

# Sydney Airport overhaul is a necessity for everyone

**Paul Nicolaou**



**W**e might not all be frequent flyers but every worker has some skin in the game in ensuring Sydney

Airport operates as efficiently as possible.

Our city's major airport, on track to be handling 65 million passengers annually by 2040, is now owned by a consortium of superannuation funds.

So, for all of us wanting to see our "super" nest eggs grow, the funds' investment in aviation is also our investment, so it is in our interest to see it do well. However, airport operations are highly regulated with a mass of red tape. Sydney Airport is encountering headwinds and is in need of sensible reform to improve efficiency and encourage competition.

It's a complex story so it is better to boil it down to the essentials.

Sydney Airport has a timed slot system that allows for up to 80 aircraft arrivals and landings per hour.

For a variety of reasons, it only manages to achieve around 72 and each slot that goes unused represents a lost economic opportunity for our city.

At a time when Sydney is struggling to win back overseas visitors, we need every available slot to be used, especially by international carriers and up-and-coming local airlines trying to get more than a toe hold in the market.

Currently, airlines can vacuum up as many slots as they wish but then leave 20 per cent unused without penalty. Weather disruptions can also hit the system.

The overall effect is that the airport rarely reaches its cap of 80 movements.

The "missing eight" could be taken up by smaller airlines trying to build market share and add more lucrative routes or by international carriers that don't send their planes here now because they can't break into the "slot game".

Irrespective of the whys and wherefores, sensible reform of the existing slot allocation system is necessary to end the inefficiency that is costing all of us.

According to a Deloitte study commissioned by Sydney Airport, when a new daily international service can't get into Sydney Airport, the economy misses out on \$130 million and 1200 jobs.

Concerned about the slot system's negative impact on competition, the ACCC recently weighed into the issue saying it is too hard for new airlines to get access to the allocated slots.

The system offers an incentive to airlines to permanently hold onto

their slots even if they end up cancelling up to 20 per cent of them.

It is easy to see why the ACCC is concerned that this is a barrier to smaller airlines such as Bonza and REX which won't get any bigger — for the benefit of travellers — under the present regulatory regime.

To use a shipping term, changing direction in a highly-regulated system is like turning a big ship.

It takes a long time to execute the change of course.

First, there has to be a willingness to actually change direction and then a preparedness to shift the rudder.

Sydney Airport is looking for a slight but effective change.

It is trying to win the support of Prime Minister Anthony Albanese and his government for modest reforms that would see the airport consistently reach its allowed 80 movements per hour.

We all have a stake in this happening and the sooner the better. Sydney is blessed to have an international airport just eight kilometres from the city. The world envies us.

The Deloitte study showed that in 2019, Sydney Airport generated \$42 billion in economic activity and helped support more than 330,000 jobs. By 2040, passengers will increase from the current 40 million annually to 65 million.

Sydney is also blessed to have work on its second international airport well underway and airlines already signing up to use it.

But in handling a forecast 10 million passengers a year, Western Sydney Airport doesn't cancel the need for operational reform at Sydney Airport. If anything, it makes it even more urgent.

It is entirely reasonable for Sydney Airport to seek government support for sensible reforms.

This includes allowing for a recovery period following weather disruptions and streamlining how the 80 slots per hour are measured.

Given that many thousands of workers have a stake in Sydney Airport's success through their superannuation funds, we should all hope Canberra heeds the call.

As Australia's premier international gateway, we need to know that "our" airport is humming, supported by a regulatory system that is responsive, flexible and fit for purpose.

It would be beneficial too if Premier Chris Minns backed the necessary changes.

The current system is 25 years old and arthritic.

Sydney Airport is too important to our city to be held back by bureaucratic inertia and red tape.

And the city's post pandemic economic recovery is also too important to allow inefficiencies to fester.

Our airport belongs to all of us. If Sydney Airport is doing well, our city is definitely doing well. Let's embrace sensible change.

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