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Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6021
Parliament House
CANBERRA ACT 2600
By email: rrat.sen@aph.gov.au

Dear Committee Secretary

Inquiry into Sydney Airport Demand Management Amendment Bill 2024

Canberra Airport appreciates the opportunity to make a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee concerning the *Sydney Airport Demand Management Amendment Bill 2024*.

The enclosed submission details Canberra Airport's view that the bill will improve the travelling experience of domestic and international passengers and ensure the scheme reflects accepted best practice.

Should you have any questions or require any additional information, please contact our Government Relations and Policy Advisor

Yours sincerely

Michael Thomson
Head of Aviation



SUBMISSION

Senate Rural and Regional Affairs and Transport Legislation Committee

Sydney Airport Demand Management Amendment Bill 2024

October 2024



Table of contents

Introduction	2
Recovery hour	2
Penalties	3
Further reforms needed	3
The need for more competition	4
Conclusion	4



Introduction

Canberra Airport appreciates the opportunity to provide a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee in relation to the *Sydney Airport Demand Management Amendment Bill 2024*. The bill is a welcomed initiative that will begin the necessary modernisation of a slot management scheme that has hampered competition, interrupted travel plans for passengers and harmed productivity.

The implementation of a competitive tender process for slot allocation, civil penalties for slot misuse and the use of recovery periods to stabilise the network following major disruptions are necessary reforms. They will improve connectivity, resilience and reliability across the aviation network.

The urgency to implement these measures is recognised, particularly as a means of improving the travelling experience of domestic and international passengers and ensuring the scheme reflects accepted best practice. This inquiry process is an important step in clarifying ambiguities in the bill and providing industry with an opportunity to identify improvements.

These reforms are the right step forward in overhauling a scheme that was designed more than 25 years ago. This bill should be the first of many improvements to the scheme, as recommended by the Harris Review. Canberra Airport suggests that updating the definition of a regulated hour, amending the 80/20 rule and increasing the number of movements permitted each hour are also necessary to improve the scheme.

Canberra Airport encourages an expedited process to ensure the bill is considered by both chambers prior to the end of the parliamentary year. This will provide an additional level of assurance for passengers and the broader aviation industry that improvements to the scheme will be implemented without delay.

Recovery hour

Canberra Airport welcomes the decision to introduce recovery periods to reduce delays and cancellations when a major disruption impacts Sydney Airport. The temporary increase to 85 flights permitted to land and take-off per hour during a recovery period is a progressive step towards the full implementation of the suite of reforms recommended in the Harris Review.

The proposal to limit the recovery period to two consecutive hours is acknowledged, particularly considering the aircraft noise concerns expressed by those living in close proximity to the airport. There is merit in considering implementing an additional provision in Section 9B to permit the Minister or their delegate to authorise a longer recovery period in extenuating circumstances. There are times where major disruptions can extend beyond several hours impacting hundreds of flights across the network.



Penalties

Canberra Airport has previously raised concerns with the Senate Select Committee on Commonwealth Bilateral Air Service Agreements about potential slot hoarding at Sydney Airport by airlines as a means of engaging in anti-competitive conduct. Scheduling a large number of flights on the Canberra to Sydney route during peak periods to secure as many slots as possible into Sydney Airport has been common practice by some airlines. To maintain these slots the following year, the airline has to only demonstrate it operates the slot 80 per cent of the time, therefore, permitting flights to be cancelled the other 20 per cent of the time.

By prioritising the cancellation of flights on the Canberra to Sydney route, Canberra-based passengers have been unfairly treated by airlines. Canberra Airport’s advocacy has led to some improvements in cancellation rates on this route. However, as the following data reveals, there is still some progress needed.

Month	Qantas	Virgin	National
June 2024	7.5%	3.8%	2.5%
July 2024	7.7%	6.1%	3.0%
August 2024	7.2%	3.9%	2.9%

Table 1: Cancellation rates on the Canberra to Sydney route between June and August 2024, in comparison to the national average.

Both Qantas and Virgin, who are the only competitors on the route, maintain a considerably higher cancellation rate than the national average. While there is no doubt that there are at times other elements at play and there have been improvements in service over the past 12 months, these rates remain too high for passengers who risk missing business meetings and other important events due to their flight being cancelled.

It is hoped the introduction of civil penalties will contribute to a further reduction in cancellation rates. In particular, the creation of the offence of applying for slots with no reasonable prospects of use will disincentivise airlines from engaging in slot hoarding, especially when they do not own or lease enough aircraft to service the route. Canberra Airport supports this step as a means of reducing the anti-competitive behaviour that has plagued the Canberra to Sydney route for some time.

Further reforms needed

In addition to these reforms, there are further improvements to the scheme that would strengthen the overall effectiveness of the bill. Noting there is some urgency to have the proposed measures considered by both chambers prior to the end of the parliamentary year, Canberra Airport urges the Committee to consider these suggestions as additional amendments that can be implemented in the future.



Amending the definition of a regulated hour

Canberra Airport believes an amendment to the definition of a regulated hour from a rolling 15-minute hour to an actual period of 60 minutes should have been included in these reforms. The current system provides for an assessment of compliance with the 80 movements per hour restriction every 15 minutes. This not only imposes excessive compliance review obligations, but it also means the airport does not reach the intended capacity of 80 flights per hour. Canberra Airport believes the removal of the 15-minute rolling hour would significantly reduce the compliance and related assessment burden and allow airlines to service the needs of the travelling public, while ensuring that the scheduled 80 movements per hour can be achieved.

Increasing the movement cap each hour

To further increase efficiency and improve the overall reliability of the domestic network, there must also be a review of the 80 movements framework which has been operating since 1998. Capacity exists at Sydney Airport to increase actual movements by up to an additional 10 per regulated hour without causing significant noise impacts for local residents. Canberra Airport encourages the Committee to consider the potential benefits of increasing the number of movements each hour, particularly in line with an amendment to the definition of a regulated hour.

Change the 80/20 rule

The historic 80/20 use it or lose it rule is no longer fit for purpose. Allowing an airline to retain a slot even if it does not use it 20 per cent of the time has a demonstrable impact on passengers and on the efficient utilisation of slots under the scheme. Canberra Airport believes a revision of the rule to 90/10 or 95/5 would further improve efficiency, reduce cancellation rates and guarantee a more effective scheme.

The need for more competition

Increasing competition and reducing anti-competitive conduct in the aviation industry should be a priority. As suggested in this submission, the reforms in this bill will establish a more competitive market providing great utilisation and access to Australia's largest airport. However, further intervention from government will be needed in the medium-to-long term to boost competition across the domestic network.

Conclusion

The proposed reforms will improve competition and efficiency right across the Australian aviation network. Implementing these measures as a matter of priority are recognised by Canberra Airport as a means of improving the scheme without significant delay.



As with any proposed legislation, there are improvements that can be considered which would further increase the effectiveness of the scheme while balancing the needs of nearby residents and the broader domestic aviation network. In addition to the full implementation of the recommendations of the Harris Review, Canberra Airport believes there needs to be further consideration of amending the definition of a regulated hour, increasing the movement cap each hour and changing the 80/20 rule.

Canberra Airport appreciates the opportunity to provide a submission to the inquiry.