by IATA in its "ECONOMIC BRIEFING OCTOBER 2008 MEDIUM-TERM OUTLOOK FOR OIL AND JET FUEL PRICES" in which it states that oil supply will last past 2052 at current rates of consumption and if no more oil is discovered. However the US Government Accountability Office's most optimistic scenario has oil running out by 2040.[2]

While alternatives for petrol powered land transport are being developed there is no real alternative to jet fuel to power air craft.



It is recommended that, if demand for air travel returns to the trends shown before the GFC that a new international airport for Canberra be built close to that city but outside a curfew zone and with a very fast rail connection to Sydney (travel time less than 1 hour or at operating maximum speed of 350kph). This airport would cater for international passenger and freight and operate 24 hours a day.

2 Very Fast Train Network

It is recommended that such a network be established before any decision to build a second airport for Sydney (or Canberra). Lines should be established as follows:

1 http://www.faa.gov/data_statistics/aviation/aerospace_forecasts/2007-2020/media/Risks%20to%20the%20Forecast.pdf (accessed 23 February 2009)

2 http://www.gao.gov/products/GAO-07-283 (accessed 23 February 2009)

1. Canberra – Sydney: tilt train rated at 250kph (300 rail kms in 80 minutes or AGV[3] rated at 350 km per hour (300 rail km in less than one hour) with a later extension to Melbourne
2. Newcastle – Sydney: tilt train rated at 200 km per hour (150 rail km in less than one hour)
3. Orange – Sydney: tilt train rated at 200 km per hour (300 rail km in less than three hours)

Very Fast Trains should be considered before investing in a second airport for Sydney as they will contribute to "mode shift" from air to rail for short distances and in so doing free up spaces at Sydney airport.

Door to Door Travel Times

Access and waiting times are key factors affecting air travel and serve to increase the real travel times. However with a VFT door to door travel times will be lower than can be achieved by air travel. Flying time between Sydney and Canberra is 50 minutes, to which needs to be added 30 to 60 minutes for checkin.[4] Qantas requires a minimum of 60 minutes while Virgin Blue requires a minimum of 30 minutes. The effective travel time from the centre of Sydney to the centre of Canberra by air is between **120 and 150 minutes**.

The effective travel time from the centre of Sydney to the centre of Canberra by very fast train (< 250kph) will be about **95 minutes:** 80 minutes travel time and 10 minutes checkin time (Countrylink's current requirement for checkin is 15 minutes; Eurostar's current check in time for business travellers is 10 minutes[5]).

If a 350kph line is built to suit the AGV then travel time will be reduced to 55 minutes plus 10 for a total of **65 minutes,** half the travel time of air. This would be a very expensive option and may not provide a net social benefit. However if the line was extended to Melbourne then the significant construction costs of a line to suit an AGV may be partially offset, given that the Melbourne – Sydney air corridor is the fourth busiest route in the world.

Eurostar in Europe has already drawn passengers away from air travel, as it is particularly valued by business travellers who (a) do not have to change modes of transport, and (b) are attracted by the conference facilities provided on board[6]. On the London-Paris corridor the Eurostar has 70% of the rail/air traffic.[7]

Eurostar has also been able to operate at a profit[8] in recent years, despite difficult times early in its operation, before the high speed line was opened: "Announcing its 2008 results on January 13, Eurostar reported that it had carried a record 9·11 million passengers in the 12 months, up 10·3% on the year before. Revenue from ticket sales rose by 10·9% to £664m."[9]

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3 "Automotice à Grande Vitesse" or 'high-speed self-propelled carriage' which has distributed traction: motors under the floors of the passenger carriage. These trains are faster, lighter and carry more passengers than the first generation of very fast trains. They also use less energy and require less maintenance.

4 "Due to potential traffic delays, check in time and security screening we recommend you be at the airport for domestic travel at least 60 minutes before departure." http://www.qantas.com.au/info/flying/atTheAirport/checkinTimes (accessed 15 February 2009)

5 http://www.atoc-comms.org/dynamic/toc-press-story/1000398/Virgin-Trains-announces-through-fares-to-the-Continent-from-Manchester-and-other-North-West-stations-as-Pendolino-links-with-Eurostar (accessed 15 February 2009)

6 http://www.eurostar.com/UK/uk/leisure/travel_information/on_board/travel_classes_accessible/business_premier.jsp (accessed 15 February 2009)

7 http://mpra.ub.uni-muenchen.de/12397/1/MPRA_paper_12397.pdf (accessed 16 February 2009)

8 http://www.railway-technology.com/news/news4502.html (accessed 15 February 2009)

9 http://www.railwaygazette.com/news_view/article/2009/02/9311/uncertainty_clouds_a_record_year.html

Rail is more reliable than air

Weather conditions and airport congestion have effectively increased real travel times by air.

Ernst Krolke, CEO of Airport Coordination Australia: "On time performance has been deteriorating for a couple of years. But I have to say that the main reason was the weather". In November 2008 76% of flights in Australia arrived on time compared with more than 86% in the middle of this decade.[10] See also AVIATION STATISTICS Airline On Time Performance December 2008—OTP 68.[11] Of concern are anecdotal reports that some airlines are deliberately over stating the travel times of some flights presumably to improve their published on time performance. If this is the case then on time performance may be worse than that officially reported.

On the other hand trains are more likely to arrive on time notwithstanding the poor performance of Countrylink in NSW which is operating 30 year old rolling stock on 130 year old tracks. Modern trains are proving to be very reliable: for example, in the UK "trains are now (July 2007) averaging 88% on time compared with 74.2% in November 2001"[12;] Eurostar reported a 92% on time running in 2007[13] ·Even in Australian, Transwa reported increases in on-time running in three of its four main rail services in 2005-06.[14]

Intraurban road congestion in Sydney and in other metropolitan areas will only increase door-to-door travel times for air travellers.

Carbon emissions

Air travel and transport makes by far the highest contribution to carbon in the atmosphere of any mode of transport. See diagram 1 below from UK Department of Transport. It also shows high speed trains cause a low level of carbon emissions per passenger kilometre.

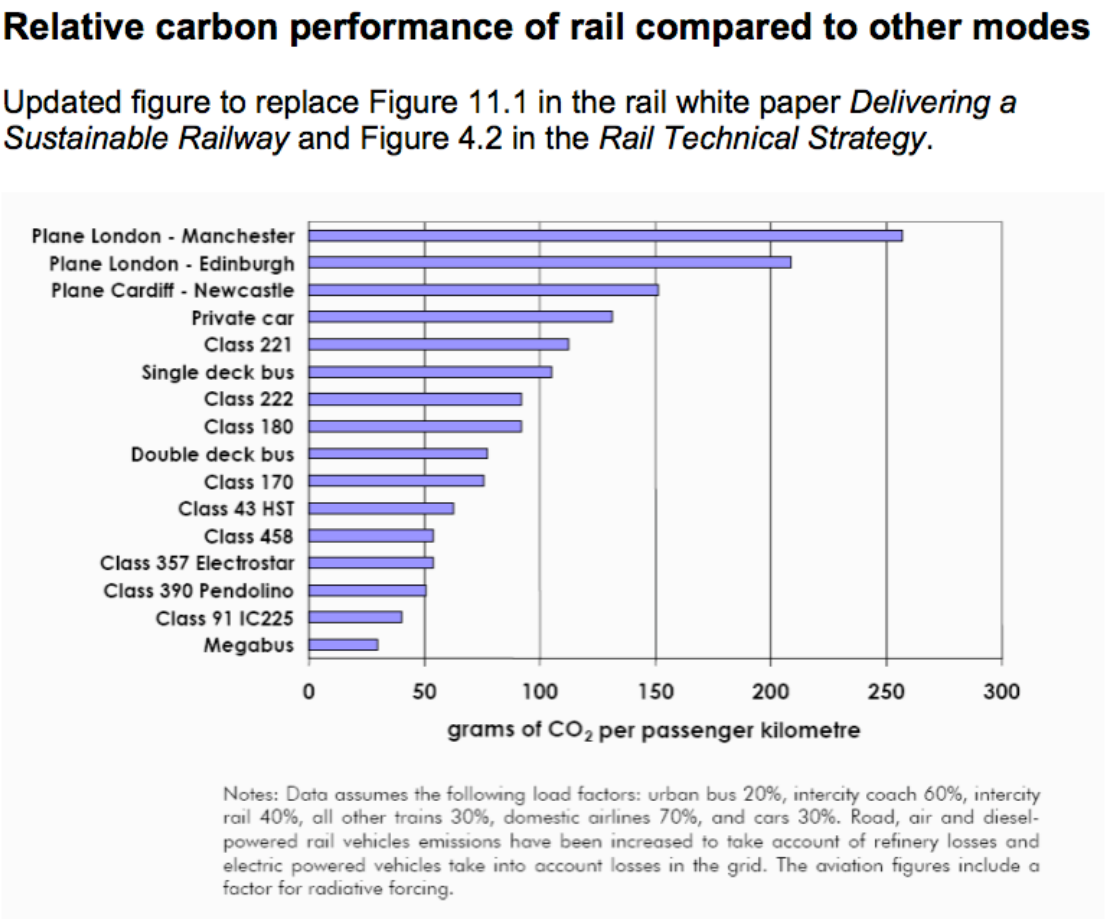
A mode shift from air to rail will help achieve emissions targets and is another reason why any decision to construct a second airport for Sydney should be delayed as long as possible.

Negative externalities

Negative externalities such as the cost of accidents, noise, air pollution, climate change, urban effects are much lower for high speed rail than for roads and are widely documented.

10 Sydney Morning Herald, February 14-15, 2009 Traveller p.3
11 http://www.bitre.gov.au/publications/14/Files/BITRE%20OTP%20Report%20Dec%202008.pdf see page 3.
12 http://www.dft.gov.uk/faqs/railfaqs?page=1 (accessed 15 February 2009)
13 http://www.eurostar.com/UK/uk/leisure/business.jsp (accessed 15 February 2009)
14 http://www.pta.wa.gov.au/annualreports/2006/008.asp (accessed 15 February 2009)

Diagram 1: source - UK Department of Transport May 2008
http://www.dft.gov.uk/162259/187604/263473/relativecarbonperform.pdf (accessed 24 February 2009)



3 Price Gouging by Sydney Airports Corporation

Parking fees are at Sydney Airport Domestic are twice as much as prevailing rates on the fringes of Sydney CBD. Only a few car parks in the CBD have rates approaching those at the airport. SAC has an effective monopoly on parking at Sydney Airport and this helps to sustain the high cost of parking.

It is recommended the the government change the terms of the lease with SAC to facilitate competition in land-side services such as catering and parking.