



Australian Government

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

Sydney Airport Demand Management Reform

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Efficiency reforms

Sydney Airport supports significant economic activity and connects Australians to each other and to the world. The Australian Government recognises that the current demand management framework needs updating so that it better supports operational efficiencies at Sydney Airport. The Government has developed a measured package of reforms to the demand management system to improve efficiency and promote competition and that has strong protections for communities at its heart.

Sydney Airport is Australia's busiest airport, with around 35 million passengers arriving and departing during 2022-23 and almost 45 million passengers annually pre-COVID. The demand management framework imposes a limit of 80 aircraft movements (taking off or landing on a runway) per hour during non-curfew hours (6am to 11pm). The limit is regulated through 15-minute increments ('rolling hour') so that the number of movements does not exceed 80 in any 60-minute period.

A 'slot' is permission for an aircraft to either enter or leave an airport gate at a particular time ('gate movement'). The Slot Manager allocates slots to airlines on a half-yearly seasonal basis (Northern Summer and Northern Winter scheduling seasons). In general, airlines that meet the requirements for using a slot in one season gain the right to re-use that slot in the following equivalent season (known as 'historical precedence').

Additional requirements currently apply to how slots can be used in the peak periods (6-11am/3-8pm weekdays). In particular, regional NSW services generally cannot use a peak period slot unless it has historically been used only for regional services (permanent regional service series (PRSS) slots).

Apart from PRSS slots, the Slot Manager gives slots to airlines that have historic precedence for those slots, and then preferences airlines wanting to change their historic slots as well as giving priority to airlines that do not currently provide many services and want to provide more ('new entrant') for as many as possible of the first 50 per cent of the available slots.

Peak period reduction

- There are many slots set aside for use by regional NSW services during the 6-7am/3-5pm hours that are not being used. The current rules discourage airlines using them for non-regional services. This results in wasted slots that could otherwise be used for different kinds of services, particularly international flights.

What the Government is doing

- The Government will shorten the 'peak period' from 6-11am/3-8pm to 7-11am/5-8pm. Any PRSS slots that NSW regional services are not already using during the former peak period hours of 6-7am/3-5pm will cease to be reserved solely for NSW regional services and will be able to be allocated to other services and gain historical precedence. They will also continue to be available to regional NSW services should they

wish to apply for them. International airlines are expected to be interested in these slots, particularly during 6-7am. This will benefit consumers travelling across the aviation network by making currently unused slots available.

- Regional services may also gain better access as they cannot currently access new slots in the peak period.
- Where airlines are using their current PRSS slots during 6-7am/3-5pm, these slots will keep their PRSS protections. This will help maintain regional NSW access during these times.
- Existing protections for PRSS slots during the new peak period hours of 7-11am/5-8pm will remain.
- In addition, when issuing slots to airlines, the Slot Manager will be required to consider giving priority to regional NSW flights asking for slots during the new peak period of 7-11am/5-8pm.

Retiming slots

- A slot can become ‘trapped’ – that is, the slot is unused but cannot be allocated to a flight. This can happen when at least one of the ‘regulated hours’ covering the slot (i.e. the 60-minute periods starting on the hour and at every 15-minute interval) already contains 80 scheduled movements.
- Similar to the problem with unused peak period slots, trapped slots mean that the number of flights that are able to use the airport at a particular time is less than the airport is technically allowed to handle under the movement cap. This also results in wasted slots.

What the Government is doing

- The reforms will explicitly permit the Sydney Airport Slot Manager to move slots, where possible and with the agreement of impacted airlines. This could (gradually and over time) help move unused slots into times when airlines can use them. The agreement of impacted airlines is required because they may have pre-existing rights to the slots and want to keep them.

Increasing flexibility in size of aircraft flown

- The current slot allocation processes allow the Sydney Airport Slot Manager to make an airline use an aircraft of a particular size as a condition of being able to keep that slot for future use (‘size of aircraft test’). However, airlines may need to swap out an aircraft operating a particular route at short notice for operational or other reasons (e.g. the aircraft has mechanical issues).

What the Government is doing

- Increasing the flexibility of the size of aircraft test will be done by focussing the requirement for the Slot Manager to consider whether an operator has met the circumstances where the size of the aircraft was the reason why that slot was allocated to that airline instead of to another airline.
- This will help ensure that competition and compliance with slot use conditions is encouraged.

Ministerial responsibility for the slot management scheme

- The slot management scheme sets the rules for giving slots to airlines and the circumstances in which slots can be taken away.
- However, the *Sydney Airport Demand Management Act 1997* currently makes the Slot Manager responsible for preparing the slot management scheme. The Minister for Transport is restricted to approving the scheme that the Slot Manager has developed. 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 scheme.

What the Government is doing

- The Government intends to change the Act to allow the Minister for Transport to develop and implement the slot management scheme. This will provide greater flexibility for implementing the reforms and keeping the scheme up to date.