

16 December 2020



### **Sydney Airport Demand Management: Discussion Paper**

We appreciate the opportunity to make this submission in response to the *Sydney Airport Demand Management Discussion Paper*.

Australia Pacific Airports Corporation (APAC) is the owner and operator of Melbourne Airport (APAM) and Launceston Airport (APAL). APAC is a privately held corporation owned by institutional investors, predominantly superannuation and pension funds.

We recognise the Discussion Paper is the first step of a comprehensive review of demand management at Sydney Airport and acknowledge that the hourly cap on movements and other policies, including the curfew, are beyond the scope of this paper and the review.

The review is timely given the recommendations of the Productivity Commission Review into the Economic Regulation of Airports (2019), the historic disruption to the industry brought about by COVID-19, and the fact that the relevant regulations have now been in place for more than two decades.

In that time, Sydney Airport has doubled its annual passenger volumes from around 22 million to 44 million in 2019 and improvements in aircraft technology have materially reduced noise impacts.

This submission is focused on the measurement and implementation of the movement cap, given the impact of both on the efficient use of aviation infrastructure and the network wide impacts and potential benefits which could flow from sensible reforms.

We support the Productivity Commission's recommendation that section 6(2) of the Sydney Airport Demand Management Act 1997 be amended, to define a regulated hour as a period of 60 minutes starting on the hour.

This reform would provide Airservices Australia with greater flexibility to achieve a higher average movement per hour up to the existing cap during normal operating conditions, at a lower cost of compliance and without any impact to safety. The efficient use of aviation

infrastructure at Sydney Airport is in the national economic interest, given its critical role in Australia's aviation network.

We support the existing exclusions from the movement cap and welcome the prospect of additional exclusions canvassed in the Discussion Paper.

For example, the exclusion of movements from the cap for aircraft which operate below an appropriate noise threshold appears to be sensible and consistent with the overarching objective of the regulatory arrangements in Sydney, being established to manage the impacts on surrounding communities.

In our view, the industry's success in reducing impacts through technology and other means over time should be rewarded through access to productivity gains (in this case, increased average movements per hour), in turn providing further incentives for innovation.

These modest reform opportunities are limited however, in their ability to support the broader Australia aviation network in recovering from significant disruptions such as major weather events.

While by comparison Melbourne is fortunate to have some opportunity to recover flight schedules over the course of a day, movements lost in Sydney are lost to the system forever. Combined with the operating curfew, these restrictions can often lead to passengers being delayed overnight, impacting the travelling public and the economy and extending impacts on the schedule well into the following day.

As the Discussion Paper correctly identifies, any benefit to the community arising from the lack of movements during such disruptions are not recognised, resulting in continual loss of capacity in the system.

As such, there is a case to consider exemptions from the movement cap to deal with major disruptions at Sydney Airport or elsewhere, which lead to the loss of movements in the Sydney cap.

We would suggest this could be tied to a defined impact threshold (such as a number of movements 'lost' to Sydney over two or more hours), with any exemptions applying for a defined period (perhaps a number of hours) specifically to allow for network recovery and a more reliable and efficient experience for passengers.

In making this suggestion, we recognise the added complexity, compliance and reporting it could create for agencies including Airservices Australia and the Bureau of Meteorology. This should be included in the assessment of the net benefit any change could provide to the wider community, including those situated close to the airport.

Further on cost of monitoring, compliance and reporting, we welcome the Discussion Paper's identification of the inefficiency of current reporting practices. Moving to an online reporting system would allow for any exceedance to be reported closer to real time, improving accountability (for the extremely rare transgressions) and creating immediate savings in costs and resources.

Again, we appreciate the opportunity to provide this brief response to the Discussion Paper and would welcome further discussion with the Department to the extent that it would benefit your consideration of these important issues.

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