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Secretary, Senate Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
ACT 2600

Via email: rrat.sen@aph.gov.au

Dear Secretary,

Senate Inquiry into the Sydney Airport Demand Management Amendment Bill 2024

Sydney Airport (**SYD**) welcomes the opportunity to provide a submission on the Sydney Airport Demand Management Amendment Bill 2024 (**Bill**). The Bill is the most meaningful proposed change to the complex and outdated rules governing slots and demand management at Sydney Airport (the **Demand Management Framework**) in nearly 30 years. Ensuring the Bill is passed swiftly is an important first step to deliver better outcomes for passengers and enhance efficiency and competition in the aviation sector.

Sydney Airport is at the heart of Australia's aviation industry, as the country's largest airport and the gateway to Australia and the world. Sydney Airport is also the only airport in Australia that is subject to a legislated Demand Management Framework, which includes the *Sydney Airport Demand Management Act 1997* (Cth) (**Act**), the *Sydney Airport Demand Management Regulations 1998* (**Regulations**), the *Sydney Airport Slot Management Scheme 2013* (**Scheme**) and *Sydney Airport Compliance Scheme 2012*.

The Hon. Catherine King MP, Minister for Infrastructure and Transport, announced a range of reforms to the Demand Management Framework in February 2024, parts of which are progressed by the Bill. Minister King's announcement was the culmination of a detailed and lengthy review process over four years (and as far back as the 2012 *Study on Aviation Capacity in the Sydney Region* by Mr. Mike Mrdak AO).

In October 2020, the Morrison Government commissioned Mr. Peter Harris AO to complete an independent review into whether the Demand Management Framework remained fit-for-purpose. The review sought feedback from stakeholders through both a discussion paper and consultations and made a series of recommendations to address efficiency and competition. Following release of the review, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (**Department**) undertook a series of stakeholder consultations (including technical working groups over a 7-month period) to refine next steps, and upon coming to government, Minister King initiated further consultation, before the announcement of the reforms earlier this year.

The reforms contained in the Bill, once passed, are the first step to delivering improved competition, efficiency and better outcomes for passengers. In many instances, amendments to the Scheme or the Regulations must also be progressed in order to operationalise concepts in the Bill.

The reforms triggered by the Bill include:

- Introduction of a **Recovery Period**. Sydney Airport is currently restricted to 80 movements per hour, with no provision for these to be 'caught up' following a period of disruption. The new Recovery Period will temporarily allow up to 85 movements for up to two consecutive hours on the same day following a period of "significant disruption" to aircraft movements at Sydney Airport. The total movements permitted for that day will remain the same, so there will be no increase in noise for surrounding communities and there is no recovery during the curfew. The changes will mean fewer cancellations and ensure more passengers can complete their travel on the same day.

The *mechanism* for implementing the Recovery Period will be contained in the re-drafted Scheme. To deliver meaningful change for passengers, it is important that the mechanism is flexible and adaptive



and the settings are such that it is activated appropriately. A number of conditions need to exist for the Recovery Period to occur in practice, including 'good' weather or a definitive 'end' to the significant disruption, the timely lifting of any Ground Delay Programs by Airservices Australia, and adequate staffing and capability at Airservices Australia. The confluence of these externalities mean that, in practice, the recovery period may not eventuate as often as anticipated, if the settings are not made correctly. SYD looks forward to working with the Department to define the trigger for the Recovery Period and ensure there is an efficient process for declaring and implementing one.

- A clear set of rules in respect of the use of slots, which better align with the World Airport Slot Guidelines (**WASG**). The current slot system incentivises incumbent airlines to hold more slots than they need, which reduces the opportunity for competition. Currently, the incumbent major airlines hold almost 70% of all slots at Sydney Airport, and their slot holdings have continued to increase on the busiest domestic routes despite these markets not growing in line with the corresponding slot filings from a passenger perspective.
- Strengthened **compliance regime**, including enabling the Minister to request a reformed Compliance Committee to report to them about "any matter," and determining the terms of reference for the Committee's inquiry.
- Improved **transparency and data management**. The collection and sharing of appropriate, accurate, and timely data is critical to the efficient operations of airports, for building public confidence in the aviation system, and improving aviation competition outcomes. SYD supports measures to increase access to data and analysis, because we believe it will enhance transparency and assist with monitoring compliance with, and enforcement of, the Demand Management Framework.
- Giving the Minister the power to redraft the **Slot Management Scheme**. This is critical to ensuring that the full suite of reforms can be implemented in practice, and that the Demand Management Framework remains flexible and adaptive going forward. The Scheme will contain the mechanics for delivering the recovery period and the revised slot misuse and compliance regime. It will also enable the remainder of the announced reforms to be implemented as set out below.

To progress the remainder of Minister King's reforms, appropriate amendments to the Scheme and Regulations will be critical and will contain the substance of the reform. For example, it will be crucial for the better management of **regional access** to Sydney Airport, to reduce peak period hours and support regional access to peak slots. Currently, for the Northern Winter scheduling season there are over 6,300 unused slots in the regional ring fence. Slots in the 6-7am and 3-5pm reduced peak hours are less useful for regional services given their geographical distance and the preferred time for travel, which will enable passengers to travel to Sydney in the morning and return in the evening (and vice versa). Importantly, regional services currently operating in these hours (6-7am and 3-5pm) will continue to operate unaffected and will retain their historical precedence. It will also be necessary to align the definition of '**new entrant**' to the international guidelines set out in the WASG to make it easier for new entrants to gain a foothold in the market.

SYD strongly supports the swift passage of the Bill and looks forward to working with the Department and other stakeholders on subsequent changes to the Scheme, Regulations, and other elements of the Demand Management Framework, which will follow.

While SYD is confident the announced reforms will be drafted and operationalised accordingly (via the ensuing Regulations and Scheme), given the complexity and nuance of the broader slot scheme, we look forward to working with the Government to develop them.



Yours sincerely,

Scott Charlton
Chief Executive Officer