



# IATA Submission on Airport Slots

Sydney Airport Demand Management: Discussion Paper

10 December 2020





## Preamble

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 airlines or 82% of global air traffic. Many IATA members from around the globe operate at Sydney Airport including Australian carriers Qantas Airways and Virgin Australia Airlines.

IATA supports many areas of aviation activity and helps formulate industry policy on critical aviation issues to drive a safe, secure and sustainable air transport industry.

The aviation sector is undergoing its biggest challenge thus far as a result of the COVID-19 pandemic, therefore it is a timely opportunity given by the Department of Infrastructure, Transport, Regional Development and Communications, to provide our views and recommendations on the demand for aviation services at Sydney (Kingsford Smith) Airport. Our views represent global best practices which are particularly relevant and applicable to heavily congested and regulated airports.

Aviation is a global industry that requires a global approach to airport slot coordination, IATA is at the forefront of ensuring a fair, neutral and transparent allocation of airport slots through the application of the Worldwide Airport Slot Guidelines (WASG) which are formulated together with the Global Slot Policy Working Group which is the industry group responsible for guiding IATA's slot policy and strategic direction.

As outlined in IATA's submission to Productivity Commission review on the economic Regulation of Australian Airports, the consistent implementation of the WASG is critical to efficiently managing scarce airport capacity. In this submission IATA's therefore seeks to address all key issues outlined in the discussion paper with the objective of making recommendations that will assist the Australian Government to revisit the Sydney Airport Demand Management Act and associated regulatory framework so that it is modernized and fit for purpose to meet the needs of the entire aviation value chain, travelling public and local community.

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# 1. Executive Summary

The SADM Discussion Paper provides a welcome opportunity for recommendations to be made that IATA believes will support the efficient planning and operation of air services at Sydney Airport. Recommendations are made that if implemented are expected to facilitate improved flight resilience, connectivity, competition and consumer choice, while Worldwide Airport Slot Board (WASB) recommendations are made for the immediate management of airport slots during the COVID-19 pandemic.

## Movement cap

IATA's response recommends the removal of the rolling hour movement cap in favour of a regulatory hour limit. Doing so will maximise traffic throughput, avoid operational inefficiencies that are currently experienced and better enable operational recovery following periods of disruption. Complementary suggestions are made such as expanding the eligibility scope of flights excluded from the movement cap, and through procedural design changes to avoid the use of open STARs and ATC vectoring in favour of fuel and noise efficient new generation departure and arrivals procedures that join runway aligned precision approaches.

## Sydney Airport regional access regimes

IATA makes no specific request for the PRSS definition to change but does recommend increased flexibility in the use of PRSS slots and the relationship with non PRSS slots. We advise the scheme is best able to facilitate regional connectivity if PRSS slots are not restricted by time during the peak period, but rather a quota should exist for the peak period instead of by hour. We recognise the difficulties in forecasting appropriate numbers of PRSS slots and suggest this may be complimented by permitting the use of non-PRSS slots for regional services during the PRSS period.

IATA continues to recommend the need to improve the existing price monitoring regulatory regime of monopoly services providers. Without a fit-for-purpose regulation, private airport companies such as Sydney Airport will continue to be in an unchallenged position to exercise their market power, leading to unjustified and higher user charges that will be detrimental to the aviation sector and the Australian economy at large. At the very least, the existing price cap and notification regime should be maintained rather than relaxed for the PRSS scheme.

## Slot management

IATA provides recommendations related to updating the SADM Scheme to better meet its objectives. IATA recognizes the demand and supply challenges that exist at Sydney Airport as representative of those at Level 3 airports globally. Sydney Airport and the demand it experiences is not unique, and both the airport and its users would benefit from a close alignment with the WASG. Amongst our recommendations for alignment we advise:

- The update of the new entrant rule and allocation priorities to those of the WASG
- The removal of the "size of aircraft" test
- The establishment of a representative Coordination Committee to advise on slot coordination and slot compliance matters.
- The implementation of the updated slot compliance principles and procedures provided in WASG chapter 9.
- The update of the definition of an airport slot to reflect the permission provided by a single independent slot coordinator, for a carrier to use the full range of airport infrastructure necessary.
- The appointment of the coordinator to be functionally and financially independent and have the ability to fully implement the WASG.



## COVID-19 impacts

IATA recognises the huge impact the COVID-19 crisis has had on Australian and Global connectivity. We make recommendations aimed at best facilitating the restart and recovery of the industry. Our recommendations reflect guidance provided by the airport, airline and slot coordinator representatives of the WASB. WASB membership includes Sydney Airport and the slot coordinator, ACA.

We recommend the application of [WASB guidance](#) to best manage the crisis and to ensure consistent principles and practices are implemented across Level 3 airports nationally and internationally. We highlight the need for the WASB relief measures to be approved in their entirety due to their combined complimentary characteristics. We suggest the WASB recommendation best balances the needs of the different stakeholder groups. Airports receive earlier resource management data, airlines are provided with an ability to restart existing networks, improved access is provided to new and expanding airlines, and the use of an adjusted slots use threshold to reflect an industry in recovery.

IATA does not support unilateral options that conflict with the consistent management of the crisis at airports at the other end of the route. Ideas such as the development of additional slot pools, the removal and reallocation of slots to other carriers, or alternative allocation principles, will lead to slot and schedule inefficiencies and the probable discrimination of some carriers. The same concerns exist for ideas that intervene in the market, like prioritizing international services over domestic or regional.

## Sunsetting considerations

IATA makes few recommendations concerning the sunseting of the regulation. It is recognised that the lifetime of the legislation may lead to divergences emerging over time from the WASG, which is a live document. We suggest a lighter regulation approach that refers to and requires the implementation of the WASG and supplementary WASB guidance to be a possible solution.

## 2. Movement Cap

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

There are several constraints and operational inefficiencies at Sydney that make it difficult to consistently reach the allowable 80 movements per hour cap.

Presently, the fifteen-minute periods comprising each rolling hour restrict movements reaching the cap limit as soon as a period falls below twenty movements. Administering the cap in rolling 15-minute blocks is inefficient as it does not permit movements to be increased enough in subsequent periods after an interruption as it will impact the next three periods beyond that.

Applying a regulated 60-minute period provides better capability to move increased numbers in the latter part of any regulated hour to enhance chances of moving the expected cap numbers. As well as being evenly spread by the current 5 minute slot bands, the separation standards applied still mean a 'surge' in traffic during the hour will not impact the noise limits applicable but when run at the minimum required, will maximise the traffic throughput, within the cap, and not miss opportunities that had already been lost with lower numbers in earlier periods of the hour.

To provide an opportunity to action delayed flights without compounding the delays onto following scheduled flights means there will be less necessity to cancel flights and therefore less disruption to the traffic and passenger networks. To the extent there are issues with the even spread of aircraft movements each hour, this should in the first instance be addressed through effective slot compliance arrangements, noting the role of 5 minute slot bands in ensuring an even distribution of aircraft movement allocations each hour.

Based on this potential efficiency gain, IATA supports the concept of a regulated hour and for the removal of the rolling hour with the consecutive fifteen-minute periods.

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

IATA supports the concept of expanding the eligibility for excluded flights to more than just the current aircraft involved in an emergency, state aircraft or aircraft to which the Slot Manager issues a dispensation due to exceptional circumstances.

Using the notion of those excluded during curfew hours, there is a genuine opportunity to increase the efficiency of Sydney airport without impacting the noise protection that the current legislation affords the community. In maturing the concept, detailed discussions and analysis should seek to identify acceptable noise signatures that do not have adverse impact on the community. As well as low-noise aircraft types, this should include development of more fuel and noise efficient flight paths and ATC procedures so that aircraft can operate at their optimal fuel and noise configurations.

In the first instance, a move to closed STARs from open STARs with ATC vectoring would serve to create more predictability for arrivals and reduce the extra track miles and subsequent noise that occurs today. Additional to that, design and implementation of new generation departure and arrivals procedures that join runway aligned precision approach procedures allows modern aircraft to fly the most fuel and noise efficient trajectories. The noise signatures of modern aircraft flying these procedures are significantly lower than the mixed fleet of aircraft that operated to Sydney when the restrictive noise sharing regulations were devised and implemented.

Ideally, any aircraft that meets a noise limit that betters the benchmark in place when the restrictions were first established in Sydney should be reassessed in terms of how it contributes to the 80 movement cap numbers.



It should be seriously considered as a means by which Sydney airport can absorb and recover from disruptions more efficiently by permitting those that meet a noise limit to operate without impacting the movement count towards the cap.

Related, the Sydney Early Morning Arrivals Plan (SEMAP) continues to show delays as numbers often surpass those assigned for each 15-minute period. This is often caused by aircraft requesting and receiving runway 34L due its convenience for taxiing to parking. The additional requests come from aircraft programmed for and capable of landing on runway 34R. Anecdotal feedback in SEMAP meetings has indicated some airlines would be more likely to remain programmed for runway 34R if there was a more efficient approach procedure, and in recent discussions, a STAR to a connecting RNP approach was suggested. For noise efficient aircraft that elect the smaller runway and can fly such an arrival and approach, an exclusion from the SEMAP and movement cap could be an effective outcome for improving the peak morning efficiency.

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

IATA has no preference for the reporting process and would not object to Airservices Australia being the sole and primary source for publication of the results provided those results are reviewed and endorsed by the relevant Australian Government department before publication.

## 3. Sydney Airport Regional Access Regimes

### **D. Should the definition of 'regional service' be changed? Why or why not?**

IATA makes no recommendation as to whether the definition of "regional service" should be changed.

We welcome the opportunity for airlines to respond to the review of the definition and understand the protection of airport slots for the benefit of permanent regional service series (PRSS) can be important for economic, social and strategic reasons. These reasons should be balanced against the ability to make these slots available to non-PRSS flights.

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

We recommend airlines have the ability to offer regional services during peak hours while using non-PRSS slots. We believe the ability to use non-PRSS slots for regional or non-regional services, at peak or off-peak times, will benefit the consumer by enabling airlines to provide more choice, while helping meet any misalignment that could develop between regional demand and the number of PRSS slots made available.

It is difficult to forecast what an appropriate number of peak-period regional slots should be through the lifetime of this legislation, and in relation to how airlines are best able to meet regional demand. The current conversion method appears to gradually align the number of slots with changing demand, but there is no perfect alignment – missed opportunities could therefore exist for the alternative use of a slot.

Maximising the flexible use of non-PRSS slots alongside the scheme is expected to help correct any misalignment between regional demand and the number of PRSS slots available. Airlines holding non-PRSS slots should be able to choose to fill any shortfall in PRSS slots in support of the PRSS original intention to protect regional connectivity, but while balancing the consideration for other market opportunities.

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

IATA recognises the importance of year-round services to the passenger and supports the continuity of standard slots across seasons in the WASG allocation priorities.

IATA understands there may be a need to align the number of PRSS slots across seasons for social, economic and strategic reasons. This needs to be balanced against the ability to make slots available to non-PRSS flights. Where justification based upon an alignment of regional demand across seasons is not clear, we recommend maximum flexibility in the use of all slots to enable services to align with the market.

### **G. Does the defined peak period remain appropriate for regional slots?**

We recommend the morning peak period is redefined to the hours 07:00-10:59.

IATA has received advice from its airline members that airport slots are generally available between 06:00-06:59 for the establishment of new services. The availability of slots suggests there is little to be gained by ring-fencing slots in the 06 hour. Where PRSS slots exist unnecessarily, the use of slots may be restricted.

### **H. Is there a need for dedicated regional slots in off-peak periods?**

IATA agrees with the discussion paper in that there is no practical effect in distinguishing between regional and non-regional slots during off-peak times. We support the conversion of all PRSS slots during off-peak periods into non-PRSS standard slots.



## **I. Should there be additional flexibility in allowing regional slots to be moved between peak and off-peak periods?**

IATA supports additional flexibility in the use of PRSS slots during the peak period. We do not support the expansion of PRSS slots into the off-peak period where slot availability exists.

The more flexibility there is in the use of a slot, the more able airlines will be to compete, offer choice and structure efficient network connectivity. By removing time limits that restrict the use of PRSS slots, regional services may be better timed to connect with non-regional services and from a competition perspective, flexibility in the timings of PRSS slots may make the slots more accessible and useable to more airlines. Similarly, we see benefit in relaxing the allocation of PRSS slots to specific hours in the peak period and suggest there would be benefit in making the same number of PRSS slots available for use in any hour across the peak period.

We understand the Australian Government's decision is to provide a number of slots for regional access and connectivity. To maximise the value of those slots to the region, we recommend as much flexibility in their use as possible.

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

IATA supports the Productivity Commission's recommendation that any peak-period slot should be able to be used for regional flights. We agree with the Productivity Commission's advice that non-PRSS slots should "be allowed to be used for regional flights when available and as and when required, without being converted to permanent regional slots."

Enabling the use of non-PRSS slots for regional services is expected to provide opportunity that is complimentary to existing PRSS slots. The existing safeguards continue to serve the purpose of protecting regional services, while complimentary non-PRSS services may drive additional consumer benefits in the form of increased competition, consumer choice and connectivity, based upon a more responsive relationship with demand.

Where the number of PRSS slots may not be sufficient to meet demand, this additional flexibility provides new opportunities. Meanwhile the use of slots is not restricted to regional use, thereby ensuring market forces can dictate the optimal use of non-PRSS slots.

## **K. Should there be further relaxation or other changes to the ACCC's price cap and monitoring regime?**

IATA fully supports the Australian Government's long-term policy objective of establishing a competitive and efficient aviation sector, at a lower cost without compromising service levels. However, there are noticeable gaps, especially when it comes to regulating monopoly service providers such as airports. It is our opinion that the existing price regulatory regime has failed to deliver the envisaged policy outcomes to date. This observation is attested to by the Australian Competition and Consumer Commission (ACCC), which has repeatedly highlighted the current regulatory shortfalls in effectively exercising its mandate as the economic regulator of airports.

IATA has provided our submissions to the Productivity Commission with clear examples of private airport operators exercising their market power and recommended some changes such as the negotiate-arbitrate approach as a more effective regulatory backstop solution. Unless these changes are implemented, airports will continue to be in a position to exercise their market power leading to unjustified and higher user charges that will be detrimental to the aviation sector and the Australian economy at large.



**L. Are there adverse outcomes in implementing the Productivity Commission recommendation regarding the scope of future price declarations? Are specific safeguards needed to mitigate any impacts of implementing this recommendation?**

Any relaxation to existing requirements would mean less transparency and higher potential of airport exercising its market power – and should therefore be treated cautiously. In the context of the PRSS scheme, IATA is mindful that increasing intervention is likely not an option that the Government is prepared to consider at present. IATA would therefore recommend that the existing arrangement is maintained to accord the ACCC and airport users with the same level of transparency on how aeronautical charges for regional services are set and to provide the avenue for intervention when necessary. We must avoid getting (further) on the path of obscurity that will strengthen the market power of Sydney Airport over its users.

IATA notes and supports the Department's view of the need to close the existing gap between regional and non-regional aeronautical charges. This should not only involve the gradual increase for regional aeronautical charges but more pertinently the need to ensure charges for non-regional are lowered accordingly in closing the gap.

**M. Are there any matters, not discussed already, which the Government should consider when developing any future Direction for regional price monitoring at Sydney Airport by the ACCC?**

Any discounts granted by Sydney Airport through its pricing agreements with users are most welcomed. Ideally, any such discounts should be funded by Sydney Airport through its 'profit' rather than accepting this as a cost of doing business that will be passed on to users.



## 4. Slot management

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

IATA warns against the implementation of a bespoke slot scheme for Sydney Airport. We do not believe there is reason to implement a slot management scheme that is substantially different from the WASG. Implementing a slot scheme that differs from the rest of the world risks the harmonious structure to airport slot coordination that successfully links airports globally.

Sydney Airport, its functions, services and related flights do not differ from those of other Level 3 airports. Sydney Airport is not unique and as such, no unique or bespoke slot scheme is required.

No airport can operate in isolation of other airports and so the WASG provides the global aviation community with a single set of standards for the management of slots at coordinated airports (Level 3) and for schedule adjustments of planned operations at facilitated airports (Level 2). It is the industry standard recognised by many regulatory authorities for the management and allocation of airport capacity. In some instances, this text has been incorporated into local regulations and national law. For example, the European Council Regulation No 95/93, the Rules of the Civil Aviation Authority of Thailand on Criteria for Slot Allocation for Airport Arrival and Departure of Aircraft B.E. 2562 (2019), and India's Guidelines for Slot Allocation, all bear a strong resemblance to the principles and text of the WASG. Over 90% of the world's Level 3 airports are considered to have fully implemented the WASG. The remaining 10% of airports are mostly in the process of adopting the WASG – such as in China and Mexico, where there have been gradual implementations of the WASG over recent years.

We appreciate the SADM Discussion Paper's acknowledgement for:

- The 2020 governance revision of the WASG to include global representation from airports, airlines and slot coordinators
- The successful Strategic Review of the former Worldwide Slot Guidelines that has led to revisions in key aspects of guidance that the discussion paper also considers, and the publication of the WASG in June 2020.
- The jointly agreed WASB objectives that form the core of the WASG

Ensuring the WASG remains fit-for-purpose as the global standard is a key concern, and we take this opportunity to emphasize Sydney Airport is well connected with the rest of the world through the networks of Australian and international carriers, who typically operate to and from Level 3 airports at both ends of the route and across their connecting networks. The needs of all stakeholders need balancing, all airline types, connected airports, built around the consumer at the centre. We advise caution in adjusting the SADM in a manner that suits one particular stakeholder for the far-reaching consequences this may have on Australia's international standing, connectivity and provision of independent and neutral airport slot coordination at Sydney Airport.

We recommend the Department adopts a more prudent approach for Sydney Airport to remain aligned with the same principles and procedures as being adhered to across the networks that connect with Sydney, but in addition, continue to contribute to the ongoing development of the WASG. To-date, I am pleased to advise airport slot coordination matters at Sydney Airport are well represented in this regard:

- The General Manager Aviation at Sydney Airport is one of seven airport members of the WASB and represents the region as a member of ACI World's Expert Group on Airport Slots (EGS).



- The CEO at Airport Coordination Australia and ACA Airport Coordination, is one of seven slot coordinator members of the WASB, represents the region as Vice-Chairman of the Worldwide Airport Coordinators Group (WWACG), and Chairman of the Asia Pacific Airport Coordinators Association (APACA).
- The former Senior Manager, Network Scheduling at Qantas was one of seven airline members and joint Chairman of the WASB, and Chairman of IATA's Slot Policy Working Group, until his departure from Qantas in September 2020.

We are grateful for the support and cooperation staff from these organizations have shown in the development and implementation of the WASG at Level 3 airports worldwide, while ensuring Australia's interests are represented in the development of the guidelines.

We understand bespoke challenges may exist at particular airports, so the WASG purposefully provides flexibility in its guidance so that it may be adapted to the majority of situations, but without contradiction to the core principles and [pillars of the WASG](#). Additionally, we recognise there is sometimes a need to introduce [local procedures](#) that complement the WASG for specific circumstances.

## ICAO

ICAO provides guidance in its Policy and Guidance Material on the Economic Regulation of International Air Transport (Doc 9587) that mirrors the fundamental principles of the WASG. Doc 9587 notably states that "any slot allocation system should be fair, non-discriminatory and transparent, and should take into account the interests of all stakeholders. It should also be globally compatible, aimed at maximising effective use of airport capacity, simple, practicable and economically sustainable."

ICAO has endorsed the need for policy development for aviation to be based on Good Regulatory Practices based on IATA's Smarter Regulation principles. ICAO endorses the need for new policy to "be consistent and coherent with existing (and planned) rules and practices that are applicable to regulated activities so that there are no overlaps and contradictions (nationally or internationally)". This is especially important for slot policy considering the growing number of capacity-constrained airports globally, the lack of real infrastructure investment and development to meet forecast demand, and therefore the likely increase in slot-coordinated airports globally.

All flights have an origin and a destination, frequently in different jurisdictions. Having different rules and processes for slot allocation at either end of the route adds complexity and leads to unnecessary inefficiencies. Furthermore, applying the worldwide standard as described in the WASG ensures fair and non-discriminatory treatment for all carriers operating at or requesting access to an airport. This fair and neutral approach supports the development of global aviation, for example in bilateral air service agreement discussions.

## O. What risks and opportunities could be realised by adopting the WASG?

### Opportunities

The consistent implementation of the WASG results in best possible achievement of the WASG objectives.

The prime objective of airport slot coordination and the WASG is to ensure the most efficient declaration, allocation and use of available airport capacity in order to optimize benefits to consumers, taking into account the interests of airports and airlines.

- To facilitate consumer choice of air services, improve global connectivity and enhance competition at congested airports for passengers and cargo.
- To provide consumers with convenient schedules that meet demand, are consistent from one season to the next, and reliable in terms of their operability.



- To ensure that slots are allocated at congested airports in an open, fair, transparent and non-discriminatory manner by a slot coordinator acting independently.
- To realize the full capacity potential of the airport infrastructure and to promote regular reviews of such capacity and demand that enable effectual capacity declarations for slot allocation on a seasonal basis.
- To balance airport access opportunities for existing and new airlines.
- To provide flexibility for the industry to respond to regulatory and changing market conditions, as well as changing consumer demand.
- To minimize congestion and delays.

## Risks

Specific circumstances can occasionally arise that require a temporary departure from some WASG principles. Such situations are rare but through industry consultation and an underlying alignment with the core principles of the WASG, complimentary procedures may better address a specific issue.

The COVID-19 pandemic provides us with an example. Mandatory distancing measures have forced some airports to dramatically reduce their available capacity at short notice and during the season. The WASB has since provided the industry with guidance ([Appendix C](#)) that is complimentary to the WASG to best manage this specific circumstance.

Should a rare occurrence become more common, the WASB would lead the industry in identifying more permanent guidance and will publish updates to the WASG to ensure the WASG remains risk free and fit-for-purpose.

## **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.**

IATA recommends aligning the allocation priorities in the legislation, with WASG Chapter 8, Principles of Slot Allocation.

## **Recently updated WASG slot allocation priorities**

We base our slot allocation priority recommendations on the outcomes of the Strategic Review of the Worldwide Slot Guidelines (WSG) 2017-2019, involving airports, airlines and coordinators.

The WASB approved the following changes to ensure the primary allocation of slots is more competitively balanced through equal consideration for the needs of both new entrants and incumbent airlines aiming to change slot times or other aspects of their historic slots, which will in turn allow more operators to benefit from a larger access to the slots pool.

- Changes to the primary criteria for initial slot allocation. These changes are aimed at ensuring a fair balance between new entrants and non-new entrants by lowering the priority for retiming of existing slots to be on par with new entrant requests. The amendments also include a clarification that 50% of the slot pool should go to new entrants and the remaining 50% should go to non-new entrants. This provides a fair balance between new entrant and non-new entrant requests for both regular allocation and for the allocation of new capacity.
- Changes to the New Entrant definition from five to seven slots at that airport on that day. The analysis that was carried out by airports, airlines and coordinators based on data from 20 airports worldwide demonstrated that the change from five to seven slots (though other alternatives were also considered and evaluated) would result in a reasonable number of airlines being able to benefit from larger access to the slot pool allocated to new entrants.
- Provisions to providing coordinators with information about airlines' and airports' business priorities and development plans. These provisions in the WASG are aimed at assisting the coordinator in obtaining a



holistic view of airline's and airport's business plans, priorities and operational constraints and how the available capacity may be allocated and impact these plans.

### **'Size of aircraft' test**

The "size of aircraft" test included in section 8 of the Sydney Airport Slot Management Scheme 2013 is legislation that is specific to Sydney Airport. We recommend its removal for the reasons shared in our response to [Question S](#).

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

IATA supports the SADM definition alignment of a new entrant with the updated definition in the WASG.

As detailed in Question P, the redefined new entrant rule is part of the overall adjustment of the primary allocation criteria that aims to competitively balance the needs of both new entrants and incumbent airlines. The updated definition in the WASG is the result of analysis jointly carried out by a group of globally representative airlines, airports and coordinators during the SR.

To identify the appropriate number of slots held to be eligible for new entrant status, the group tested various definitions at 20 airports worldwide, including Sydney Airport. The results are included at [Appendix A](#) and show Sydney Airport follows the trends of other Level 3 airports. With a definition of less than five (not more than four), 55% of carriers at Sydney benefit from new entrant status. Increasing the definition to seven (not more than six) means 72% of carriers benefit from the new entrant status.

The results reflect the common distribution of operations with longer haul international airlines often only operating once or twice per day, while the limited number of based, domestic and regional carriers may wish to operate many more. Capturing enough airlines who want more access in the definition is a challenge without making all carriers eligible. Changing the definition to less than nine (no more than eight) for example results in around 95% of carriers being eligible to the new entrant status. At this higher level, the priority becomes ineffective.

A further benefit of the chosen less than seven (no more than 6) definition over less than five (no more than four), is it makes the entrant rule more favourable to all airline types. For example, if an airline aims to base an aircraft at an airport, the number of daily operations typically range from one operation per day (two slots for long haul) to three operations per day (six slots for domestic and regional) to justify the option of based operations from that airport. I emphasise that the three operations per day is only a limit for making use of the new entrant priority status. The airline may still request as many slots as it intends to operate. This is useful at Sydney Airport since the airport is not full throughout the day and access is possible, allowing an airline to perhaps make use of the new entrant status at the most congested times.

Of further benefit are complimentary principles of the WASG. For example, the WASG additional criteria for slot allocation includes a requirement for the coordinator to "ensure due account is taken of competitive factors in the allocation of available slots. These factors could include the addition and development of a new route or competition on an existing route."<sup>1</sup>

In summary, we suggest the WASG definition better facilitates access and competition over the previous definition included in the SADM.

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<sup>1</sup> [WASG, Chapter 8.4. Additional criteria for initial slot allocation](#)



## **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?**

The lack of available capacity creates barriers for an airline wishing to expand services during the periods where there is insufficient airport capacity to meet demand. Like most Level 3 airports, capacity, access or expansion opportunities exist across the rest of the day. Implementation of the WASG best balances the needs of all carriers through globally accepted processes that mitigate the harm caused by the lack of infrastructure.

Indeed, this process is recognized worldwide as eliminating barriers to entry. For example, the US Department of Transport recently found that there was no need for remedy slot divestitures in the antitrust immunity application of Virgin Atlantic, Delta, Air France, KLM, and Alitalia, stating: "The Department does not have similar [competition] concerns regarding Amsterdam. Airport Coordination Netherlands (ACNL) follows the European Union's slot regulation, which closely mirrors the IATA WSG and provides transparent access to slot allocations and monitoring data."<sup>2</sup>

Similarly, an investigation of COFECE (the Mexican competition regulator) into slot allocation at Mexico City Airport found that the allocation process in Mexico – which did not follow the WASG – imposed barriers to entry for airlines. Following this report, the Secretary for Transport enacted new slot allocation regulations which largely follow the WASG. This situation was also recognized by the US Department of Transport in the antitrust immunity application of Delta and Aeromexico, noting in 2016 that at MEX there was "the lack of a slot regime that comports with international standards and which has been deemed anticompetitive by the Comisión Federal de Competencia Económica (COFECE, Mexico's competition regulator)... We also, however, have statements on the record from Aeropuerto Internacional de la Ciudad de México (AICM, the operator of MEX) and the Dirección General de Aeronáutica Civil (DGAC, which oversees AICM), stating that they have made improvements to the slot allocation system at MEX since COFECE's report was published and that it is in the process of implementing a system more compatible with the International Air Transport Association (IATA) Worldwide Slot Guidelines (WSGs). The Department fully supports those efforts."<sup>3</sup>

IATA, along with the airports, airlines, and coordinators, is continually seeking ways to further strengthen the WASG and prevent the barriers to entry and expansion posed by a lack of infrastructure. The recent changes to the WASG have increased the threshold for new entrants and have modified the priority for allocation to balance the opportunities for entry and expansion for all carriers – new entrants and incumbents. The WASG also now includes a secondary criterion giving priority to requests which have spent longer time on the waitlist, further helping those carriers who have been unable to gain entry or expansion to an airport in previous seasons.

### **Use It or Lose It Rule**

One vital principle of the SADM Scheme and the WASG is the Use It or Lose It Rule (80:20 rule). We refer to it here because some stakeholders have suggested a more stringent calculation could be used to create access opportunities for other airlines. However, a more stringent calculation will have little effect on the utilization and access opportunities. Instead it will place greater pressure on the few services that desperately need the flexibility the 80:20 provides. For example, airlines developing new services or airlines recovering from a restructure, may be encouraged to fly less sustainably to achieve a more stringent rule.

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<sup>2</sup> Final Order 2019-11-14 in Docket DOT-OST-2013-0068, at p. 7. Available at <https://www.regulations.gov/docket?D=DOT-OST-2013-0068>, under "Primary Documents."

<sup>3</sup> Final Order 2016-12-13 in Docket DOT-OST-2015-0070, at pp. 2-3. Available at <https://www.regulations.gov/docket?D=DOT-OST-2015-0070>, under "Primary Documents."



We include further information on the 80:20 rule and its relationship with historic precedence at the end of section 4 entitled "[Use of Slots](#)".

## **S. Should the 'size of aircraft' rule be retained? If so, what rationale or application criteria should be used?**

The "size of aircraft" test included in section 8 of the Sydney Airport Slot Management Scheme 2013 is legislation that is specific to Sydney Airport. We recommend its removal because:

- A strict link of a particular aircraft size to future historic precedence carries the risk that airlines may be forced to
  - Operate unsustainable flights through the operation of larger aircraft types when demand is low, or
  - Not meet demand if restricted to smaller aircraft types
- Can cause competitive distortions if carriers cannot flexibly align aircraft sizes with demand, or due to repairs, maintenance or as a business decision.
- There is the potential for this unilateral clause to conflict with slot allocation priorities at the other end of route, resulting in disparate treatment of airlines at opposite ends.

Airlines have advised IATA the "size of aircraft" test is very rarely enforced, so in addition to our concerns shared above, this is probably an opportunity to repeal this requirement to allow better alignment of operational efficiencies with market dynamics. Doing so will promote sustainable demand driven flying.

We acknowledge that allocated slots should match the intended use of an aircraft type. Airlines should keep slots updated where required to ensure facilities remain available for the intended operation. We recommend the use of slots is monitored, and where airlines intentionally or regularly operate in ways other than the allocated slot, the coordinator should follow the slot monitoring procedures detailed in Chapter 9 of the WASG. The WASG definition of slot misuse includes, "Operating a flight in a significantly different way to the allocated slot – including a different service type, aircraft subtype, aircraft capacity, or origin/destination – without the prior confirmation of the coordinator as set out in 8.10;"<sup>4</sup> This alternative approach in comparison with the "size of aircraft" test ensures airline and airport planning flexibility. Importantly it doesn't punish an airline changing the aircraft size operated, but it does require action to be taken if the carrier does so without coordinator approval, ensuring the change does not violate any coordination parameters.

## **T. What considerations should be given for an effective compliance scheme?**

We advise consideration to be given for the full adoption of WASG chapter 9 Slot Monitoring. WASG Chapter 9 is a comprehensive new chapter written as a result of the joint airline, airport and slot coordinator SR collaboration.

Considerations for an effective compliance scheme include:

- The role of the different stakeholders, including that of a coordination committee or slot performance committee
- Clearly defined principles and intentions of the process, including the circumstances the scheme aims to prevent.
- A clear definition for what constitutes slot misuse.
- Expectations of what monitoring activities should take place both before and after the time of operation.
- How the monitoring process should be carried out
- The type of coordinator dialogue that should be carried out
- What enforcement actions may be considered and when

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<sup>4</sup> [WASG Chapter 9.2.2 Misuse of slots](#)



- How the process and performance may evolve over time through consultation with the coordination committee or slot performance committee.
- How the process aligns with the treatment of airlines at other airports

**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 objectives of demand management being met?**

IATA recommends the SADM Scheme includes the guidance provided at WASG 9.2.2 which defines what activities might constitute an act of slot misuse.

As with the allocation of slots, slot monitoring should be carried out by an independent and neutral coordinator to ensure integrity of the process. The coordinator, along with advice from the coordination committee or slot performance committee, should focus their efforts on the types of misuse that cause the most disruption to other users of the airport. This may mean there is a focus on off-slot and no-slot movements, but then at a later date, another type of slot misuse might be considered more important. So, we recommend the broad inclusion of the slot monitoring guidance of the WASG to ensure there is flexibility in the application of the guidance and control of circumstances as they occur over the lifetime of the SADM Scheme.

The approach we recommend here supports the WASG objectives provided at Question O. We also believe these recommendations support the legislation objectives:

- maximising the number of flights within the movement cap;
- managing noise impacts on the local community;
- maximising passengers and freight;
- guaranteeing access to flights from regional areas;
- providing certainty of slots for incumbent airlines; and
- encouraging competition through making slots available for new entrants.

**V. Are the penalties, if implemented, significant enough to encourage compliance? Are there alternative compliance mechanisms which could be considered?**

IATA recommends the alignment of the legislation penalties with the enforcement actions published at WASG Chapter 9.4.3 Coordinator-Airline Dialogue and 9.4.4 Enforcement Action.

In our experience the most effective method of compliance is communication between the coordinator and airline. Once an airline is alerted to its activities not meeting expectations it can take steps to improve its aspects of its performance. A good example of this is the Performance Improvement Plan that is used by some coordinators, such as at Heathrow Airport. The approach agrees a period of improvement based upon the circumstances and disruption that is being caused.

If the airline-coordinator dialogue process is unsuccessful, enforcement action should be considered for intentional or repeated slot misuse. We recommend the ability for the issuance of a formal warning prior to further enforcement action, but if this remains unsuccessful, then there should be an ability for the following enforcement actions to be considered:

- Referral of the matter to the airport's Coordination Committee or other competent body;
- Loss of historic precedence for the series of slots involved in the next equivalent season;
- A lower priority for that airline for new future slot requests in the next equivalent season;
- Withdrawal of the series of slots involved for the remaining portion of the current season; or
- Sanctions (including financial sanctions) under applicable law.



We emphasize it is important for effective consultation and communication throughout. Appropriate measures should be considered in accordance with the type of misuse on level of disruption being caused. The alignment of the legislation with WASG Chapter 9 will ensure the required levels of flexibility and enforcement are achieved to meet the legislation objectives.

### **W. Do you have any comments on the Ministerial Direction provision in the Act?**

The provision for Ministerial Directions to issue, vary, suspend or cancel slots that have been allocated under the scheme remains appropriate, but we make the following recommendations to help optimize the process for what might sometimes be a situation requiring immediate direction.

As highlighted by the Discussion Paper, recent events have emphasized the need for measures to be implemented that diverge from existing legislation and the usual airport slot coordination process. Having appropriate legislative detail may reduce the need for direction, thereby ensuring the provision is for the most extreme circumstances.

Parts 4 and 5 of the Sydney Airport Slot Management Scheme 2013 provide levels of alleviation for particular circumstances including exceptional circumstances and conditions. Similarly, WASG Chapter 8.8 Justified Non-Utilization of Slots (JNUS), provides alleviation for the use of slots where there are unforeseeable and unavoidable causes outside of the airlines control that interrupt the operation of the service. However, interpretations of this guidance have resulted in its inconsistent application and requests for legislative support.

IATA, and Airlines for Europe (A4E), have jointly made recommendations to the European Commission for supplementary information to be added to article 10 (4) of the Council Regulation (EEC) No 95/93 which provides the criteria for JNUS. We share this communication at [Appendix B](#).

Similarly, the European Commission has recently consulted upon amendments to Council Regulation (EEC) No 95/93 to adopt suitable conditions that would support future alleviation in the case of COVID-19. IATA's joint response with the WASB is included at [Appendix C](#).

The nature of exceptional circumstances generally mean they are unexpected, cannot be planned for, but require immediate support to minimize uncertainty and negative impacts to the consumer, or airport and airline operations. We recommend consideration is given to providing SADM scheme legislation that would better enable the slot coordinator to provide immediate JNUS support at Sydney Airport.

### **X. Does it remain appropriate for the Slot Manager and Compliance Committee to be principal instigators for changes to the slot scheme and compliance scheme?**

IATA recommends the establishment of a Coordination Committee to act as a consultative forum and to advise the slot coordinator or Australian Government on matters relating to capacity, slot allocation, and monitoring the use of slots at Sydney Airport. Changes to the slot scheme and compliance scheme should therefore be based upon consultation and recommendations made by the Coordination Committee.

This recommended approach is based upon WASG guidance and still incorporates the Slot Coordinator and Compliance Committee, although the Compliance Committee is sometimes set up as a subcommittee of the Coordination Committee. Recently reviewed guidance can be found at chapter 5.6 of the WASG, including the composition, membership and frequency of meetings and items to consider including in the committee terms of reference.

The [Heathrow Coordination Committee](#) and [Heathrow Scheduling Committee](#) are examples of a generally respected approach and which is also aligned with the WASG. We include this link to the Constitution of the Heathrow Coordination Committee, and Constitution of the Scheduling Committee, but in summary:

- The tasks of the Coordination Committee<sup>5</sup> include making proposals concerning or advising the Coordinator and/or Member State on:
  - Possibilities for increasing the capacity of LHR in accordance with Article 3 of the Regulation or for improving its usage;
  - The coordination parameters to be determined in accordance with Article 6 of the Regulation;
  - The methods of monitoring the use of allocated Slots;
  - Local guidelines for allocation of Slots or the monitoring of the use of allocated slots, taking into account, inter alia, possible environmental concerns;
  - Improvements to traffic conditions prevailing at the airport in question;
  - Serious problems encountered by New Entrants, as provided for in Article 10(9) of the Regulation.
  - All questions relating to the capacity of LHR
  - The Committee shall also mediate between the parties concerned on complaints on the allocation of slots, as provided for in Article 11 of the Regulation.
- The purpose of the Scheduling Committee<sup>6</sup> is:
  - To formulate scheduling policies and guidelines specific to LHR,
  - To maintain close liaison with the Coordinator, other Heathrow committees and similar UK and foreign committees,
  - To represent the views of LHR Operators on scheduling matters,
  - To promote policies and procedures that balance scheduling flexibility, capacity, maximisation and efficient utilisation of facilities with user acceptable performance and service quality levels.

IATA is also aware of the Brisbane Coordination Committee (RDMS Committee) which may provide another example of a consultative forum for advising on slot coordination matters.

## **Y. Given the maturity of slot management and the WASG, does the scope of the Slot Manager's functions remain appropriate?**

IATA recommends a few changes to the scope of the Slot Manager based upon the maturation of the airport slot coordination process globally and the development of the WASG.

We don't agree that the Slot Manager should develop and amend the slot management scheme. IATA prefers to see this as a responsibility of the Australian Government and based upon consultation with the aviation community, ideally through an established Coordination Committee.

We recommend the legislation clearly reflects the role of the Slot Manager to:

- Allocate slots to airlines and other aircraft operators in a neutral, transparent, and non-discriminatory way, on the basis of the applicable coordination parameters, and in accordance with the priority criteria of the WASG and any local guidelines and regulations.
- Make available to relevant stakeholders' details of the applicable coordination parameters, local guidelines and regulations, and any other criteria used in the allocation of slots, as soon as possible and at least 14 days and not later than 7 days before the Initial Submission Deadline for each Slot Conference, where possible. The coordinator shall inform the airlines as soon as possible and at least 14 days and not later than 7 days before the Initial Submission Deadline.
- Make available to the airlines and to the airport managing body, as soon as all SALs are distributed, a list of slots allocated, remaining slots available and the reasons why slots were not allocated as requested. This information should ideally be in SSIM Chapter 6 format and accessible by online means.
- Attend and participate in all SCs.

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<sup>5</sup> Paragraph 3, [Constitution of the Heathrow Coordination Committee](#)

<sup>6</sup> Paragraph 3, [Constitution of the Heathrow Scheduling Committee](#)



- Monitor cancellations made after the Historic Baseline Date and any non-utilization of slots for the purpose of applying the Use it or Lose it rule.
- Perform slot monitoring, as described in Chapter 9 of the WASG.
- Offer advice to airlines and the relevant authorities on all matters likely to improve airport capacity or slot allocation flexibility, and in particular on any area which will help the airport return to Level 2 or Level 1.
- Address problems arising from conflicting requirements in such a way as to avoid any need for external intervention.

These same scope items are included in the WASG<sup>7</sup> and will help ensure airport slot coordination at Sydney Airport continues to support the objectives of both the SADM Scheme and the WASG.

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

IATA recommends the current SADM text concerning the appointment of a Slot Manager be expanded to better align with the WASG. We advise:

- The Minister shall appoint a coordinator following consultations with the airport managing body, the airlines using the airport, and their representative organizations. Previous airline scheduling knowledge or coordination experience is a prerequisite for appointment.
- Coordinators must have sufficient time, resources, and expertise to provide coordination services in accordance with the WASG and any local guidelines and regulations.
- Coordinators should have computer systems that are capable of performing the functions necessary to comply with the Worldwide Airport Slot Guidelines (WASG) and any local guidelines and regulations. The recommended minimum system requirements for coordinators are provided at [www.iata.org/wasg](http://www.iata.org/wasg).
- Coordinators must be functionally and financially independent of any single interested party and act in a neutral, transparent, and non-discriminatory way.
- If the day-to-day coordination at an airport is transferred to a different coordination organization, the date of transfer to the new organization must be notified as soon as possible to all airlines operating at that airport and to the Secretariat of the WASB.

One of the greatest risks to the achievement of the SADM Scheme and WASG objectives is the appointment of a non-independent slot coordinator. WASG Annex 12.6 Independence of Coordinator<sup>8</sup> provides additional guidance as to how functional and financial independence may be identified, and includes examples of bad practices, such as interested stakeholders like government, airport or airline employees being responsible for coordination.

The advice provided concerning the appointment of the coordinator reflects the guidance provided by the WASG<sup>9</sup> and is expected to ensure airport slot coordination at Sydney Airport continues to support the objectives of both the SADM Scheme and the WASG.

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<sup>7</sup> [WASG, Chapter 5.5, Role of the Coordinator](#)

<sup>8</sup> [WASG, Annex 12.7, Independence of Coordinator](#)

<sup>9</sup> [WASG, Chapter 5.2, Appointment of A Coordinator](#)



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

We recommend the definition of a slot and associated terms and processes be updated to that of the WASG to ensure the SADM Scheme applies to all forms of declared capacity at Sydney Airport and that the role of the coordinator is not split.

We strongly recommend the definition of a slot be updated to:

- Airport Slot: a permission given by a 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.

IATA was recently advised by airlines that the existing regulation has been interpreted by other stakeholders as potentially only applying to declared runway capacity. We are concerned that this could result in a split coordination process with a separate non-independent coordinator adopting the role of coordinator for declared terminal and apron capacity.

IATA is aware of a split process having developed at John F. Kennedy International Airport. The feedback from airlines has been concerning. We are advised the coordinator slot allocation approvals are not aligned and the capability of the terminal coordinator has been questioned. Airlines have advised apron and terminal congestion frequently causes operational delay on arrival and departure and forces airlines to include buffers in their block times to accommodate the inefficiencies.

IATA takes this opportunity to emphasize the update to the definition of slot is expected to prevent a split process occurring. In addition, we again warn against any consideration for a split coordination role, or for the appointment of a coordinator who is not functionally and financially independent.

IATA makes no recommendations concerning the authorisation of Airservices Australia or the operator of Sydney Airport to exercise the Slot Managers powers relating to the allocation of slots or in connection with a slot that has been allocated outside of the coordinators normal business hours. We support a process that facilitates changes on the day of operation.

## **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)?**

IATA warns there is great risk in a potential split of the coordinator role for the management of different capacities. We recommend the continued appointment of a single, independent slot coordinator to manage all declared capacity at Sydney Airport.

A single coordinator is best placed to manage varying capacities according to their impact on demand at varying times of the day.

A split coordination process risks different priorities being adopted in the allocation of slots, and there is no visibility for how decisions impact the use of other declared capacities that another coordinator is responsible for. The result would be the inefficient allocation of scarce airport capacity and a time-consuming duplicate process for airlines, who are being monitored on the use of separate slot confirmations that might not match.

We refer back to the example provided in Question AA where a split coordination process has developed at John F. Kennedy International Airport, much to the concern of some airlines.



### **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?**

IATA provides no opinion or recommendation on this matter.

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

IATA recommends legislation that refers to principles and procedures that remain aligned with the WASG and supplementary information that may be provided by the WASB. This approach provides the benefit of airport slot coordination at Sydney Airport remaining aligned with the development of the WASG during the lifetime of the legislation, while accounting for unknown extraordinary circumstances that might cause disruption.

Our concern is that a detailed legislative framework might be appropriate for handling known disruption, such as COVID-19, but other circumstances might require alternative measures. Flexibility is required.

With regards to influxes of capacity, the WASG has been proven to provide sufficient guidance in the management of significant slot returns and slot reallocation under normal circumstances. The coordination of large amounts of capacity being made available has been demonstrated at congested airports such as Frankfurt Airport through the opening of the fourth runway.

With regards to influxes of returned slots due to significant industry disruptions (e.g. COVID-19), the WASB found it necessary to provide complimentary guidance.

### **Changes in Airport Levels as a result of COVID-19**

IATA has [published](#) this WASB guidance to best manage possible level changes as a result of temporary changes in demand. The paper concludes "section 6 of the WASG provides sufficient guidance in the application of level changes" and "temporary changes to levels only apply to increasing levels"<sup>10</sup>.

### **Airport Capacity Declaration and Temporary Changes in Capacity**

IATA has [published](#) this WASB guidance that helps manage slot approvals and airline schedules where airport capacity has been temporarily reduced to meet mandatory health measures.

The two papers mentioned here are examples of the supplementary guidance that could be referred to. If it is possible to reference future supplementary WASB guidance as and when it is provided, we believe this will provide the best industry led solutions to managing future risk though the continued adoption of best practices.

## 4.1 Supporting information

### **Pillars of the Worldwide Airport Slot Guidelines**

Regulation should be based on core WASG principles that are crucial for the global aviation industry.

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<sup>10</sup> [Changes in airport levels as a result of COVID-19](#)

The role of the coordinator is to allocate slots to airlines in a neutral, transparent, and non-discriminatory way, based on the applicable coordination parameters and in accordance with the priority criteria of the WASG and any local guidelines and regulations. To support the fair allocation of slots, the WASG, local guidelines, and regulations must be based upon a set of core principles that balance the needs of the industry.

Figure 1: Pillars of the Worldwide Slot Guidelines



Figure 1 illustrates the combination of core principles that are discussed in further detail below. Underpinning the pillars is the need for consistency. Every flight has an airport at both ends and so no airport can operate in isolation of other airports.

Aviation is a global industry which requires globally consistent guidelines.

## Consistency

In an increasingly congested environment, it is essential for common slot allocation policies to exist. Without common processes, scheduling and airport capacity utilisation inefficiencies are likely to develop.

The number of capacity-constrained airports continues to grow throughout the world, requiring a unified slot allocation process. There are about 200 slot-coordinated airports worldwide. Airports are becoming increasingly congested. It is essential for common slot allocation policies to exist.

ICAO provides guidance in its Policy and Guidance Material on the Economic Regulation of International Air Transport (Doc 9587) that mirrors the fundamental principles of the WASG. Doc 9587 notably states that “any slot allocation system should be fair, non-discriminatory and transparent, and should take into account the interests of all stakeholders. It should also be globally compatible, aimed at maximising effective use of airport capacity, simple, practicable and economically sustainable.”

ICAO has endorsed the need for policy development for aviation to be based on Good Regulatory Practices based on IATA’s Smarter Regulation principles. ICAO endorses the need for new policy to “be consistent and coherent with existing (and planned) rules and practices that are applicable to regulated activities so that there are no overlaps and contradictions (nationally or internationally)”. This is especially important for slot policy considering the growing number of capacity-constrained airports globally, the lack of real infrastructure investment and development to meet forecast demand, and therefore the likely increase in slot-coordinated airports globally.

All flights have an origin and a destination, frequently in different jurisdictions. Having different rules and processes for slot allocation at either end of the route adds complexity and leads to unnecessary inefficiencies. Furthermore, applying the worldwide standard as described in the WASG ensures fair and non-discriminatory treatment for all carriers operating at or requesting access to an airport. This fair and neutral approach supports the development of global aviation, for example in bilateral air service agreement discussions.

Sydney Airport is a busy Level 3 airport that connects with other busy, Level 3 capacity-constrained airports around the world. As such it is a national and international gateway like most other Level airports. Sydney Airport is not unique and does not require special rules. Managing scarce capacity at all Level 3 airports in a consistent manner is important for consumers, airlines and the connectivity of the country.



## Certainty

Consumers have become reliant on a well-connected, efficient, and competitive airline market. Impacting the certainty of operations impacts the services consumers have come to rely on, either as passengers or as freight services.

Airlines require certainty to develop and invest in both new and existing services. New equipment represents a long-term investment, both to establish new routes and to upgrade to larger aircraft types at highly constrained Level 3 airports. Recent IATA analysis identified that it takes an average of 3.5 years for a new route to become profitable. It is then normal for an airline to continue to invest in that route with greater frequencies and upgraded aircraft types.

Should the Australian government negatively impact the certainty required by airlines to invest in, develop or continue to operate services, it is likely airlines will consider opportunities at other airports that pose less commercial risk, where this is possible. This would in turn jeopardise Sydney Airport's status as an international and domestic hub airport, and the ability to meet the objectives of the discussion paper.

## Flexibility

No two airlines have the same strategy and no two Level 3 airports are capacity constrained in the same way. WASG principles are purposefully written with flexibility in mind. Examples of flexibility in the WASG include:

- The length of a series is five weeks, despite many airlines operating a full season in excess of that minimum. A minimum series length of five weeks has proven to provide enough flexibility to meet varying types of consumer demand for different types of airlines. Importantly, it also prevents airlines from being forced to fly where there is limited demand in order to meet an artificial minimum series length.
- The use-it or lose-rule is a calculation where airlines who operate 80% of a series are eligible to historic precedence for the same slot series in the future equivalent season. Actual utilization is typically much higher but the 80% ensures there is flexibility across Level 3 airports to allow for individual airport circumstances and airline operations.
- The principles of slot allocation are not overly prescriptive since the coordinator needs to understand and balance all demand and capacity factors at an airport. The additional slot allocation criteria listed in the WASG are intentionally designed as a balanced set of considerations to support appropriate decisions, rather than as a prescriptive algorithm which would force a fixed allocation principle.
- Schedule development is highly complex and becoming even more complex as airports become more congested. The ability to balance the certainty of operations through historic precedence, with the ability to have slots reallocated and utilised at existing levels, is essential. Restricting flexibility in the use of slots is likely to result in airlines flying unnecessarily, performance potentially deteriorating, and inflexible airports being considered as less commercially attractive.

This flexibility goes hand-in-hand with the independence of the coordinator. Great trust is placed in the coordinator to solve the complex puzzle of slot allocation in a fair, neutral, and non-discriminatory manner – without tying the coordinator's hands by providing inflexible allocation criteria which would lead to inefficient allocations. This trust is secured through the coordinator's independence, so that airlines who are unsuccessful in an allocation request do not question the impartiality of the decision. Achieving an appropriate policy of flexibility is a careful balance that impacts other core principles. IATA advises against unilateral change to existing levels of flexibility.

## Transparency

IATA supports the transparency of slot coordination, so long as it respects antitrust laws and other legal requirements. Transparency of slot allocation is vital for a coordinator's decision to be trusted by the airline community. Where it is felt that an airline is being unfairly favoured at the expense of other airlines, the process



begins to break down and can result in litigation or in retaliatory action against the favoured airlines at a state level.

Typical efforts supporting transparency include:

- Ensuring coordinated schedules are online, up-to-date, and easily available to airlines;
- Providing airlines with up-to-date airport-capacity-availability charts; and
- Publishing airport-capacity declarations and restrictions that are expected to impact operations.

## **Sustainability**

For the Australia to remain competitive, IATA believes that a sustainable solution should be sought to provide long-term benefits to consumers and the aviation industry alike by ensuring open, neutral, and transparent airport slot coordination procedures. We oppose departures from the WASG and in particular any consideration for a split coordination process, or limitations to the neutrality and independence of the airport slot coordination process.

## **Local procedures**

Local procedures are sometimes required to compliment the WASG, but no significant changes are expected. Variations or additions to WASG policies should be avoided as far as possible, but where there is justification for their temporary application, they must not depart from the core attributes of the WASG. To remain compatible with the WASG, policies must:

- Be fair, neutral, transparent, and non-discriminatory;
- Ensure consistency remains with the other end of the route and across networks;
- Balance certainty and flexibility, both commercially and procedurally;
- Avoid policies giving short-term gain to stakeholders at the expense of the future of the aviation industry; and
- Be tailored for specific circumstances and proven to be of greater benefit than existing policies.

## **Use of Slots**

### **Historic Precedence**

[Providing schedule certainty to the consumer.](#)

Historic precedence (sometimes referred to as grandfather rights) is a fundamental feature of the global slot process. Providing certainty to the industry allows consumers to rely on convenient schedules that are consistent from one season to the next and reliable in terms of their operability.

The ability to develop and establish services with certainty results in the high utilisation of airport capacity. Highly congested airports like LHR, Paris Orly (ORY), and Amsterdam Airport Schiphol (AMS) experience declared capacity utilisation rates of 98%.

### **Determination of historic precedence**

The Historic Determination Task Force (HDTF) of the Strategic Review of the WSG comprising of nine airlines (including two low cost carriers), four airports representing different regions, and eight coordinators from different parts of the world, reviewed procedures concerning the utilization, return and reallocation of slots, alongside the determination of historic precedence.



## The 80:20 rule

The 80:20 rule permits an airline to cancel up to 20% of a series while retaining historic precedence in the next equivalent season. The rule encourages high utilization and the return and reallocation of slots that are not required, while providing flexibility for operational and planning factors that impact air services.

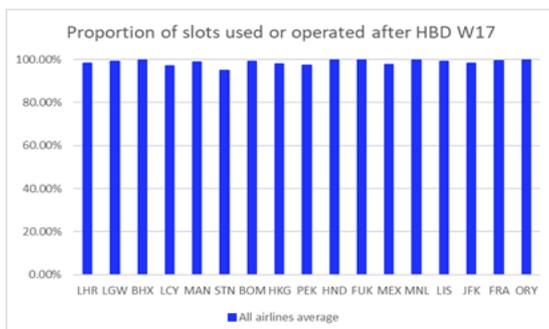
The globally accepted 80:20 rule provides air carriers with the ability to cope with planned and unforeseen events (aircraft maintenance, adverse weather conditions, ATC delays, technical problems, etc.) which can force airlines to cancel flights. If as a result of these unavoidable events airlines lose whole series of slots for the next season, the indispensable certainty of access and consistency of schedules will be jeopardized from one season to the next and future bookings of passengers, ultimately disrupted. The current reliability of air services demonstrates the 80:20 rule is working well.

The existence of the 80-20 rule does not mean 20% of capacity is not utilized. At many congested European airports, the capacity is used to 95% or more.

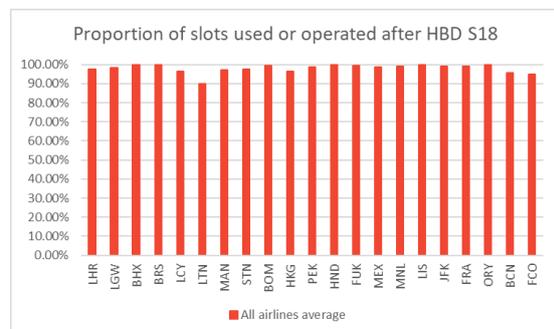
During the Strategic Review of the WSG, the Historic Determination Task Force analysed the utilization of slots at globally congested airports. We are unable to share the data analysis, which was completed by a group of independent coordinators, but the task force of airports, airlines and coordinators identified 94% of slot series are utilized to more than 90%. Having identified that slot utilization was not a concern the group considered the factors that impact the ability of airlines to plan and fly. The range of circumstance were wide and varied. Some could be planned for but others not. On balance, the task force made no recommendation for a change to the 80:20 rule.

IATA has since surveyed a range of airlines and analysed the change in slot holding after the HBD at international Level 3 airports. Figure 2 illustrates the typical utilization of slots that are subject to the 80:20 rule.

**Figure 2: Utilization of slots series that are subject to the 80:20 rule**



Source: IATA consultation with airlines operating to the UK



Source: IATA consultation with airlines operating to the UK

IATA's investigation into the effectiveness of the 80:20 rule identified the ability to cancel 20% of a series without loss of historic precedence, does not reflect typical behaviour. In fact, our research shows just 2% of slots were cancelled during this period in the Winter 2017 season, and just 1.7% of slots were cancelled in the Summer 2018 season.

The airlines were asked what circumstances could lead to the full 80:20 flexibility being used? There was little experience with this scenario, but the following advice was received:

- "This will happen very occasionally where there are extenuating circumstances, for example trade (demand) fluctuations or problems with aircraft (delayed certification; delay in aircraft delivery)."



- "This is a small percentage in our portfolio, maybe 2% and this only happens when with a short notice and for reasons out of our control, we need to make a considerable number of cancelations in one specific season, but we are interested in operating the flight the next equivalent seasons."
- "If this happens it is typically due to unexpected changes in consumer demand in a particular market."

All other airlines surveyed advised they have had not needed to utilise the full range of flexibility, which confirms our understanding that its use is restricted to the rarest of cases where uncertainty is greatest. The 80:20 rule therefore provides flexibility when it is most needed, but it is not typically used. Where flexibility is required, it is to meet the impact of external factors, such as those listed in [Appendix D](#).

### **Use of slot - conclusion**

Principles supporting the use of slots are interrelated and are designed to ensure all forms of consumer demand are met without discrimination. Both IATA and the industry members of the Strategic Review have reviewed the key principles which leads to IATA's conclusions that the existing practices are resulting in very high levels of utilization at the most congested airports, while providing essential levels of flexibility to meet the challenges of global aviation.

## 5. COVID-19 impacts

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

The symbiotic relationship airlines and airports enjoy means our recovery objectives are broadly aligned. These objectives as advised by the WASB are:

- Safeguard airport connectivity and hub structures to restore global networks in line with recovery of demand
- Gradually incentivize slot returns for reallocation on an historic basis
- Re-establish services in accordance with the removal of flight restrictions and recovery of demand
- Safeguard access opportunities and continue to enable a competitive industry

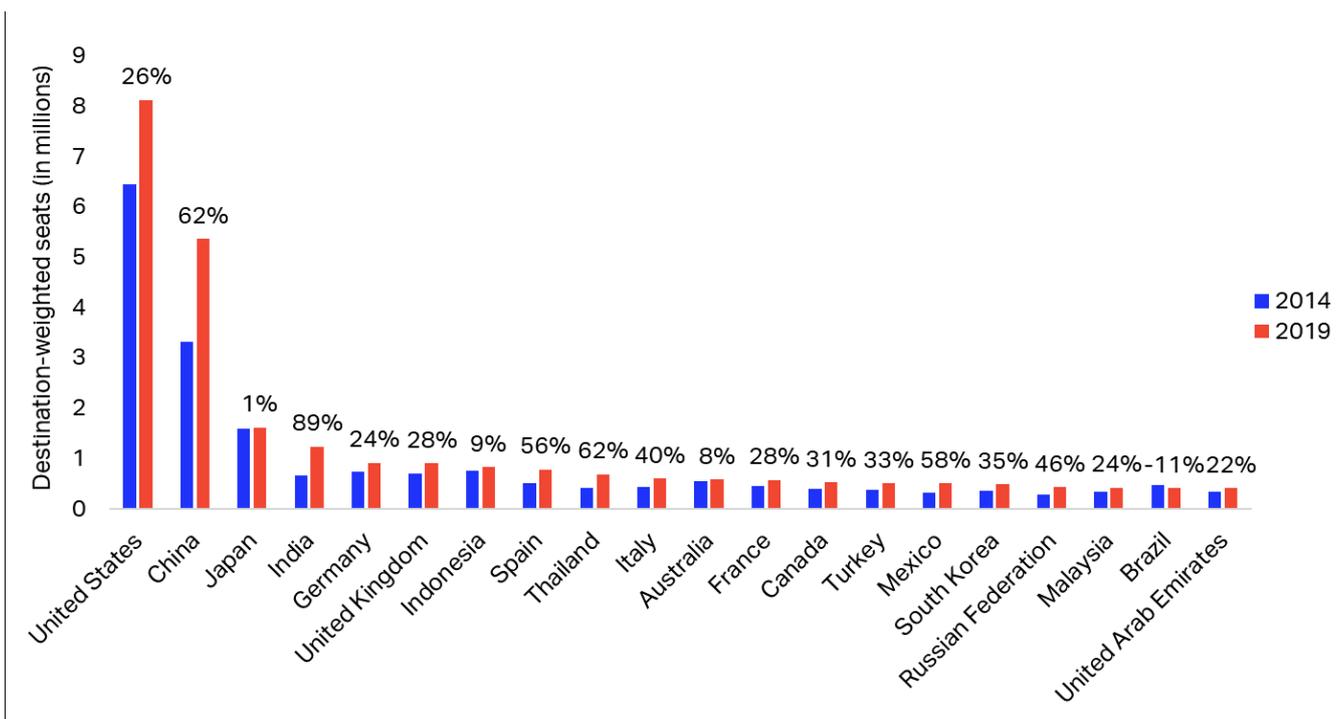
The objectives provide a balance between the importance of connectivity and the opportunity for new and/or expanding airlines.

### Connectivity

Air transport is vital for the modern economy. It provides the city-pair connections that serve as virtual bridges supporting the flows of key economic activities between markets. As the only rapid global transportation network, it facilitates links between businesses, governments and people – enabling world trade, investment, tourism and travel among other key economic activities.

Air connectivity reflects how well a country is connected to cities around the world. Access to greater air connectivity is fundamental to the ability of a given country or city to develop economic linkages with the rest of the world. Air connectivity provides the foundation for international mobility of people and goods and is therefore a vital engine of economic growth worldwide.

**Figure 3: Top 20 most connected countries in the world in 2019 and air connectivity growth (2019 vs. 2014)**





Source: [IATA Air Connectivity Report, November 2020](#).

Prior to the COVID-19 pandemic, Australia was the 11<sup>th</sup> most connected country in the world and Asia-Pacific was the most connected region. Since the pandemic, Asia-Pacific has seen a 76% decline in connectivity.<sup>11</sup>

Providing certainty to existing airlines in the form of balanced slot use relief measures means airlines can best reinstate the connectivity Australia relies upon.

IATA's [Air Connectivity Report](#) was published in November 2020 and provides an excellent overview of connectivity around the world and the impact of COVID-19.

Opportunity and connectivity may also be realised through the introduction of new services. Such opportunity may provide new choice and competition. New and existing airlines both seek certainty of future slots to warrant investment at an airport.

### **Balancing opportunities**

The WASB slot use relief measures recognise the rights of existing airlines with opportunity for new services. They provide certainty that helps recover existing services, but the WASB agrees there should be opportunity for new or expanding airlines. The primary relief measures give fair protection to airlines who are prevented from operating, but the relief measures recommended by the WASB incentivise the early return of slots, the reallocation to airlines who are able to operate, and a raised reallocation priority for those new services in the future equivalent season.

### **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?**

The WASB continues to review the need for relief measures based upon input from stakeholders from across the industry. At this stage the WASB recommends a package of relief measures that best balance the needs of different stakeholders, while considering the level of recovery across the industry.

In both NS20 and NW20 full slot use waivers have been approved at all Level 3 airports. There has been no significant restart or recovery, but IATA expects international aviation to return to about 25% of 2019 levels by Mid-2021. However, we emphasize the speed of the restart is highly regional and currently dominated by domestic services.

### **GG. Which option, option variant or alternate approach is reasonable? Please provide your rationale.**

IATA supports the collaborative WASB recommendation for a package of relief measures for the NS21 season. The package balances the needs of new and expanding airlines alongside the ability to restart and recover existing services. We share a copy of the WASB recommendation at [Appendix C](#).

IATA does not support the options provided in the Discussion Paper due to the need for global consistency in the implementation of relief measures. It is not possible for one airport to operate in isolation of another, so to ensure there is fair treatment of airlines at both ends of a route, the same relief measures should be adopted as recommended by IATA, ACI World and the WWACG through the Worldwide Airport Slot Board.

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<sup>11</sup> [IATA Air Connectivity Report, November 2020](#).



We summarise the relief package in more detail at the end of section five, entitled, [Summary of recommendations for slot use relief](#).

On review of the options included in the Discussion Paper, IATA does not believe these options represent best practice in supporting the restart and recovery of the industry.

### **Option 1: No further Directions**

It is not possible for the impacts of the crisis to play out in a non-discriminatory way described since there is intervention in the market through mandatory flight, travel and health restrictions. We agree with a general alignment with the core principals of airport slot allocation, but this includes the fair treatment of all airlines and slot use alleviation where they are impacted by circumstances that are outside of their control.

### **Option 2: Further similar waivers**

Slot use relief should apply equally to domestic and international services. While the restart and recovery develop, airline schedules are expected to evolve according to changes in demand and the ability to operate. For example, Australia's international border restrictions may temporarily result in increased demand for domestic leisure travel. This may mean using slots for domestic services that would otherwise be used for international. A slot is not route specific and making it so may simply constrain the overall recovery.

### **Option 3: Full or select waiver with conditions**

This option does not provide specific conditions, principles or procedures for accurate consideration which makes it difficult to recommend. However, the flexibility in the conditions, principles and procedures means it could be tailored to reflect the best practice recommendations provided by the WASB.

With regards to the Option 3 condition examples provided in the discussion paper:

- We agree with the early return of slots where they are not intended for use.
  - This reflects a principle of the WASB recommended slot use relief package.
- We agree airlines that operate temporarily available slots to gain priority to be allocated those slots in the following equivalent season if they become permanently available/
  - This is a principle of the WASB recommended slot use relief package.
- We do not agree Mid-season, the remainder of slot series being cancelled and returned to the slot pool if more than 20% of the series is neither used nor temporarily returned to the slot pool. Instead, we recommend the application of WASG chapter 9 which advises:
  - "Holding slots that the airline or other aircraft operator does not intend to operate, transfer, swap, or use in a shared operation" is a form of slot misuse (WASG 9.2.2.d).
  - "Withdrawal of the series of slots involved for the remaining portion of the current season" is an enforcement action that may be considered (WASG 9.4.4.2.d).

### **Option 4: Reset**

IATA does not support this option. The results are expected to be highly disruptive, likely to undermine the restart and recovery of services and connectivity. Removing airline rights to slots is likely to cause great concern and may result in retaliatory action from other countries. The percentage approach to removing slots above a certain level may be considered discriminatory and dramatically impact the ability of the worst affected airlines to provide efficient connectivity through Sydney Airport. It appears as though such an approach would support international carriers who would typically be unaffected, while removing slots from base carriers, thereby reducing domestic and regional connectivity across Australia. IATA does not support such an intervention into the market and instead strongly advises the adoption of the fair and balanced WASB recommendation that respects and balances the needs of all stakeholders, in conjunction with the core principles of the WASG.



## **HH. If further interim measures are implemented in response to COVID-19, should they only apply to peak period slots?**

IATA recommends the consistent treatment of all slots at Level 3 airports. Attempting to treat peak and off-peak periods differently may lead to the discrimination of some airlines and add planning complexity at a time when great planning uncertainty already exists.

## **II. Would you support the establishment of a Pandemic Recovery Pool of slots? Why or why not? What parameters would make it most effective?**

IATA does not support the establishment of a Pandemic Recovery Pool of Slots or the suggested special rules.

Slot allocation inefficiencies are introduced whenever a separate pool of slots is introduced. The inability to move slots between pools is an example where the optimization of slot holdings may be prevented. Restricting the need for efficient connectivity through Sydney Airport may adversely affect regional and domestic connectivity and generally make Sydney Airport a less desirable airport to operate at or travel through.

With regards to the special rules, there appears to be a favouritism for international services. As a means to assisting aviation through the COVID-19 pandemic where international travel restrictions are widespread, it is difficult to understand how such market interventions would help the industry recover.

IATA prefers simpler solutions that are neutral, non-discriminatory and flexible so that airlines may adjust services according to consumer demand and drive efficiencies across networks. A single slot pool with fair access based upon WASB guidance is generally accepted as providing the best balance of all interests.

## 5.1 Supporting information

### WASB NS21 Recommendations for slot relief

# Summary of recommendations for slot use relief

**This paper explains the Worldwide Airport Slot Board (WASB) recommendation for northern summer 2021 (NS21) slot use relief, and their expected industry impacts with the aim of assisting regulatory decision making.**

**The impact of COVID-19 on the aviation industry has led to airport slot relief measures being agreed at airports globally. The measures aim to minimize disruption to existing network connectivity, and provide a basis for recovery, while providing access to airlines who are able to operate.**

## Industry Objectives

The symbiotic relationship airlines and airports enjoy means our recovery objectives are broadly aligned. These objectives are:

- Safeguard airport connectivity and hub structures to restore global networks in line with recovery of demand
- Gradually incentivize slot returns for reallocation on an historic basis



- Re-establish services in accordance with the removal of flight restrictions and recovery of demand
- Safeguard access opportunities and continue to enable a competitive industry

## Relief measures

The mutually beneficial relationship between airlines and airports suggests appropriate relief measures will broadly aid the restart and recovery of the industry. However, we know business models are not all the same and the pandemic impacts airlines and airports differently around the world. Balance and flexibility therefore need including in the establishment of industry relief measures.

The WASB recommendations set forth a **relief package made up of three core components**. A summary review of the proposal measures, definitions and how they meet industry objectives is included in [Appendix One](#).

### 1. Alleviation for the return of a full series of slots

ACI World, IATA and the WWACG agree to providing slot use alleviation for the return of a full series of slots between the Historic Baseline Date (HBD) 31 Jan 2021 and 8 Feb 2021. The proposal protects hub structures and routes invested in by airports and airlines pre COVID-19 by preserving the rights to those slots. Existing airlines have the ability to restart services the following year, while access is provided to new airlines in NS21, with priority for historic allocation in NS22, if capacity is available. The agreement balances the needs of new and incumbent airlines, protects pre-pandemic levels of competition and consumer choice, while providing gradual opportunity for new access.

### 2. Defining the Justified non-use of slots (JNUS)

Better defining JNUS enables the fair and consistent treatment of slots at both ends of every route. The WASB agrees airlines should not be penalized for not operating slots, if travel restrictions prevent them from operating.

Defining JNUS gives airlines the certainty that they may return slots that they are prevented from operating, knowing the affected flights will be considered as operated in regard of the Use-it or Lose-it (UIOLI) calculation.

The absence of a well-defined JNUS rule creates ambiguity for all, creating airline planning uncertainty and it encourages airlines to hold slots for longer, in the hope they will be able to operate and fulfil the UIOLI calculation. Better defining JNUS therefore means the early return of slots for reallocation to other airlines, and the fair protection of connectivity and hub structures in the future equivalent season. Airline services that are not protected by JNUS and fail to fulfil the UIOLI calculation of course lose their rights to slots, facilitating the gradual reallocation of slots.

The absence of a well-defined JNUS rule leaves the door open for interpretation and inconsistency in applying the JNUS related criteria.

Airports, airlines and coordinators of the WASB have agreed the JNUS text provided in [Appendix Two](#).

## Recovery window

Travel restrictions are typically imposed or removed at short notice. The recovery window recognises it is not realistic to expect airlines to fly, or for airports to handle aircraft, the day after travel restrictions are lifted. Flights need to be published, aircraft brought out of storage, crews rostered, and airport resources reinstated. During the recovery window, slots are considered to have been operated, in terms of the UIOLI calculation.

The WASB have agreed a recovery window of up to six weeks.



### 3. Lower Use-it or lose-it (UIOLI) threshold

The retention of historic precedence is calculated by the proportional operation of a series of slots. Under normal circumstances an airline needs to operate 80% of a series. During the pandemic, lower thresholds are required to facilitate recovery across future seasons. In NS21, the WASB agrees a 50% threshold is appropriate. Airlines are now informing their network and fleet plans for next summer. Confirmation of this threshold is vital by the appropriate authorities before the end of 2020. Without certainty before the SRD/HBD airlines and airports cannot optimise their recovery plan.

**Setting a higher threshold**, will hinder rather than support recovery. The risk to an airline attempting to restart a service increases due to the threshold potentially requiring an airline to operate beyond sustainable levels. For example, forcing an airline to operate 25 weeks out of 31, when demand is for just 16, might simply result in the full series being returned in advance of the HBD, thereby delaying recovery. The alternative scenario is to risk diminishing the small reserves airlines have.

Where airlines are encouraged to operate at less sustainable levels and perhaps above consumer demand, airlines are incentivized to consolidate resources at airports that have the greatest ability to recover from the pandemic. Secondary airports are likely to lose out. Incentivising flying without demand is economic suicide and environmentally irresponsible.

**Setting a lower threshold**, may result in greater operational efficiency, flight consolidation and reduced frequency, meaning higher load factors per flight. A lower threshold incentivises the return of slots, providing access to other airlines, thereby capturing the available demand from both incumbent and new airlines. Furthermore, it encourages airlines to take a risk and schedule series of flights they anticipate could be flown at expected levels through the late Q2/Q3 peak – without schedules offered, passengers cannot book.

Positive news is emerging concerning a recovery from the pandemic in the form of vaccines that might be approved and become available in coming months. At this stage the impact of vaccines is not known. Neither is the speed of pandemic growth, related recessions or impact these and other factors have on people's ability and willingness to fly.

Airline forecasts remain uncertain for S21, but based upon S20, the factor of greatest certainty is the expectation that the usual northern summer peak of mid-June to September will persist, although proportional to overall demand.

IATA Economics forecasts there could be a 60% recovery of 2019 levels by the end of 2021. This is mainly driven by the recovery of Domestic travel, whilst International travel will rebound only to 25% of 2019 levels by mid-2021. With some airports currently operating at less than 5% of 2019 levels, an estimation of around 50% recovery, supported by a Summer peak might be possible. However, this remains a global average, and is subject to a lot of uncertainty. Caution is therefore recommended. Setting the UIOLI threshold too high too quickly, risks restricting and prolonging recovery.

a 50/50 threshold relates to an operation of 10-16 weeks, or up to about 50% percent of a full season series of slots. In the absence of other factors offering greater certainty, the WASB recommends 50/50 as an appropriate UIOLI ratio for NS21. Airlines always plan to a higher usage than the threshold. In normal circumstances the 80/20 threshold requires planning to at least 90% use, and therefore to plan 50% usage, airlines need to be targeting 60-70% of flights in this uncertain environment.

Table 2 at [Appendix Three](#) details a comparison of week numbers what may be operated with the equivalent UIOLI threshold ratio. It should be remembered the airline will need to plan for more operations than detailed to account for factors that may prevent operations on the day and that are not covered by JNUS.



## Slot mobility and related conditions

ACI and IATA both agree slot mobility should be in line with current regulations. The WASB has agreed certain provisions related to traded slots and implies certain conditions on the eligibility for alleviation.

## Conclusion

The great complexity and uncertainty surrounding everyone in aviation through the COVID-19 crisis has amplified the importance of good slot policy. Appropriate relief measures that best support aviation industry objectives are now defined in the WASB recommendation to achieve the necessary planning outcomes in line with the slot process calendar.

No single relief measure has been identified as meeting all objectives. A balanced package of complementary relief measures is therefore agreed by the WASB. The objective must be flexibility – to match demand when it presents, where it presents, and where governments enable and facilitate flying.

The combined measures discussed in this paper are designed to alleviate the risks posed by the pandemic next year, provide the industry with flexibility to meet varying airport and airline circumstances, and a foundation for supporting a sustainable recovery in accordance with industry objectives.

Urgency is needed to provide certainty of these measures being implemented in full before key planning milestones are hit by the industry. In January and February slots are finalised and in the WASB proposal series returns alleviated. To allow the industry to plan for reduced thresholds, series returns and not just blanket waivers, it needs clarity from regulators now on their approach.



## Appendix One

**Table 1: Summary of relief measures and their objectives**

Proposal	Description	Benefit
<b>Alleviation for the return of a full series of slots</b>	Airlines returning a full series of slots by HBD+7 are alleviated from the need to operate slots to retain historic precedence.	<ul style="list-style-type: none"> <li>▪ Allows sustainable schedules to be planned with certainty and without jeopardizing global connectivity.</li> <li>▪ Incentive to make full series returns allow reallocation to new and existing airlines on ad hoc basis</li> <li>▪ Retimes facilitated by full series returns</li> <li>▪ Ad hoc entry facilitated by full series (season) slots</li> <li>▪ Airlines can reapply for ad hoc slots should demand warrant additional flying</li> <li>▪ Safeguards hub structures and routes invested in by airports and airlines that are not yet viable to operate in S21 as recovery starts.</li> <li>▪ Planning improvements for airlines and airports with earlier knowledge of schedule plans assisting in managing costs and service provision.</li> <li>▪ Facilitates more consistent scheduling, managing frequencies/DoW services while recovering routes as quickly as possible.</li> </ul> <p><b>Preserves slots that can't be operated this Summer but that are vital for the network, connecting banks of traffic while enabling those able to operate access to slots earlier.</b></p>
<b>Defining the Justified non-use of slots (JNUS)</b>	Where an airline cannot operate due to circumstances outside of their control, the	<p>Certainty of global application on each end of the route</p> <p>Reduced administrative burden for airlines and coordinators</p>



slot is considered as operated for the purpose retaining historic precedence.

The proposal better defines what circumstances are eligible for JNUS relief to ensure the consistent application of the rule by slot coordinators.

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### Recovery window

Travel restrictions are imposed and removed at very short notice. The recovery window is a period of time for airports and airlines to restart services following the removal of travel restrictions.

Provides ability to react to reopening of markets, return to service and integrate to the network, recover necessary resources and allow airports and other suppliers time to adjust and be ready for the service.

Publishing schedules and rebuilding demand takes time, allowing passengers to book over a number of weeks to restore operations sustainably.

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### Use-it or lose-it (UIOLI) threshold

The UIOLI is the measurement that determines the number of flights required for an airline to retain historic rights to a series of slots.

Airlines who fail to meet the UIOLI requirements lose historic precedence.

The proposal recommends a change in the ratio to a level that represents the forecast recovery of the industry and the realities known today, as airlines plan with only these certainties.

50-50 threshold balances the restart of existing services with sustainable schedules that can be flexibly adjusted to demand:

- In accordance with forecast traffic recovery at maximum 50% levels in 2021, many not foreseeing levels of recovery to this level until late 2021.
- 50% requires 16 weeks of operations that could be focused on the peak northern summer period: Jun-Sep, and/or the third quarter 2021 when there is most confidence demand and restrictions will equate to meaningful recovery of schedules.
- Provides flexibility to respond to demand while balancing with need to manage use of capacity.
- Responds to different market needs.
- Supports an environmentally and economically sustainable recovery.



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**Slot mobility and related conditions**

Slot transfer or the swapping of slots,

Where exchanges and transfers are currently allowed this **should continue where they are not prohibited by the laws of the relevant country as per WASG 8.11.5**

The transfer of historic slots is a form of slot use and **should be treated equally to other forms of historic slot use, this is a fundamental principle of the Worldwide Airport Slot Guidelines**, which are jointly published by ACI, IATA and WWACG.

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## Appendix Two

# Justified Non-Utilization of Slots (JNUS) & COVID-19 Pandemic

The existing justified non-use criteria in para. 8.8 of the WASG does not capture specific restrictions resulting from the COVID-19 pandemic, that may prevent airlines from operating scheduled flights for reasons other than commercial cancellations.

1. Coordinators should accept as valid justification for the non-utilization of series of slots, any government restrictions that prevent or severely restrict travel to specific airports, destinations (including intermediate points) or countries for which the slot was held, such as examples listed hereafter.
2. Government travel restrictions based on nationality, closed borders, government advisories related to COVID-19 that warn against all but essential travel, or complete bans on flights from/to certain countries or geographic areas.
3. Severe government restrictions related to COVID-19 on the maximum number of arriving or departing passengers on a specific flight or through a specific airport.
4. Government restrictions on movement or quarantine/isolation measures within the country or region where the airport or destination (including intermediate points) is.
5. Government-imposed closure of businesses essential to support aviation activities (e.g. closure of hotels).
6. Unforeseeable restrictions on airline crew, including sudden bans on entry or crew stranded in unexpected locations due to quarantine measures.

Furthermore, enhanced transparency regarding the application of JNUS criteria is necessary to ensure that the proposed examples above are responsive to aviation stakeholders' needs. Coordinators should report, where requested by local Coordination Committees and agreed with the coordinator, on the implementation of the proposed list.

In the event of airport capacity reduction as a result of health measures being imposed, regards should be given to the WASB Best Practice Paper on Capacity Reductions and the JNUS provisions contained therein.

<https://blog.aci.aero/wp-content/uploads/2020/11/WASB-Airport-capacity-declaration-and-temporary-changes-in-capacity-during-COVID-19.pdf>

# Appendix Three

**Table Two: Comparison of UIOLI Ratio with number of weeks required to operate**

UIOLI Ratio	# of series weeks (based upon full season series)	# of slots that may be returned	Threshold # of slots that must be operated to retain historic precedence	Equivalent period of airline schedule planning
20/80	31	24	7	Jul-Aug
25/75	31	23	8	
30/70	31	21	10	Jun-Aug
35/65	31	20	11	
40/60	31	18	13	Jun-Aug
45/55	31	17	14	
50/50	31	15	16	May-Aug/Jun-Sept
55/45	31	13	18	
60/40	31	12	19	
65/35	31	10	21	
70/30	31	9	22	
75/25	31	7	24	
80/20	31	6	25	

### Typical operational and planning requirements of different slot use ratios



### Pushing capacity to the Q3 period



## 6. Sunsetting considerations

### **JJ. Are the objectives of the Legislation clear and relevant? Are there non-regulatory approaches to achieve the intended objectives?**

The objectives of the legislation appear clear and relevant.

An alternative non-regulatory approach would be to reflect some other Level 3 airports where legislation refers to industry practices remaining aligned with principles and procedures of the WASG and supplementary WASB guidance as the international standard. This approach may reduce the need for detailed Australian regulation that aims to remain fit for purpose for the next 10 years (generally).

### **KK. Are there opportunities, not already considered in this paper, which could make the Legislation simpler, clearer and easier to read? Do definitions and processes align with business practices?**

IATA has not identified additional opportunities to make the legislation simpler, clearer and easier to read.

### **LL. Would consolidating the Legislation into fewer instruments reduce complexity?**

From the user perspective the consolidation of the legislation into fewer instruments may reduce complexity, but we understand there may be good reason for the number of existing instruments.

### **MM. What are the regulatory impacts imposed on you and how could they be reduced?**

The regulatory impacts imposed are the result of insufficient airport capacity. While aligned with best practice the imposition is therefore fair and only a concern where divergence from global standards exists.

## Appendix A: Change to New Entrant, From < 5 slots to <7

Airport	< 5 slots				< 7 slots		
		Carriers		Flights	Carriers		Flights
		AVG % Eligible	Number	AVG	AVG % Eligible	Number	AVG
LYS	Winter	55%	29	8%	72%	38	18%
	Summer	53%	27	11%	79%	41	32%
CDG	Winter	55%	61	10%	74%	83	17%
	Summer	49%	58	6%	65%	78	12%
YYZ	Winter	55%	33	4%	65%	39	6%
	Summer	55%	34	4%	66%	41	6%
LHR	Winter	45%	41	5%	63%	58	10%
	Summer	45%	42	5%	63%	59	10%
PMI	Winter	62%	20	5%	68%	22	8%
	Summer	51%	37	4%	76%	56	20%
JFK	Winter	56%	48	7%	77%	57	12%
	Summer	50%	43	5%	71%	53	10%
MEX	Winter	40%	12	2%	64%	12	3%
	Summer	41%	13	2%	52%	17	2%
DXB	Winter	50%	38	5%	50%	38	5%
	Summer	46%	30	4%	66%	43	9%
SYD	Winter	55%	27	5%	72%	36	9%
	Summer	55%	28	6%	71%	35	10%
MNL	Winter	33%	13	4%	55%	22	8%
	Summer	37%	16	4%	62%	27	10%
SIN	Winter	36%	26	4%	51%	37	18%
	Summer	37%	28	4%	53%	39	32%
GRU	Winter	56%	19	5%	77%	27	17%
	Summer	49%	18	4%	74%	26	12%
DPS	Winter	42%	16	6%	57%	22	6%
	Summer	40%	16	6%	56%	22	6%
FRA	Winter	55%	54	7%	74%	73	10%
	Summer	50%	51	5%	67%	68	10%
AMS	Winter	56%	48	6%	70%	61	8%
	Summer	53%	53	5%	72%	73	20%
HKG	Winter	49%	43	6%	70%	61	12%
	Summer	50%	45	7%	70%	63	10%
SKG	Winter	70%	11	13%	73%	11	15%
	Summer	73%	35	19%	85%	41	31%
MAN	Winter	58%	34	8%	71%	41	15%



<b>NRT</b>	Summer	53%	35	6%	71%	47	14%
	Winter	47%	36	9%	62%	46	16%
<b>DEL</b>	Summer	46%	38	8%	60%	50	15%
	Winter	56%	35	4%	79%	50	9%
	Summer	55%	35	4%	77%	49	8%

*Notes:*

- 1 *Typical Summer/Winter week used and averaged to day of week (DOW) (new entrant rule determined by DOW)*
- 2 *Count by number of slots held (a movement, not a flight)*
- 3 *New entrants are identified as those holding 1 less than the maximum threshold when allocated, such that they could continue to apply as a new entrant. For example, with a threshold of < 5 slots, a carrier currently holding 3 or less slots (1.5 flights) would be listed as a new entrant (eligible to apply and be allocated 1 additional slot). For a threshold of < 7 slots, a carrier with up to 5 slots would be listed as a new entrant.*



# Appendix B: A4E and IATA views on Justified Non-Utilization of Slots (JNUS)

## Background

Under article 10 (4) of the Council Regulation (EEC) No 95/93 provides the criteria for justified non-utilisation based on which the 80 % usage of the series of slots can be waived.

The potential reasons or circumstances leading to unforeseen cancellations are many and varied. The ability for airlines to fully utilize slots as planned goes beyond occasional technical problems and the regular disruption caused by weather and ATC delays.

Events such as the sudden grounding of Boeing 737-8 Max type, or the grounding of Boeing 787 aircraft with Trent 1000 engines have demonstrated that the slot coordinators are not applying the same criteria for alleviation from the slot usage requirements in a consistent manner across the EU where some coordinators have acknowledged that these events are qualifying as JNUS, whilst other EU coordinators have not.

## Proposal for JNUS

A4E and IATA encourage the European Commission to supplement the existing justified non-use criteria in the Slot Regulation with types of restrictions that are not known by the airlines when slots are allocated and impact their ability to operate in a crisis. This should prevent misinterpretation and inconsistencies in the application of the JNUS criteria related to any crisis.

- Government travel bans/advisories implemented with little or no notice.
- Changes in entry requirements, implemented with little or no notice
- Government restrictions or complete bans on flights from/to certain countries or areas.
- Government restrictions on the maximum number of arriving or departing passengers per flight from/to an airport.
- Unforeseeable restrictions on airline crew, including sudden bans on entry or crew stranded in unexpected locations due to quarantine measures.
- Lack of available airport capacity as a result of health measures imposed.
- Quarantine restrictions and sanitary measures that limit the viability of travel to a destination or return from the destination, with or without government advisory's against travel, which destroys consumer confidence.

## Appendix C: WASB Recommendation

# Airport slot alleviation measures for Northern Summer 2021 WASB Recommendation

The following details the recommendation of the Worldwide Airport Slot Board (WASB) concerning the Northern Summer 2021 season and slot use alleviation.

### **1. PRINCIPLES**

- 1.1. Series of slots that an airline does not intend to operate should be returned on or before the Series Return Deadline (SRD).
- 1.2. Full series of slots (other than newly allocated series) for which a carrier wishes to claim full season alleviation should be returned between the Historic Baseline Date (HBD) and HBD+7days - meaning 8 February 2021 16h00 UTC. The coordinator will alleviate the series and place them in the slot pool for reallocation and use on a non-historic basis only.
- 1.3. Series of slots held at HBD that are not returned or only partially returned at the deadline of HBD+7 days will be subject to the utilization requirement set for that season to secure the historic entitlement in the subsequent equivalent season. The utilization rate should be declared prior to HBD.
- 1.4. Series operated as approved on a non-historic basis in S21 should have priority over new demands for the same timings in the next equivalent season, subject to capacity availability and any other legal conditions.

### **1.5. Threshold:**

All parties agree that the normal threshold (80:20) should be replaced by a lower threshold.

- 1.5.1. Slot usage requirement threshold shall be set at 50:50
- 1.5.2. WASG art. 8.7.2.2 shall be suspended

The Worldwide Airport Slot Board (WASB) recommends the worldwide use of the threshold agreed under point 1.5.1. However, it is recognized that local competent authorities may decide to adapt the threshold to the circumstances and needs of their local market.

### **1.6. Justified non-utilization of slots (JNUS)**

The existing justified non-utilization criteria in the WASG art. 8.8 does not capture specific restrictions resulting from the COVID-19 pandemic, that may prevent airlines from operating scheduled flights for reasons other than commercial cancellations.

Coordinators should accept as valid justification for the non-utilization of series of slots, any government restrictions that prevent or severely restrict travel to specific airports, destinations (including intermediate points) or countries for which the slot was held, such as examples listed hereafter.



- 1.6.1. Government travel restrictions based on nationality, closed borders, government advisories related to COVID-19 that warn against all but essential travel, or complete bans on flights from/to certain countries or geographic areas.
- 1.6.2. Severe government restrictions related to COVID-19 on the maximum number of arriving or departing passengers on a specific flight or through a specific airport.
- 1.6.3. Government restrictions on movement or quarantine/isolation measures within the country or region where the airport or destination (including intermediate points) is.
- 1.6.4. Government-imposed closure of businesses essential to support aviation activities (e.g. closure of hotels).
- 1.6.5. Unforeseeable restrictions on airline crew, including sudden bans on entry or crew stranded in unexpected locations due to quarantine measures.

Furthermore, enhanced transparency regarding the application of JNUS criteria is necessary to ensure that the proposed examples above are responsive to aviation stakeholders' needs. Coordinators should report, where requested by local Coordination Committees and agreed with the coordinator, on the implementation of the proposed list.

In the event of airport capacity reduction as a result of health measures being imposed, regards should be given to the WASB Best Practice Paper on Capacity Reductions and the JNUS provisions contained therein<sup>12</sup>.

### **1.7. Recovery time after the period of alleviation:**

Coordinators are encouraged to grant alleviation during a recovery period of up to 6 weeks following the ending of any relevant restrictions which led to alleviation under point 1.6.

## **2. CONDITIONS**

2.1. The following conditions should be attached to the WASB recommendation:

- 2.1.1. Alleviation measures shall not apply to series of slots of an airline that permanently ceases operations at the airport.
- 2.1.2. Exchanges and transfers currently allowed will continue where they are not prohibited by the laws of the relevant country WASG 8.11.5.
- 2.1.3. New slot trade arrangements are not eligible for full season alleviation (this does not include continuation or unwinding of existing slot trade arrangements), but are eligible for other slot relief measures mentioned in points 1.5 & 1.6.

## **3. REMARK:**

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<sup>12</sup> <https://blog.aci.aero/wp-content/uploads/2020/11/WASB-Airport-capacity-declaration-and-temporary-changes-in-capacity-during-COVID-19.pdf>



Implementation of a recommendation agreed by the WASB must be legally approved by the competent authority of the country where the coordinated/schedules facilitated airport is located. In some jurisdictions, it requires the entering into force of new legislation or the modification of existing legislation.

## Appendix D: Schedule Planning Influences

**Table 1: Planning factors that result in uncertainty<sup>13</sup>**

Delayed regulatory permissions to operate	Non-viable slot availability at either end of the route
The need for plan B if plan A is not viable	7-9 months prior to season start, aircraft fleet counts are often not yet finalised
Ability to resource impacts final capability to operate	How to react to alternative slot times allocated at either end of the route
Delayed aircraft delivery from manufacturer	Airline in recovery and its ability to operate during the period of recovery
Holidays at either end of the route which influence the airport availability, such as Christmas Day airport closures.	Airport maintenance and closure of facilities
Ongoing technical issues, such as the Trent 1000 engine problem on the Boeing 787	Competition drives the consideration for alternative plans
Delayed reallocation of slots by coordinators	How long an airline should hold slots while searching for schedule improvements
Commercial considerations can delay final schedule plans, but airlines must remain commercial to survive.	Delays to new market destinations for political, social, or regulatory reasons
Inconsistent slot allocation procedures in countries not fully aligned to the WASG	Aircraft with technical issues stranded in unexpected locations

**Table 2: Operational factors that limit the ability to operate<sup>14</sup>**

Natural disasters	Adverse weather conditions
Airspace delays and restriction disrupting airline networks	Unforeseen aircraft technical problems
Crew resourcing issues, including crew stranded in unexpected locations	Industrial action
Unknown new risks. For example, drone flying was not expected to disrupt flights until recently	Reduced airport performance levels restricting operations

**Table 3: Demand factors that limit the justification of operations<sup>15</sup>**

Economic downturn	Competition drives schedule changes for services to be profitable
Consolidation of flights to avoid unnecessary operation of multiple low demand additional flights	Seasonality of demand. For example, sun destination charters are often planned in the winter months and not year-round
Public and national holidays	Threat of terrorism at certain locations, such as the impact of terrorism in Egypt on aviation
Risk of disease at certain locations, such as the impact of SARS in 2003.	Unknown new risks
Government advice not to travel to a destination	Less stable political environments
Cyclical nature of the industry. Demand and growth are not a straight line over time	Changes in customs regulations

<sup>13</sup> IATA consultation with airlines operating to the UK

<sup>14</sup> IATA consultation with airlines operating to the UK

<sup>15</sup> IATA consultation with airlines operating to the UK



Timing of consumer demand. 84% of passenger demand is within three months of operation and express freight is often last minute

Environmental concerns for operating when demand is low

Holiday cancellations. For example, there is typically strong freight demand prior to Christmas and then low demand for the next few weeks.

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