

23 October 2024

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: rrat.sen@aph.gov.au

Dear Committee Secretary,

RE: Sydney Airport Demand Management Amendment Bill 2024 [Provisions]

The Australian Travel Industry Association (ATIA), the peak body for a broad array of Australian travel professionals, thanks the Rural and Regional Affairs and Transport Legislation Committee for the opportunity to provide input into its Inquiry into the Sydney Airport Demand Management Amendment Bill 2024 [Provisions].

Travel professionals sold almost 23 million air tickets worth \$18.5 billion in 2023. For 2024, travel professionals have sold almost 18 million tickets worth over \$14 billion so far (January to September). As the number one seller of air tickets to Australians, we are uniquely placed to contribute to the public policy development process for this Bill with a consumer-focused lens.

The Sydney Airport Demand Management Amendment Bill 2024 is the most significant reform to the airport's slot system in over two decades, and a positive step forward that should deliver greater reliability, competition and choice. ATIA has been calling for reforms of this nature to address the growing and significant economic impact of flight cancellations and delays and to ensure an efficient and competitive environment for Australia's travel industry, including through our submission to the Aviation White Paper process. The Bill contains sensible and pragmatic reforms that will help modernise the slot regime at Sydney Airport, ensuring better outcomes for passengers while better aligning with global best practices. This is particularly important given that what happens at Sydney Airport has flow on implications for the entire national network.

Slot Management System

It is clear that the right frameworks need to be in place to better incentivise airlines to invest in customer service improvements across all aspects of their operations. As part of this, there is an urgent need to reform the system that regulates domestic airport slots to ensure the growth of Australia's travel and tourism sector is not being artificially constrained by outdated regulations. This is supported by a comprehensive report commissioned by ATIA from former Qantas economist Dr Tony Webber, Managing Director, Airline Intelligence and Research Pty Ltd on [Slot Misuse and its Impacts](#). This report provides a detailed analysis over two decades that demonstrates a trend where airlines often cancel flights for purely commercial reasons. Critical reforms are clearly needed to ensure the market operates fairly and consumer outcomes are improved, and reforms to the slot management system at Sydney Airport are a key element of this.

This Bill introduces reforms that are a positive step towards addressing these issues, through an improved compliance regime and increased transparency. The Bill will introduce new penalties for failing 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 slots. These new civil penalty provisions will provide additional tools for the Government to manage slot misuse at Sydney Airport. Access to slots for new entrants looking to use Sydney Airport also stand to be improved, increasing opportunities for enhanced competition.

These changes are a positive development for the travel and tourism industry more broadly, particularly given Dr Webber's findings that a 5% decrease in travellers due to flight cancellations could lead to an estimated \$405 million loss in domestic tourism from Australia's top ten airports annually. The changes

proposed by the Bill will also result in benefits for travel agents, who spend additional time assisting consumers where changes are needed due to delays and cancellations. Travellers will also benefit from greater reliability, competition and choice, and ultimately improved product offerings and lower prices.

Increased transparency of slot usage

The Bill provides for increased transparency, by making the Minister for Transport responsible for developing and making the Slot Management Scheme, rather than the Slot Manager. It also includes powers for the Minister to compel airlines to produce information on slot usage, and for the publication of information about the allocation or use of slots and gate movements.

These changes are important as they will strengthen the compliance and enforcement regime, and will help to bridge the information gap consumers have on changes and cancellations compared with other countries, such as the United Kingdom.

Recovery period

Sydney Airport is currently restricted to 80 movements per hour, with no provision for these to be 'caught up' following major disruptions such as bad weather. The Bill will introduce a recovery period, which will temporarily permit an extra five movements per hour for a maximum of two hours following the disruption. These reforms will mean the aviation network can return to schedule faster in the event of disruptions and reduce cancellations, delivering better results for passengers.

Next steps

This Bill is part of an important package of reforms that will improve the outcomes for the travel industry as well as consumers and ATIA calls on the Committee to recommend the urgent passage of this legislation to implement these important reforms.

The reforms are a result of extensive consultation through the Aviation White Paper process and through consideration of other processes such as the Harris Review. They complement other reforms that have been announced, including the proposed Aviation Customer Rights Charter, Aviation Industry Ombudsman scheme and aviation-specific disability standards. These are a positive step forward that will deliver better outcomes for travelling Australians and the many travel businesses who support them.

Thank you for considering the views of the travel industry. Please contact Ingrid Fraser, Director of Public Policy & Advocacy at ingrid.fraser@atia.travel for any further information.

Yours sincerely

Dean Long
Chief Executive Officer