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**Department of Infrastructure,
Transport, Regional Development,
Communications and the Arts**

Ref: IS24-000028

Senator Glenn Sterle
Committee Chair
Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

via: rrat.sen@aph.gov.au

Dear Senator

Thank you for inviting the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to make a submission to the inquiry into the Sydney Airport Demand Management Amendment Bill 2024.

The department's submission is enclosed.

Yours sincerely

Marisa Purvis-Smith
Deputy Secretary
Transport

21 October 2024
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Department of Infrastructure, Transport,
Regional Development, Communications and the Arts

Inquiry into the Sydney Airport Demand Management Amendment Bill 2024

SUBMISSION TO THE SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

16 October 2024

Introduction

The Department of Infrastructure, Transport, Communications, Regional Development and the Arts welcomes the opportunity to provide a submission to the Rural and Regional Affairs and Transport Legislation Committee's inquiry into the Sydney Airport Demand Management Bill 2024 (the Bill).

The Bill amends the *Sydney Airport Demand Management Act 1997* (the Act) to improve the use of Sydney Airport, a significant piece of national infrastructure, while maintaining community protections. The Bill proposes changes to the Act to introduce a range of improvements to the demand management regime at Sydney Airport. The Bill was introduced into the House of Representatives on 9 October 2024.

The Bill is the result of the Australian Government's commitment to reforming the Sydney Airport slot management system announced on 21 February 2024.¹ The Aviation White Paper made reform of the slot system a key initiative to building a competitive and efficient aviation sector out to 2050.² The reforms are designed to deliver better efficiency, enhanced competition and better consumer outcomes.

The reforms in the Bill draw on recommendations made in the *Review of the Sydney Airport Demand Management Scheme* undertaken in 2021 by Mr Peter Harris AO (the Harris Review) and the 2019 Productivity Commission (PC) Inquiry Report, *Economic Regulation of Airports*.

The recommendations from both the Harris Review and the PC inquiry, which informed the development of the Bill, were built on extensive and comprehensive consultation. These consultations set the parameters for

¹ The Hon. Catherine King MP, 'Reforming Sydney Airport slots to boost efficiency, competition and consumers outcomes', *Media Release*, 21 February 2024. Accessed 14 October 2024 from: <https://minister.infrastructure.gov.au/c-king/media-release/reforming-sydney-airport-slots-boost-efficiency-competition-and-consumers-outcomes>

² Australian Government (2024), *Aviation White Paper – Towards 2050*, Canberra, p. 68.

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the reforms (recovery from disruptions, reforms to the slot system, improved compliance and increased transparency, maintenance of the movement cap and management of aircraft noise) contained in the Bill.

For the Harris Review, 41 submissions were received from the aviation industry, peak bodies, all levels of Australian governments and community groups. Many of the submissions from the aviation industry and peak bodies proposed a range of options that set the parameters for the Bill's four key reform areas outlined in section 1.

Following the Harris Review, the department conducted 25 technical working group (TWG) meetings between August 2021 and February 2022. The TWG meetings involved key industry stakeholders who met to discuss and refine with the department the potential policy options for amending the legislation.

Similarly, the PC inquiry, while largely concerned with economic regulation and pricing, devoted a chapter to the state of access arrangements at Sydney Airport. Some 15 of the 97 submissions to the PC inquiry addressed issues including the regional access regime, movement caps and curfews, the effects of disruption on airport operations and the performance of the slot management scheme.

The Bill intends to increase efficiency of aircraft movements within the current movement caps to ensure that slots are effectively allocated and utilised across the day to avoid excessive numbers of flights occurring in busy periods.

Elements of the Bill

The 'Recovery Period'

To assist in managing certain disruptions to operations at Sydney Airport, the Bill proposes the Minister may declare a 'Recovery Period', which will be declared after major disruptions such as severe weather events or security issues. This will temporarily permit up to 85 movements per hour for a maximum of 2 hours on the same day of the disruption, rather than the usual 80 movements in a regulated hour.

This will not mean an increase in the number of movements at Sydney Airport across the whole day or an increase in the daily movement cap when a recovery period is declared. Only flights already scheduled to operate on that day will be able to take off or land. The recovery period will not extend into the curfew hours.

All declarations of recovery periods will be published on the department's website to ensure transparency on the use of the recovery period. Airservices Australia will continue to monitor compliance with the maximum movement limit.

Reform to the Slot Management Scheme

The Bill moves the responsibility for making the Slot Management Scheme from the Slot Manager to the Minister. Ministerial responsibility for developing and making the Slot Management Scheme will enable the government to implement improved transparency and governance arrangements for the Slot Manager and to provide direction on the administration of the Slot Management Scheme.

Strengthening the compliance regime

This Bill strengthens the Act's compliance regime by introducing new enforcement tools and a suite of civil penalty provisions, based on the International Air Transport Association's Worldwide Airport Slot Guidelines, that cover failure to use a slot, 'no-slot' and 'off-slot' movements, flight operations not in accordance with slot requirements, applying for slots with no reasonable prospects of use and failing to return or transfer unused

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slots. These new civil penalty provisions will provide additional tools for the Government to manage slot misuse at Sydney Airport.

Improving transparency of the Slot Management Scheme

The Bill contains a range of enhanced transparency requirements to support the modernised compliance regime. These new transparency powers include a power for the Minister to compel airlines to produce information or documents on slot usage and a requirement for the Slot Manager to regularly publish information about how slots are issued to airlines, how the airlines use them (such as information about cancellations and delays) and information about airlines that lose slots when they break the rules on slot misuse. This will help ensure the travelling public has better information about airline performance.

Subordinate legislative instruments

Once the Bill is passed into law, it will be supported by the making of new regulations and a new Slot Management Scheme to operationalise the reforms to the Sydney Airport Demand Management system.

Sydney Airport Demand Management Regulations

The Regulations will contain essential details and functions to enable the implementation of the reform objectives. Most notably, the Regulations will feature new powers regarding the Compliance Committee, introduce new information management powers and obligations and provide criteria for the use of the recovery period.

Sydney Airport Slot Management Scheme

The existing Slot Management Scheme will need to be remade to support the Slot Manager to undertake their duties at Sydney Airport, including a system for the allocation and use of slots, conditions to support the compliance and enforcement provisions and further information management requirements for the Slot Manager. The reforms allowing for retiming of slots, giving priority to regional NSW airlines asking for peak period slots and increasing the flexibility of the size of aircraft flown, will be implemented through the new Slot Management Scheme.