



Airport Coordination Ltd
Submission to the Sydney Airport
Demand Management Discussion Paper

08 December 2020

Sydney Airport Demand Management

1. INTRODUCTION

1.1. Purpose

ACL welcomes the opportunity to respond to the Australian Government discussion paper on the management of capacity at Sydney (Kingsford Smith) Airport. ACL appreciates the importance of efficient utilisation of capacity at key airports but also respecting the impact of an airport and its operations on its neighbours and the environment. This paper aims to share ACL's experience of slot allocation and demand management across several jurisdictions to aid the consultation process. The response focuses on those areas that ACL has direct experience and is qualified to comment.

ACL remains available to the Australian Government should it require more details or wish to discuss this submission.

1.2. About ACL

ACL was formed as an independent coordination company in 1992. It currently serves 46 airports in the UK, Ireland, Poland, Lithuania, Latvia, Luxembourg, Canada, New Zealand, Sultanate of Oman and the United Arab Emirates. It is the appointed coordinator at some of the busiest and most complex airports including Heathrow, Gatwick, Stansted, Manchester, Dublin, Auckland and Dubai. Almost 3.9 million aircraft movements are successfully coordinated or facilitated by ACL at these airports each year, carrying over 600 million passengers.

ACL undertakes its duties independently and in a neutral, transparent and non-discriminatory way, as required by the WASG (Worldwide Airport Slot Guidelines) and local slot regulations. Coordination excellence underpins everything we do and ACL has a reputation for providing a proactive and efficient service to its airport and airline customers.

ACL has extensive experience and knowledge developing demand management strategies to meet the needs of stakeholders and supporting Government policy. Such solutions are aimed at maintaining the integrity of the WASG without adding unnecessary burden on airport users. ACL's integrated approach to managing capacity ensures all capacity and environment issues are managed holistically in a fair, non-discriminatory and transparent manner.

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2. MOVEMENT CAP

ACL acknowledges that the movement cap of 80 movements an hour is sacrosanct however aircraft noise can be managed in several ways to achieve a balance between operational functionality and the impact on an airport's neighbours both surrounding the airport and on the flight path. As defined in the Sydney Airport Demand Management Act 1997¹ a movement cap applies based on the number of aircraft taking off or landing in each period. There is no reference to the actual noise that an aircraft makes or the track length the aircraft flies to comply with the movement cap.

Alternative forms of noise management can include a provision for managing the actual noise generated by aircraft movements based on engine noise. Most schemes are used to manage night noise, but the principles can be applied across the day. The UK Night Flight Restrictions² use a combination of movements and quota count to manage the impact of noise. The quota count is based on the amount of noise a particular aircraft makes based on its engine noise.

The UK Government consults and sets the limits and then allows the airport to manage the utilisation of the limit. The development of the scheme falls to the airport following consultation with the Coordination Committee. Once agreed the scheme is documented and forms part of a Local Rule³ which provides the coordinator (Slot Manager) the guidance required to administer the scheme.

The objective of the scheme is:

- a) To reliably manage night flying within Department for Transport declared seasonal Night Quota
- b) To make best use of the Night Quota limits
- c) To accurately forecast and control Night Quota use
- d) To ensure the method of allocating Night Quota is transparent and fair
- e) To respect the historic rights of night flights from the previous equivalent season
- f) To provide for off-schedule operations beyond an airline's control
- g) To provide for new operators or operations, including ad hoc services, where Night Quota permits

The scheme is designed to deliver to the determined noise restrictions whilst still giving a degree of operational flexibility. The longer the period the limit applies the greater amount of operational flexibility. A limit that is set based on a seasonal or annual limit will allow greater operational and planning flexibility than a limit over 60 mins. Over a season if in one hour the limit is exceeded you get the opportunity to underutilise in a subsequent period and remain within the overall limit. Likewise, where you underutilise in a period you get the opportunity to use that capacity later in the season. Flexibility improves the ability to utilise the capacity that is declared as you have flexibility to recover as operational difficulties arise. It also serves to allow airlines greater flexibility to manage seasonal demand variations and adjust to changes in the market. When the constraint becomes more defined, the ability to utilise operational flexibility becomes more challenging as once any underutilisation occurs it is immediately lost once you move into the next period.

The process of slot coordination is a planning tool to assist the delivery of improved operational performance and manage capacity. To use the planning process as a means of managing actual delivery on a restricted constraint leads to sub-optimal use of the available quota. The

¹ Schedule 1 Definitions – Aircraft movement means the landing of an aircraft on a runway or the taking off an aircraft on the runway.

² [UK Government Night Restriction at Heathrow, Gatwick and Stansted Decision Document](#)

³ [Heathrow Airport Local Rule 1 – Management of night movement and quota allocation](#)

greater the limited flexibility the more contingency is required to ensure compliance with the limits.

To achieve maximum utilisation of an actual movement cap requires flexibility. Slots are allocated some six months prior to the start of the season. Not all slots that are allocated will be utilised for the entire period that they are held for. The mere fact that the scheduling limit for coordination purposes is set at 80 movements per hour will result in underutilisation due to not all services operating and schedule shift in the operational environment. Table 1 identifies several options for maximising the movement cap from a scheduling/planning perspective. In isolation each of the options will not deliver perfect results but a combination that uses all these levers will give the best prospect of utilising the available capacity.

Table 1 – Options for maximising movement caps

Utilisation Option	Advantages	Disadvantages
Over schedule the movement cap for example the 480,000 movement cap at Heathrow is currently scheduled in excess of 494,000 movements to compensate for cancellations. Where a cap is measured by hour any, over scheduling could be limited to hours that would not add pressure on curfews	<p>Allows for historic cancellation rate so greater chance of utilising the movement cap</p> <p>Greater schedule services contributing economically</p> <p>Increased historic schedule services giving surety to the aviation community</p>	<p>Risk that historic justified non-utilisation of slots reduces thus exceeding the movement cap</p> <p>Seasonal variations resulting in movement cap only be fully utilised during the peak weeks</p>
Maintain a pool for non-historic operations	<p>Give greater flexibility to allocate (or not) based on utilisation experienced in season</p> <p>One season utilisation with no impact on subsequent seasons</p>	<p>Does not provide for longevity of operations utilising the underutilised capacity</p> <p>Insufficient demand may exist for non-historic operations</p>
Maintain a pool for Business Aviation	Slots handed back at short notice get the opportunity to be used	Random availability of slots which may make utilisation low

A robust approach to managing the movement cap together with an effective compliance scheme may give Government greater comfort that a significant breach of the limit in any period will not occur even if the scheduling limits are pushed to deliver more actual movements closer to the cap. The above scheduling options when coupled with a strong slot compliance scheme that monitors performance throughout the season may provide a more balanced solution to maximising the use of the movement cap (see comments in Section 4 related to the Sydney airport Compliance Scheme).

2.1. Definition of regulated hour

A - How would changes to the definition of a regulated hour (i.e. removing the rolling hour) impact stakeholders

A fixed hour constraint without a rolling factor risks bunching but as the discussion document suggests the flow of traffic and the sequencing of such would limit such an occurrence. Planning the flow of traffic will further mitigate the risk of bunching. Maintaining a 60-minute rolling every 15 minutes coordination parameter as suggested in the Productivity Commission Report will allow the Slot Manager to continue to plan an even distribution of traffic. This will clearly not provide the perfect sequencing of flights as operational effects will come into play, but this would be the case regardless of fixed or rolling.

The proposal to continue to have a constraint based on actual movements will continue to lead to difficulties in maximising the available capacity for the reasons described in section 2.0. The effect of the current runway coordination parameter used during the allocation of slots which is set at 80 movements per hour will mean the probability of utilisation exceeding the Movement Cap is low. The risk of being above the movement Cap would be because of operating at a different time than the cleared slot. During a normal operational day, the scheduled shift of flights arriving and departing, along with air traffic sequencing makes the likelihood of breaching the movement cap low.

2.2. Recovery from Interruptions

Where interruptions are significant enough to result in the supply of capacity being insufficient to meet the demand within the normal operating window the only solution is to increase capacity by extending the operating window or reduce demand. The number of significant events leading to interruption are dependent on the resilience in the system. The greater the movement Cap is utilised for prolonged periods the greater the disruption when capacity falls.

Establishing procedures (by agreement with Government) can allow for an airport to seek dispensation from movements or quota count caps during periods of exceptional disruption to avoid passenger hardship and ensure that disruption is not prolonged by having aircraft and crew in the wrong locations.

Dispensing flights that would not normally occur at that time has an obvious impact on the community around the airport. However, the number of occurrences can be kept low through defining the parameters. By allowing flights to continue albeit at different times and in excess of the movement cap avoids the need for positioning flights and the associated disruption over several days.

Where disruption can be reasonably predicted an alternative approach is to de-schedule the airport in advance. The principal benefit of which is to inform passengers in advance of cancelled flights and avoid them presenting at the airport. This approach also allows for a fair and equitable distribution of cancellations across users. An example of this approach is Local Rule 4⁴ at Heathrow which manages temporary reduction in capacity. This Local Rule covers a period of disruption over several days but is also supported by a Demand vs Capacity version which has the same effect for single day disruption.

The principle of these tools is to provide for a period of capacity reduction (weather, loss of facilities etc) where demand cannot be satisfied requiring demand to be reduced in a fair and transparent way across all airlines. The process is voluntary but has seen good adherence during the small number of occasions it has been used. Cancellations are encouraged in

⁴ [Heathrow Procedures for Temporarily Reduced Capacity \(Local Rule 4\)](#)

advance of the event so that passengers can be informed of cancelled flights and therefore should not go to the airport. Clearly such an approach does not negate the need for cancelled flights, but it does mitigate operations that cause disruption to the community and provides for advance notice to the passenger.

The use of these tools is driven by the severity of the situation being forecast. The first stage is to provide greater capacity by extending operating parameters. Where this is not sufficient to complete the days flying then the Local Rule can be activated in advance.

The proposal to move to a fixed hourly movement Cap will not necessarily reduce the impact of interruptions as it only provides greater flexibility but not necessarily greater capacity. The cap set at 80 movements would remain in place, the fixed hourly constraint just impacts when the movements are used.

2.3. Excluded Movements

B – Should any flights be excluded from the movement cap, while still providing a net benefit to the community? What impact would this have?

Operations related to saving life and emergency situations should be exempt from the movement cap, as provided for in the Sydney Airport Demand Management Act.

As detailed in the introduction to this section, a combination of movements and a quota count based on noise provides a mechanism for managing the impacts of aviation. The combination of the two elements allows for greater flexibility in managing the flights that should be monitored to ensure that opportunities are not overly constrained.

A movement cap alone may restrict operations that could otherwise be accepted with minimal impact on the community. Quota counts based on aircraft noise if taken in isolation could promote excessive use of the airport using quiet aircraft. Whilst the aircraft may be quiet, they will still generate noise that may impact the community. Combining the two elements act to promote the use of quiet aircraft but not permit excessive operations as new technology becomes available.

To encourage the use of quieter aircraft and to maximise the use of the existing movement cap by larger commercial aircraft, aircraft that fall below a stated level should be exempt from the movement cap. Such movements should not necessarily be unlimited and could be subject to a separate movement cap to avoid the community being subject to unlimited flights. The movement cap for quieter aircraft does not need to be the same level for all hours. A profiled capacity would allow greater movements at periods that impact the local community less. Figure 1 demonstrates the concept graphically of the two options detailed above.

Such a move would allow for growth in commercial operation but restrict the impact on the local community by encouraging the use of quieter aircraft. Depending on the noise level set, commuter aircraft (turboprops) may fall into this new aircraft category thus promoting regional connectivity and giving greater access to capacity for such operations.

Figure 1 – Alternative approach to a movement cap focused on encouraging quieter aircraft and allowing addition operations.



2.4. Monitoring and reporting

C – What means of publication would satisfy public accountability and transparency with respect to both breaches and non-breaches?

ACL believes that full transparency is key to building trust in the capacity management process. Providing information for those that may seek and rely upon it should be maintained even if the level of uptake is low. If there is a desire to maximise the utilisation of the movement cap then it is imperative that there is the ability to report on the use to determine success and to provide the local community the reassurance that the cap is being adhered to.

Transparency and public accountability will be key should the Australian Government decide to amend the Sydney Airport Demand Management Act in a way that may lead to a greater number of operations.

Sydney Airport is a valuable resource and the allocation of capacity should be transparent not only to the immediate stakeholders but to the wider community. ACL delivers transparency through providing reporting⁵ at milestones throughout the scheduling process so that the allocation of resources can also be viewed. ACL also published guidance to carriers to ensure that users are aware of how different situations will be treated.

3. SYDNEY AIRPORT REGIONAL ACCESS REGIMES

D – Should the definition of ‘regional service’ be changed? Why or why not?

A broad definition of regional services will incorporate routes that may not require the priority afforded to PRSS slots. A targeted list of key regional services would result in the slots being used as intended. Such a list could be derived following assessing alternative transport options, underlying demand that makes a commercial service viable and attractive to airlines using non-regional slots, alternative air routes via other hub airports and the associated journey time etc.

E – Should the number of peak-period regional slots or the method for converting PRSS slots be revised? Why or why not?

The number of PRSS slots should be determined by the requirements identified to serve a list of routes that are defined as regional services.

⁵ [Heathrow NS20 Initial Coordination Report](#)

F – Should there be alignment of the number of peak-period regional slots in the winter and summer seasons?

The number of slots in each season should be based on demand and reflect seasonal variations.

G – Does the defined peak period remain appropriate for regional slots?

The peak period should be based on the demand for capacity. Based on Chart 3.2 (Average hourly movement at Sydney Airport) of the discussion paper it appears that the peak periods may be longer than the actual peak period of demand. This is more prevalent in the afternoon peak period than the morning and suggest the afternoon peak at least should be shorter in duration.

H – Is there a need for dedicated regional slots in off-peak periods?

No comment

I – Should there be additional flexibility in allowing regional slots to be moved between peak and off peak periods?

Flexibility to move slots in general provides for efficient use of available capacity. Lack of flexibility can lead to fragmentation of schedules and sub-optimal operational efficiency. A limit of movement (30 min) within the peak period may prevent a carrier from lining up schedules. This is a particular issue when the number of peak slots differs by day of week. The ability to move slots within each time band would provide greater flexibility as would reducing the number of time bands. For example, introducing a peak AM (06:00-10:59) and a peak PM (15:00-19:59) band with flexibility to move slots within these bands would allow greater flexibility to optimise schedules without reducing the number of slots allocated to PRSS.

J – Are additional safeguards needed in order to implement the Productivity Commission recommendations that non-PRSS slots be allowed to be used for regional flights?

No Comment

4. SLOT MANAGEMENT

4.1. Alignment with international practices

ACL provides coordination across several jurisdictions, some of which are regulated and others that follow the WASG. Where regulation exists it is broadly in line with the WASG but divergence has occurred as changes have been made to the WASG.

The WASG is not currently followed across the world with countries such as USA, Japan and China operating different regimes. The WASG is a guidance document that is aimed at promoting consistency across regions and providing best practice but by its very nature of trying to apply across all airports means it is not always perfect at a local level. ACL believes it provides a good basis from which to start but there should be freedom to diverge should it make sense to do so to get the best out of each airport considering local issues and patterns of activity.

In the UAE, ACL follows the WASG in most cases. Where an alternative approach achieves the WASG aims more efficiently and delivers better results for the airport and its users we have diverged from the WASG. Such changes are assessed on a case by case basis and the opportunity cost on not doing so evaluated. Any changes to the WASG are administered

through introducing local rules⁶ following consultation with users and agreement from the Coordination Committee.

To prevent any divergence that may go against Government objectives, overarching Legislation could support the WASG. The elements that are essential and are not negotiable remain in Legislation allowing the WASG to act as the supporting process document.

The management of the WASG content is now the responsibility of the Worldwide Airport Slot Board (WASB) consisting of representative from Airline, Airport and Coordinators. The WASG has been criticised as being written for airlines by airlines. Wider cross industry participation may result in a more balanced set of guidance going forward. However, there is a risk of watered-down guidelines from negotiated outcomes. Covid-19 has required guidance from WASB and from a practical perspective of applying the guidance this has proved a challenge. There are situations that require clear guidance that may not be popular with the industry but needed all the same. Such guidance is better formulated by the Regulator rather than relying on the industry.

Slot coordination operates in an extremely dynamic environment and as such any scheme should be complementary to that approach. The WASG supports this approach and provides high level guidance on practical application.

Slot allocation occurs from up to six months prior to season start until the day or the hour before operation. Whether allocating slots six months before season start or one hour before operation, and in line with practice across airport Slot Managers, ACL applies the same coordination criteria. This requires a Slot Manager to be nimble and to make timely decisions.

It is difficult for a Slot Manager accurately to predict future slot demand and airline behaviour. Airline coordination requests are different every time and based on the competitive dynamics of each carrier, which are confidential and closely guarded.

Slot coordination operates in a market with huge numbers of permutations. Dynamic and often unpredictable economic, political, social and environmental events also impact coordination and the needs of carriers and airports.

Airports are complex and each will have very different needs and coordination parameters which affect the allocation of slots. Capacity constrained airports may be constrained for very different reasons and these reasons may develop over time as new infrastructure is delivered. Those different constraints will transpose into different needs and different airport capacity declarations (which set the parameters for coordination of capacity at each airport), which change as new processes or infrastructure come into use. This means that a “one size fits all” coordination model is not possible; the Slot Manager needs to take into consideration the individual needs of each airport. To add to that complexity, each airport serves different markets, different passenger needs and a different mix of traffic.

This dynamic environment demands a coordination process which allows the Slot Manager to be nimble and to make timely decisions in line with industry deadlines, notably in the two periods of initial coordination ahead of each operating season. ACL currently responds to 96.26% of queries within one hour and to 98.64% of queries within three hours. Any new system or heavy administrative process which hampers the Slot Manager from providing carriers with allocation decisions within a reasonable time could adversely affect the quality of

⁶ [Dubai International Airport Historic Eligibility Local Rule](#)

coordination and adversely impact the airlines' and airports' scheduling and planning processes.

To support the coordination process, transparency is essential to give users of the system confidence that it is fair and non-discriminatory. ACL supports providing full access to coordination data to all stakeholders including airline data to other airlines. This allows the industry to monitor the Slot Managers activities and questions decision made. Equally important is providing airlines with information on why requests have been declined or offers made. Providing information allows the stakeholder to make alternative decisions and improves the chance of securing commercially and operationally efficient schedules.

N – How significant is the impact of implementing a bespoke slot scheme for Sydney Airport? Is there a reason to implement a slot management scheme that is substantially different from the WASG? What challenges do inconsistencies between the WASG and Legislation create?

There are clear benefits if the coordination process is consistent across all coordinated airports. However, that is not currently the case and stakeholders successfully navigate the variations today. Even within the ACL portfolio of airports, we operate different rules where the same airline operates at both airports and in this case the most restrictive rules are applied.

The imperative is that the slot scheme manages the capacity issues at the airport concerned. The concept that a slot is a permission to use all relevant facilities is sound and should manage all capacity issues in one process, whether that be managing runway, terminal, parking or baggage constraints through to environmental factors. The process where possible should be integrated into the slot management process as it achieves a direct correlation between the slot and the issues being managed.

As the WASG is generic guidelines it can lack the detail to manage local issues and therefore some form of additional framework is normally required to manage local issues. As previously mentioned, this can be managed through the addition of local rules to manage specific constraining factors.

The WASG alone lacks the legal framework from which to implement the slot scheme. It also does not provide any local guidance on slot management priorities other than the core objectives. The objectives of the WASG provide a great deal of latitude to the Slot Manager to make allocation decisions. ACL believes there is sufficient guidance to interpret the WASG in delivering the objectives, however this involves interpretation. As with any interpretation this can differ depending on what that person is trying to achieve. If the Australian Government has specific outcomes that it is seeking from demand management other than the core WASG objectives greater clarity would be recommended.

ACL recommends high level aims set by Government to aid the slot allocation process. These should go beyond the objectives of the Sydney Airport Demand Management Act and should include ensuring best use of existing capacity and fair and competitive growth of the industry to support best consumer outcomes. At a more detailed level, more clarity on Government's overall objectives should be provided to the Slot Manager if such objectives differ from those contained in the WASG.

However, if such Government guidance is too prescriptive, the Slot Manager will be unable to react to ever changing market and economic conditions and would not be best able to ensure slots are coordinated fairly and to ensure optimal use of airport infrastructure.

A degree of Slot Manger discretion and flexibility supports the fundamental requirement of the Slot Manager’s independence. A scheme which is too prescriptive or contains too much Government guidance or intervention from other supervisory bodies would erode the independence of the Slot Manger.

Markets for both airlines and airports evolve over time, so the coordination scheme must be flexible enough to remain fit for purpose as evolution takes place. Future proofing any new legislation (as far as possible) for events such as economic down-turn, significant political events and special events will be important. We believe the most effective way to address this is to retain some latitude on interpretation for the Slot Manager, acting within fundamental principles of fairness, transparency and independence. A very prescriptive “yes/no” form of coordination would be less able to adapt to unforeseen events.

O – What risk and opportunities could be realised by adopting the WASG?

Risks	Opportunities
Industry-led guidelines applicable to all airports so may not address the needs of Sydney Airport without further Legislation	Established and tested set of guidelines that delivers independent, fair, and transparent coordination
WASB may deliver negotiated outcomes that may be watered down to gain agreement or no agreement leading to restricted development of the WASG	WASG incorporates a framework for additional local guidance where required Evolving guidance that can reflect changes required timelier than Legislation
Outside of the control of the Australian Government so changes to the scheme which may be against local objectives	Standard guidance that is consistent with other jurisdictions
	Incorporation of all capacity issues into a single process
	Standard industry process that is recognised across the world
	Compliance scheme that delivers results throughout the season

4.2. Allocation priorities

P – Do the allocation priorities in the Legislation, including historical precedence, remain appropriate? Should they be aligned with the WASG or be otherwise amended to fulfil the varied objectives of demand management? If so, how? Please provide your rationale.

To achieve the best outcome and meet the objectives of coordination it is necessary to take a holistic view of allocation priorities. Those that have met the criteria to maintain a historic should get priority to use that slot in the subsequent season.

The requirement to maintain a historic should go beyond simply operating within the utilisation threshold. To improve operational performance there should be a requirement to also operate it as allocated. Where a carrier repeatedly operates at a different time to that cleared the Slot Manager should be required to take this into account when determining historic status having

first given the carrier the right to be heard. Such a practice should only be considered having exhausted use of the compliance scheme and performance has continued to be deemed unsatisfactory.

ACL is of the view that beyond allocating historic slots, retimed historic slots and new slot requests should be considered equally to achieve the best utilisation of capacity. A new entrant entering the market may have a small operational window. If only one slot is available in that window the Slot Manager should consider if allocating that to the new entrant is more appropriate than satisfying a retime of an incumbent airline. Such a decision should be supported by set of factors such as those included in 8.4 of the WASG to ensure the best allocation decision are taken and can be justified.

Annex 1 provides examples of coordination outcomes from 2008 to 2019 for UK coordinated airports and demonstrates the WASG allocation process does generally provide for a balanced allocation of slots. Where capacity exists, new entrants can gain access and incumbents grow. Where that is not evident it is because of insufficient available capacity rather than the slot allocation process.

Annex 2 provides examples of how the allocation priorities contained in the EU Slot Regulation and the WASG have affected the distribution of slots between airlines at UK coordinated airports (the criteria have been broadly the same throughout the period data has been provided). The data shows where capacity is available, airlines have been able to grow and new carriers enter the market.

The slot management scheme currently requires the slot manager to prioritise larger aircraft over requests for smaller aircraft. This parameter alone does not necessarily indicate better use of capacity. A large aircraft flying to a market that has limited demand and will therefore operate with low load factors may not be better than a smaller aircraft that operates to a growing market that may operate with higher load factors.

When making allocation decisions several factors should be considered and not in a particular order. The size of aircraft may form part of that list but in ACL's experience the additional criteria in 8.4 of the WASG already gives sufficient latitude to take that into account.

Coordination is a dynamic process, so the decision-making criteria need to allow for a timely allocation. The factors that need to be considered should be high level in nature but drive the thought process to ensure on balance the current allocation decision is made.

Annex 3 provides an extract from the ACL submission in response to the UK Government consultation on slot reform that details our experience of secondary trading and views on other market mechanisms. The context has a UK bias, but the points made could also be applicable in any consideration of using market mechanisms in Sydney.

4.3. New entrants and expanding airlines

Q – Should the definition of a new entrant align with the definition used in the WASG? Why or why not?

The WASG definition of a new entrant has increased the threshold for being considered no longer a new entrant to holding fewer than 7 slots on a given day. This would indeed increase opportunities for new entrants and allow a carrier to increase operations.

At the same time of increasing the threshold the allocation of the pool was also amended with the impact of reducing the slot pool for new entrants⁷. The wording was amended to state that

⁷ WASG Edition 1 – Section 3.3.3.3

the first 50% of the remaining pool after historic allocations have been allocated should be allocated to new entrants with the remaining 50% to non-new entrants. Whilst this may provide for an equal split of capacity between new entrants and incumbents it does not support access for new entrants especially when the pool is limited. ACL believe that the first 50% of the pool should be allocated to new entrants but the remaining 50% should be available to all, including new entrants if the slot manager deems that to be appropriate use of the capacity.

To support new entrants and the fewer than seven operations rules, the pool for new entrants needs to be sufficient to allow carriers to benefit. This does not preclude 50% of the pool being allocated to incumbents but does allow for a greater proportion of slots being allocated to new entrants if appropriate.

R – Do the current arrangements create specific barriers to new entrants or airlines expanding services at Sydney Airport? Are there any changes that should be made to reduce these barriers?

Please see Q above.

4.4. Size of aircraft test

S – Should the ‘size of aircraft’ rule be retained? If so, what rationale or application criteria should be used?

A slot is allocated based on a set of parameters and there should be a general principle that the slot should be operated as allocated. Anything other may be considered as potential misuse of that slot. In a terminal or gate constrained airport the size of the aircraft and the number of seats is critical to managing that constraint. If an operator uses a smaller aircraft than allocated, the capacity available above the number of seats operated is wasted and other carriers may have been denied access to that capacity. In reverse, operating a larger aircraft may cause prejudice to the operation of the airport and other users if that capacity is not available.

Utilising an aircraft that is different than cleared should be addressed as soon as possible via a compliance scheme so corrective action is taken as soon as possible rather than waiting until the end of the season. If after in season monitoring, the airline continues to operate a slot in a different way, the historic entitlement should be considered pursuant with section 8 of the slot management scheme.

4.5. Compliance monitoring and enforcement

T – What considerations should be given for an effective compliance scheme?

An effective compliance scheme should be proportionate and dissuasive to ensure contraventions are minimised. A scheme based on the ability to escalate action based on repeated occurrences and severity of the misuse allows for proportionate action to be taken.

Compliance monitoring and enforcement is most effective when performed shortly after the infringement. This promotes immediate investigation and appropriate action to remedy the situation. The aim of the scheme should be improved operational performance rather than to penalise carriers or raise revenue through fines.

In ACL's experience most potential misuse can be resolved through dialogue with the carrier without the need for any formal action. However, the ability to ultimately meaningfully sanction misuse is important as it encourages carriers to engage in dialogue and to follow through on promised actions. Solutions are found and the benefits of improved performance are immediately realised. Any scheme that waits until the end of the season delays remedial action and the benefits are not realised.

Where dialogue fails, a more formal regime can be more appropriate. Figure 2 identifies the stages of the scheme used in UK, UAE and Irish Airports which has proved successful in the management of misuse. In the first instance a carrier will be issued a warning and if repeated a financial penalty can be imposed up to the value of GBP20,000 in the UK, EUR6,000 in Ireland and AED10,000 in the UAE. The level of the ultimate sanction which can be imposed is important as, if it is too low, carriers view the sanction as an acceptable “cost” of operating as they wish.

Since the introduction of the above process, ACL has seen the issue of operating without a slot being minimised to only a small number of occurrences per season at each of the coordinated airports in the scheme. All operations without a slot are written to as a matter of course and operations at a different time or way are prioritised based on the severity of the case and the quantity of occurrences involved. Figure 3 and 4 demonstrate the continued low number of operations without a slot and slots held but not operated at Dublin Airport. The peaks in the non-operation of slots held is driven by significant weather where a high number of short notice flight cancellations were experienced. These results are mirrored across all ACL coordinated airports with a compliance scheme.

ACL reports⁸ on its slot monitoring activity on an annual basis and publishes on its website any penalties imposed⁹ and the outcome of any independent reviews to ensure transparency of the process.

⁸ [ACL Annual Slot Monitoring Reports](#)

⁹ [Sanction Imposed](#)

Figure 2 - Slot Compliance Scheme (UK, UAE & Ireland)



Figure 3 – Operations without a slot at Dublin Airport 2017-2020.

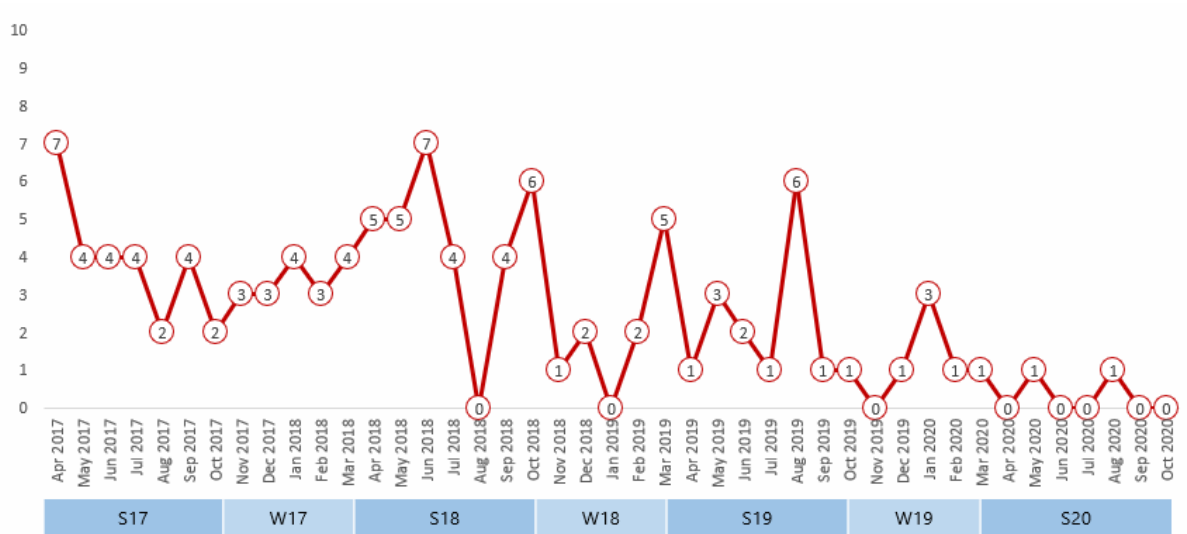
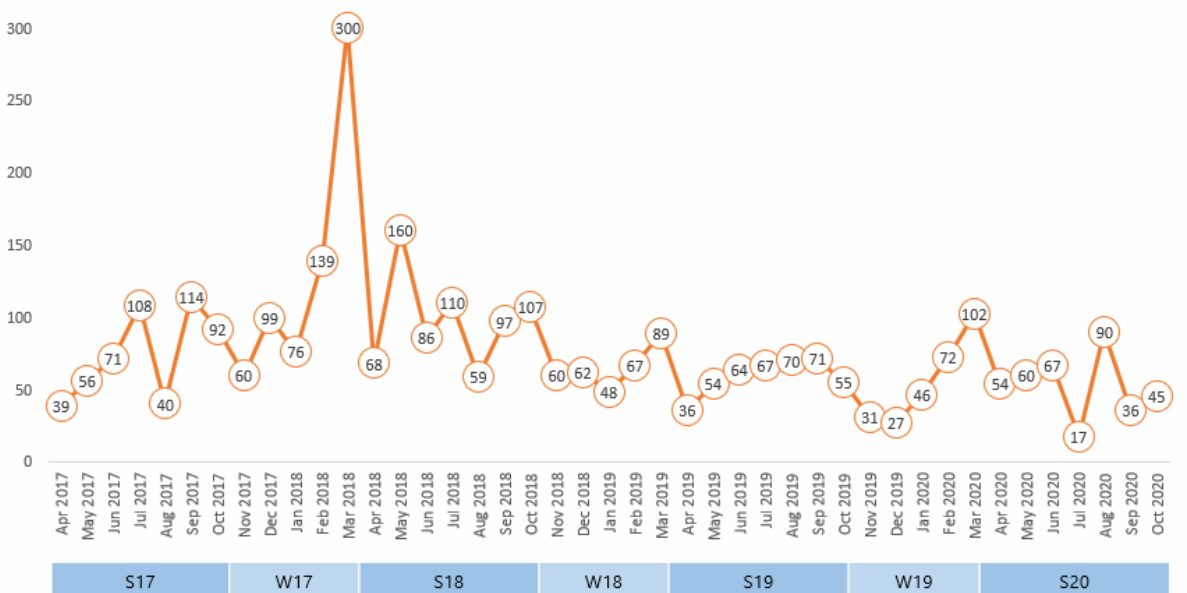


Figure 4 – Number of slots not cancelled at Dublin Airport 2017-2020.



U – Does the focus of compliance being on off-slot and no-slot movements remain appropriate? Should slot management at Sydney Airport include compliance provisions for broader aspects, such as the actions the WASG consider to be slot misuse? If so, would this support the objective of demand management being met?

The Slot Monitoring in the WASG encompasses operational performance as well as adherence to the slot process. 9.2. a, b, c and h of the WASG are all relevant to slot performance and are crucial for an effective compliance scheme. Slots are allocated to ensure the smooth running of the airport and compliance with local Legislation. As discussed previously the slot is allocated based in several parameters. Should these parameters not be adhered to it undermines the coordination process and may cause prejudice to the smooth running of the airport and impact other users who are operating as planned.

The addition of operating in a significantly different way as a compliance issue will add wait to the scheme to ensure that flights operate in the way intended. As detailed in our response to

question P, such a provision may replace or complement the existing 'size of aircraft' criteria in the determination of historic entitlement. The principle being that the compliance scheme should identify such variances and deal with that immediately rather than it being assessed at the end of the season to determine historic status.

The operational aspects of the WASG are supportive of the objective of demand management. They all seek to ensure that carriers operate as intended when the slot was allocated. Such adherence leads to confidence that the Movement Cap and curfews are not breached. The additional benefit being that the greater confidence you have in slot performance the greater the ability to maximise the use of capacity and push constraints as you have a degree of confidence that what is planned will materialise. This may lead to greater use of the available capacity and ability to benefit from additional flights.

The remaining elements (9.2.2 d, e, f and g) of the WASG relate to potential misuse that may arise through the slot process. A majority of these relate to an airline holding slots that they do not intend to operate. Such provisions are extremely difficult to enforce as it is almost impossible to demonstrate that an airline does not have the intention to operate slots held. The holder of the slots can simply say it is planning to operate but may subsequently change plans and hand them back. Such provision would be useful to ensure slots are not wasted or competition distorted. However, they add little weight to the objectives of demand management unless they are enforceable.

V – Are the penalties, if implemented, significant enough to encourage compliance? Are there alternative compliance mechanism which could be considered?

ACL experience of imposing financial penalties for slot misuse is that in most cases (as long as the amount of the sanction ultimately available to the Slot Manager is sufficiently high to act as a deterrent) the level of individual fines is less critical and best judged by the Slot Manager on a case by case basis. The mere fact that a financial penalty has been imposed is sufficient to change behaviour and improve the situation. The escalation of a fine via the number of occurrences/contraventions acts as an efficient multiplier which can act as an incentive to change behaviour.

The current compliance mechanism at Sydney Airport is based on the number of contraventions but does not consider the severity. For example, three operations without a slot that may cause a breach of the movement cap would be treated the same as the same offence at a time when capacity was available.

Penalties will vary depending on the nature of the breach, the aim being to set a penalty which is effective, dissuasive and proportionate to the type of misuse committed. The Slot Manager could consider all the relevant circumstances in determining the penalty which may include:

- a. whether the misuse is blatant
- b. the extent to which the coordination parameters were broken, including over a particular scheduling period in respect of a series of slots
- c. the extent to which airport or air traffic operations and/or other air carriers or passengers were or were likely to have been prejudiced by the misuse taking into account all technical, operational and environmental constraints e.g. use of a noisier aircraft or operating without a night quota
- d. Carrier engagement in the compliance scheme
- e. previous and current slot performance; other behaviour and misuse by the same air carrier in the current or previous season(s) will be considered, i.e. whether this is this a first occurrence of misuse
- f. whether penalties have been imposed on the air carrier for previous breaches

- g. the carrier's conduct following the misuse or earlier sanction for similar off slot operations, including action taken to correct the misuse and degree of cooperation of the carrier during the investigation
- h. the possible benefits to the carrier from the misuse
- i. the size of aircraft used and the number of passengers generally carried on it

Such an approach would add ambiguity to the determination of financial penalties but would allow the severity of the breach to be considered to ensure that the most impactful and severe breaches receive the highest penalty. Such an approach is complementary to the approach referenced in response to question T. The collaborative approach to managing non-compliance results in very few cases ending in a financial penalty and that is in line with the aim of Section 9 of the WASG. Those that do reach that point should be dealt with appropriately and this approach the latitude to impose a dissuasive and proportionate penalty. In the case of civil infringements this may take the form of different penalty points for different categories. For example, more penalty points for contraventions at the busiest part of the day when congestion is at its worst.

The ambiguity introduced is mitigated by the transparent application of the scheme and the right by the airline to seek an independent review of a penalty decision.

4.6. Ministerial Directions

W – Do you have any comments on the Ministerial Direction provision in the Act?

No comments

4.7. Changes to the slot management scheme and compliance scheme

X – Does it remain appropriate for the Slot Manager and Compliance Committee to be principle instigators for change to the slot scheme and compliance scheme.

The Slot Manager and the Compliance Committee are best placed to be responsible for changes to the compliance scheme. Regular reviews and consultation on any proposed changes would be best practice. This ensures the scheme remains fit for purpose, remains effective, dissuasive, and proportionate.

A review should occur periodically or at the request of the airport operator or the majority of users.

4.8. Slot manager qualifications and requirements

Y – Given the maturity of slot management and the WASG, does the scope of the Slot Manager's function remain appropriate?

The WASG definition of a slot¹⁰ incorporates permission to use all infrastructure at the airport. As such the Slot Manager should be responsible for all capacity related to that slot which may extend beyond the requirement of the Act. This would provide for an efficient process and a complete capacity management solution.

Z – What process should be undertaken to identify and appoint a Slot Manager and how often should the position be reviewed?

The slot manager should be based on experience, functionality of coordination systems used and ability to meet the requirement of the role. It would be reasonable to review the position

¹⁰ WASG 1.6.1 An airport slot is a permission given by the coordinator for a planned operation to use the full range of airport infrastructure necessary to arrive or depart at a Level 3 airport on a specific date and time.

regularly to ensure that whichever organisation or individual is appointed as Slot Manager is best serving the needs of stakeholders including consumers and shippers.

4.9. Coordination of apron and terminal slot allocations

AA – Does the current definition of a slot (and associated terms and processes) in the Legislation ensure the most effective use of infrastructure and implementation of the movement cap?

The current definition of a slot is sufficient to manage the movement cap and the curfew. The requirement to adhere to these caps will have some impact on managing other infrastructure such as terminal and parking as it acts to spread movements across the operating window. However, it is unlikely to deliver a detailed and comprehensive infrastructure management solution as it does not reflect the variations that each movement may present. To do so requires a detailed and specific focus on each constraint. A complete unified solution to capacity management will allow the greatest opportunity to manage the airports infrastructure and maximise the opportunities that the current 80 movement per hour can generate.

BB – What opportunities and risks could arise from closer alignment to the WASG inferred approach to slot coordination (i.e. a single entity to make slot allocations which reflect all airport capacity factors)?

Closer alignment with the WASG would bring the allocation of all capacity into line with the independent, transparent and non-discriminatory process. All requests would be considered against the declared parameters and allocated in accordance with the defined priorities.

Having all parameters considered by the Slot Manager allows for a holistic view to be taken which will enhance coordination decisions.

All requests will be handled with one standard Slot Clearance Request (SCR) from the carrier. The Slot Manager then processes that request and responds. There is no requirement to seek multiple approvals and negotiate with different parties to achieve the approval.

There are risks that an airport could become over constrained by adding in parameters for all processes. This is mitigated by an effective Coordination Committee and a proactive Slot Manager that can ensure that only parameters that are required are introduced.

In some cases, an airport operator may consider the Slot Manager allocating slots against all constraints as a loss in their ability to make allocation decisions. Practically that would be the case, but a provision exists within the WASG so that they can share with the Slot Manager their strategy so that it is considered when making the allocation decisions.

4.10. Record keeping and transparency

CC – Do the record keeping requirements provide the appropriate balance between treatment of any commercially sensitive information and providing sufficient transparency to afford stakeholders confidence slots are being managed appropriately?

ACL supports appropriate transparency of slot information. Where carriers make representation in relation to compliance issues, ACL welcomes the airlines honesty and disclosure. Should that contain confidential information a redacted version should be sufficient to comply with transparency provisions. Throughout this submission, ACL has shared examples of how it promotes transparency on the process.

ACL cautions against too much transparency that may negatively impact on the airline community if the effect is to slow down the allocation process. Responsiveness is a key

performance indicator which both airports and airlines demand (we currently respond to over 98% of airline schedule requests within three hours).

There needs to be a careful balance between the benefit of transparency (if there is an identified shortfall) and the potential impact on responsiveness. Any new system which hampers the Slot Manager from providing carriers with allocation decisions within a reasonable time could adversely affect the quality of coordination and impact airlines' and airports' scheduling and planning processes.

If transparency were to be taken to the extreme of requiring the slot manager to record detailed reasons and justification for every slot allocation decision, the amount of resource required would be disproportionate to the benefits.

4.11. Exceptional circumstances

DD – Should there be a legislated framework for handling influxes of returned slots due to significant industry disruptions?

The framework of slot allocation is sufficient to manage an influx of slots into the pool assuming the allocation criteria are appropriate and best use of slots is the desired outcome to promote competition and new entrants. Where other outcomes are required a Ministerial Direction is appropriate so the detail can be specific to the situation and the required outcomes.

5. COVID-19 IMPACTS

5.2. Impact of existing Directions

EE – While recovering from the impacts of the Covid-19 pandemic, how important is providing certainty for existing airlines, versus creating opportunities for new/ or expanding airlines?

During periods of market uncertainty and a rapidly changing environment of travel restrictions, the determination of how best to manage the balance between maintaining historic entitlement vs giving opportunity to others is important and difficult to get right, as different stakeholders often have divergent views. When determining the balance, consideration should be given to the period of any direction and what level of historic activity is to be protected.

Providing certainty for airlines until they can recover to NW19 levels may be unrealistic. Airlines have adjusted resources such as fleets and people, markets have changed and there is no certainty that recovery will reach these levels.

Where there are significant restrictions that prevent travel at previous levels, airlines should be given certainty. At the point that the restrictions are lifted, and travel is permitted, airlines should be given a period of opportunity to resume services as demand returns. The period to resume services should however be time limited after which slots have to either be operated in line with the utilisation target or returned to the pool for others to use.

New and expanding airlines can utilise slots that are not being operated without gaining historic entitlement. This may act as a barrier to entering the market, but each airline will make its own commercial decision. In NW20 at Heathrow for example, several new carriers have entered the market on the understanding that there are no guarantees that they will be able to remain when alleviation ceases, and incumbent airlines resume services. Airline may be less willing to make such an investment where alternative airports in the metropolitan area are not available, as at Sydney currently.

Where non-peak slots are available airlines can be offered a historic time in that period but operate in the peak whilst slots are available. Operations in the peak would count towards the utilisation target of the off-peak slot giving certainty that they can at least maintain a presence if and when airlines with historic rights resume services. The direction may also include a priority to any slots that become available in the peak for those carriers that have operated.

5.4. Decisions for NS21 and NW21/22

FF – Given the unpredictable recovery period, should further measures relating to slot allocations be considered in response to Covid-19? What are reasonable indicators for further support in response to the Covid-19 pandemic?

ACL believes whilst restriction on travel and uncertainty persists there is a need for measures to manage the slot process. These measures should however be time limited. Whilst travel is restricted by Government advice and the airlines have no alternative then further measures are required. Once those restrictions are lifted (both ends of the route) a period of recovery may be required.

GG – Which option, option variant or alternative approach is reasonable? Please provide your rationale.

ACL is supportive of the WASB recommendation for Northern Summer 2021 which aims to allow for a market by market approach, to encourage airlines to make slots available for reallocation and to encourage much greater use of slots than a full waiver would. Any solution could be subject to provisions to support local requirements.

HH – If further interim measures are implemented in response to Covid-19, should they only apply to peak slots?

Interim measures should apply across all periods to give all carriers the same opportunities and benefits.

II – Would you support the establishment of a Pandemic Recovery Pool of slots? Why or Why not? What parameters would make it most attractive?

The expansion of the allocation criteria detailed in section 4.2 would have the desired effect to prioritise new entrants the opportunity to enter the market and grow. The principles of the WASG provide for the effective allocation of slots without the need for a Pandemic Recovery Pool.

6. SUNSETTING CONSIDERATIONS

No Comments