

23 October 2024

Dr Kerry Schott AO, Mr Lucio Di Bartolomeo, Dr Hermione Parsons  
Freight Policy Reform Program Panel  
Transport for NSW  
PO Box K659  
**HAYMARKET NSW 1240**


Via email: [freight@transport.nsw.gov.au](mailto:freight@transport.nsw.gov.au)



Dear Dr Schott, Mr Di Bartolomeo and Dr Parsons,

**Re: Freight Policy Reform: Interim Directions**

Thank you for the opportunity to make a submission to the Freight Policy Reform: Interim Directions Paper (the **Directions Paper**). Sydney Airport (**SYD**) agrees that reform is needed across the entire freight and logistics chain within NSW.

This submission builds on SYD's submission to the Freight Policy Reform Consultation in May 2024, highlighting the vital importance of air freight to the people of NSW now and into the future.

SYD's submission to the Directions Paper can be found at Attachment A. Please contact 

 if you require any further information at 

Yours sincerely



**Scott Charlton**  
Chief Executive Officer

### (a) Introduction

Sydney Airport is Australia's largest international and domestic air freight hub and expects to remain so into the future. International goods transported by airfreight accounts for 14% of international trade in Australia and is valued at approximately \$139 billion to the Australian economy. Sydney Airport alone facilitates more than 50% of this air freight, around 600,000 tonnes of goods annually. As the Freight Policy Reform Program Panel (**Panel**) is aware, approximately 80% of air freight is carried in the belly hold of widebody passenger aircraft. Due to the increasing demand for passenger aircraft, air freight at Sydney Airport will continue to grow. Sydney Airport expects to see a near doubling of air freight tonnage to 2050, retaining an estimated 80% of all air freight in the Sydney basin.

This submission highlights how Sydney Airport's established and reliable network connectivity provides significant commercial advantages for freight businesses; the implications to the freight network of the opening of the Western Sydney International (Nancy-Bird Walton) Airport (**WSI**) in the second half of 2026; and the need to protect 'employment lands' in the vicinity of Sydney Airport (and Port Botany) via the NSW Government's successful 'retain and manage' policy.

### (b) Network connectivity

Many of Australia's key freight and logistics businesses choose to establish their operations in or around Sydney Airport as it is the key distribution hub in Australia's gateway city. Sydney Airport is conveniently located between Australia's next biggest cities (Brisbane and Melbourne), is next door to Port Botany, is less than 10kms from Sydney Harbour ports, is directly connected to Sydney's motorway network via the new Sydney Gateway Road project and has the highest density of international airlines in Australia. This connectivity provides operators with the ability to efficiently connect with supply chains across Australia and the world.

Sydney Airport is ideally located next door to the Port Botany Container Terminal (operated by NSW Ports), which facilitates the majority share of containerised freight in NSW.<sup>1</sup> The proximity of the two major freight hubs (Sydney Airport and Port Botany) enables quick delivery speeds and later-than-normal cut-off times. As a deep-water port, Port Botany is a major gateway for international trade and offers efficient transshipment between Melbourne and Brisbane. To take advantage of these reliable network connections, freight and logistics businesses choose to establish their operations close to Sydney Airport and Port Botany.

Another reason why logistics businesses choose Sydney Airport as their air freight hub of choice, is the connectivity, reliability and resilience of the surrounding motorway network. Transporting goods in and out of the Sydney Airport precinct has become even quicker and easier since the opening of the new Sydney Gateway motorway (**Gateway**) in September 2024.<sup>2</sup> Gateway delivers enhanced connection times to Sydney

<sup>1</sup> As highlighted in the Directions Paper, "Port Botany container port handles 99.6 per cent of containerised trade for the State... it will remain the key container port for NSW, as it is not anticipated to reach capacity for 20 years." Freight Policy Reform: Interim Directions (2024). *Transport for NSW*. [online] Available at: [https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024\\_update\\_19\\_Sept.pdf](https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024_update_19_Sept.pdf) [Accessed 21 Oct. 2024].

<sup>2</sup> Sydney Airport Corporation Limited (2024). *Official opening of Sydney Gateway*. [online] Sydneyairport.com.au. Available at: <https://www.sydneyairport.com.au/corporate/planning-and-projects/gateway-gets-ready-to-open> [Accessed 14 Oct. 2024].

Airport from Western Sydney, with more than 5 kilometres of new roads and 19 new bridge connections providing for 100,000 vehicle and 10,000 truck movements per-day.

For freight businesses moving goods beyond Sydney Airport's vicinity, Gateway bypasses local roads and traffic lights making the journey to areas such as Western Sydney significantly quicker. For example, the travel time between Parramatta and Sydney Airport has been reduced by 40 minutes; meaning goods are getting to people's doorsteps quicker. Depending on the time of day, it can now take as little as 20-25 minutes to travel between Parramatta to Sydney Airport. Gateway also caters for the predicted growth in freight traffic to Port Botany with modelling indicating the project will provide additional network capacity for up to 60,000 vehicle trips per day by 2036.<sup>3</sup>

Gateway has also returned capacity back to local and arterial roads in suburbs surrounding Sydney Airport such as Mascot, Alexandria, and Port Botany. The decreased traffic volumes on these local roads have reduced travel times between Sydney Airport and nearby off-airport distribution and logistics centres. It is predicted that O'Riordan Street and Botany Road will carry 25 to 30 per cent less traffic in 2036 than they would have without Gateway.<sup>4</sup> SYD thanks the NSW Government for their contribution to the Gateway project, which has greatly improved travel times and travel time reliability to and from Sydney Airport.

## (c) The implications of Western Sydney International Airport on the supply chain

As outlined in the Consultation Paper, air freight is essential to transport high value items that need to be moved within strict time limits. Some of these high value items include pharmaceuticals and urgent medical supplies, consumer electronics, and perishables such as seafood and fresh cut flowers.<sup>5</sup> Sydney Airport facilitates the movement of more of these high value goods than its national peers, accounting for 67% of imports by value. Moreover, Australia-wide, high value imports are growing at a faster rate than regular imports, meaning air freight volumes will also continue to grow. Considering the inherent advantages that Sydney Airport has to offer (as outlined above), we expect to remain the most utilised passenger and air freight hub in the Sydney basin, notwithstanding WSI coming online in late 2026.

The Panel correctly identified that the opening of WSI will present several challenges to the future movement of air freight in the Sydney basin.<sup>6</sup> Most significantly, the opening of WSI triggers a change to the regulatory regime that Sydney Airport operates within. Exemptions to Sydney Airport's curfew will be removed once WSI is operational, under the *Sydney Airport Curfew Act 1995 (Curfew Act)*. The curfew at Sydney Airport restricts aircraft movements between 11pm and 6am daily, with some limited exemptions.<sup>7</sup> Of these limited exemptions is an authorisation for 74 domestic freight flights at Sydney Airport every week to facilitate the continued

<sup>3</sup> Modelling indicates that the project would provide additional network capacity for up to 60,000 vehicle trips per day in 2036. Roads and Maritime Services/Sydney Airport Corporation Limited (2019). *Sydney Gateway Road Project*. [online] Available at: <https://media.caapp.com.au/pdf/585gc/a958fb74-8185-4104-9430-b26ef0f0bfd6/Chapter%209%20Traffic%2C%20transport%20and%20access.pdf> [Accessed 21 Oct. 2024].

<sup>4</sup> *ibid*.

<sup>5</sup> Freight Policy Reform: Consultation Paper (2024). *Transport for NSW*. [online] Available at: <https://www.transport.nsw.gov.au/system/files/media/documents/2024/Freight-Policy-Reform-Consultation-Paper-April-2024.pdf> [Accessed 21 Oct. 2024].

<sup>6</sup> Freight Policy Reform: Interim Directions (2024). *Transport for NSW*. [online] Available at: [https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024\\_update\\_19\\_Sept.pdf](https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024_update_19_Sept.pdf) [Accessed 21 Oct. 2024].

<sup>7</sup> Sydney Airport has operated with a curfew since 1958, noting the curfew wasn't formally legislated until 1995. *Sydney Airport Curfew Act 1995*. [online] Available at: [https://www8.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/consol\\_act/saca1995267/](https://www8.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/consol_act/saca1995267/) [Accessed 21 Oct. 2024].

movement of goods, especially high value, and time sensitive goods. These flights have strict conditions attached, including the requirement to use the main runway and to take off and land over water (Botany Bay).

However, once WSI opens, the Curfew Act dictates these overnight flights will no longer be allowed to land at Sydney Airport. If these flights wish to continue flying to the Sydney basin, they will be forced to land at WSI. The forced removal of overnight curfew flights from Australia's largest air freight hub, will have far-reaching implications on the supply chain as well as aircraft noise in NSW.

As a result of this change to overnight air freight movements, existing freight businesses based out of Sydney Airport will be faced with the challenging decision to either split their operations between Sydney Airport and WSI (meaning they may need to duplicate their operations in Western Sydney), or relocate to Western Sydney altogether (the latter being less likely given the proportion of freight transported in the belly hold of passenger flights). All these options will require a significant financial outlay for existing key freight businesses who already have their facilities embedded around Sydney Airport, especially large integrators who will face significant costs and challenges to move or duplicate their operations. Furthermore, unlike at Sydney Airport, the freight eco-system surrounding Badgerys Creek is not yet established. This means developers will be required to invest in enabling infrastructure (such as sewerage, stormwater, and power) before they can even begin constructing their new premises. For example, it has been estimated *"that investors would have to fund \$8 billion in storm water costs alone to set up near WSI"*.<sup>8</sup> The many uncertainties associated with relocating to a new and untested commercial environment is a financial risk that many businesses may be unwilling to take.

The Panel indicated their recommendations to the NSW Government would include strategies to relieve Sydney roads of heavy vehicles by shifting as much freight as possible onto ship, rail and air.<sup>9</sup> To reduce congestion in Sydney, heavy freight vehicles are encouraged to use Gateway when travelling to and from Sydney Airport and Port Botany. WSI on the other hand, will create more demand for trucks on inner and outer-metropolitan Sydney roads as it is located more than 50kms away from the nearest seaport and large distances from dense population centres. This extra congestion and journey time will also need to be factored into air freight pick-up cut-off and delivery times, challenging the resilience of the network. Increased use of heavy vehicles on NSW roads travelling longer distances will also increase emissions.

But cost, time, congestion, emissions and distance are not the only challenges created by the forced transfer of overnight curfew freight flights from Sydney Airport to WSI. Western Sydney residents will be exposed to a significant increase in aircraft noise impacts because of the altered flight paths that overnight freighters will use to reach WSI. For example, at Sydney Airport in 2023, there were around 4,400 overnight curfew freight flights that took off and landed over water, not over any residential areas. However, when these flights move to WSI, they will be flying over Western Sydney residents. It is estimated that 27,500 Western Sydney residents will experience 2 or more wake up events (above 60 dB) between 11pm and 5:30am. By 2050, 84,500 residents will experience 2 or more wake up events between 11pm and 5:30am. Around 10,000 people living in Silverdale / Warragamba, Luddenham, Wallacia and Mulgoa will be affected by night-time flights for up to 292 nights a year and more than 100,000 people living in other parts of Western and South-western Sydney

<sup>8</sup> Harley, R. (2024). *Goodbye, Sydney: warehouse owners price out of Aerotropolis precinct*. [online] Australian Financial Review. Available at: <https://www.afr.com/property/commercial/goodbye-sydney-warehouse-owners-priced-out-of-town-20241016-p5kiqj> [Accessed 21 Oct. 2024].

<sup>9</sup> Freight Policy Reform: Interim Directions (2024). *Transport for NSW*. [online] Available at: [https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024\\_update\\_19\\_Sept.pdf](https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024_update_19_Sept.pdf) [Accessed 21 Oct. 2024].

and the Blue Mountains will be affected by night-time flights for the other 73 nights a year. By 2055, this will increase to more than 200 nights a year.

To avoid imposing unnecessary noise impacts on thousands of residents living in Western and South-western Sydney and the Blue Mountains areas, to keep heavy freight vehicles off local roads (reducing congestion and emissions), and to minimise disruptions to Sydney's established and reliable freight network, it is important that overnight curfew freight flights remain at Sydney Airport. Sydney Airport has therefore advocated to the Australian Government that the Curfew Act be amended to maintain the status quo, so operators have the choice to land at either Sydney Airport or WSI. This choice would be based on the aforementioned externalities and not through a market-distorting mandate.

#### **(d) Need to protect employment lands via the 'retain and manage' policy**

SYD understands the difficult balance governments must strike between providing well-located housing whilst also protecting existing industrially-zoned employment lands. SYD strongly supports the NSW Government's existing policy to 'retain and manage' existing industrial lands in the eastern half of the Sydney basin and has worked closely with NSW Ports on the issue. Industrial lands surrounding Sydney Airport and Port Botany are strategically located to enable the quick and efficient transportation of goods through Sydney Airport, as discussed earlier in this submission. If industrial lands are relocated to outer city areas, away from dense population centres, it will create operational inefficiencies and add more heavy vehicles to our roads, creating more emissions.

In a report released by the NSW Productivity and Equality Commission (the **Commission**) earlier this year, the Commission recommended replacing 'retain and manage' with a much weaker 'review and manage' approach to all urban industrial land, allowing potential rezoning for other uses.<sup>10</sup> This recommendation removes any protection for the scarce supply of existing industrial lands when we know "*Sydney has the tightest vacancy rate of serviced industrial land of any city globally*".<sup>11</sup> As the Commission said itself, "*the primary outcome from any policy reform or initiative related to industrial lands should be an increase in the quantity and quality of industrial lands available in the right location with the right usage for freight related activities*." This highlights how the Commission's 'review and manage' recommendation directly contradicts the NSW Government's 'retain and manage' policy that is strongly supported by industry.

An example of the success of the NSW Government's 'retain and manage' policy is illustrated by the following case study.

The Cooks Cove Precinct is a 36-hectare site immediately adjacent to Sydney Airport. It is currently the Kogarah Golf Course, but its redevelopment has been planned since 2002. For several years, it was planned to develop high density residential development on the precinct which, if approved, would have placed more than 10,000 residents in an area significantly affected by aircraft noise.

<sup>10</sup> NSW Productivity and Equality Commission (2024). *Review of housing supply challenges and policy options for New South Wales Final report*. [online] Available at: [https://www.productivity.nsw.gov.au/sites/default/files/2024-09/20240911\\_NSW-PEC-report-Review-of-housing-supply-challenges-and-policy-options-for-New-South-Wales.pdf](https://www.productivity.nsw.gov.au/sites/default/files/2024-09/20240911_NSW-PEC-report-Review-of-housing-supply-challenges-and-policy-options-for-New-South-Wales.pdf) [Accessed 21 Oct. 2024].

<sup>11</sup> Freight Policy Reform: Interim Directions (2024). *Transport for NSW*. [online] Available at: [https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024\\_update\\_19\\_Sept.pdf](https://hdp-au-prod-app-nsw-haveyoursay-files.s3.ap-southeast-2.amazonaws.com/6317/2733/3084/freight-policy-reform-interim-directions-september-2024_update_19_Sept.pdf) [Accessed 21 Oct. 2024].

SYD opposed residential development and argued the site should be rezoned to allow airport and aviation-related land uses (such as for freight and logistics purposes) to be developed. The short supply of industrially-zoned employment lands in the vicinity of Sydney Airport and Port Botany has underpinned SYD's argument. It is anticipated the precinct will soon be rezoned to allow for freight and logistics-related purposes on half the site, the other half being a new public reserve. When this occurs, it will represent the most significant addition to employment lands in the eastern part of Sydney for several decades.

There are numerous other recent examples of industrially-zoned land in the vicinity of Sydney Airport and Port Botany that will now be developed for freight and logistics-related purposes, including in Mascot, Banksmeadow, Botany and Alexandria. This is happening because the 'retain and manage' policy is working. It should *not* be watered down as the Commission has recommended.

## **(e) Conclusion**

As outlined in this submission, Sydney Airport offers many inherent advantages to existing and future freight operators, compared to its intrastate and interstate peers. SYD advocates for the status quo to remain (both in respect to overnight freight flights and to the 'retain and manage' policy), enabling the fast and efficient transport of goods for the benefit of both consumers and freight operators.

SYD thanks the NSW Government for the opportunity to provide input into the NSW Freight Policy Reform Program and looks forward to working with government to implement meaningful change in the freight sector.