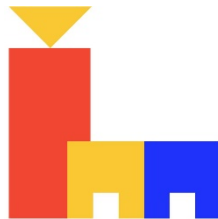




IATA

WSG Strategic Review

December 2019





1.0 An industry working together to optimise slot policy globally

The WSG is regularly updated by airports, airlines, and coordinators and remains fit-for-purpose.

As the industry continues to evolve, the WSG has remained a living document subject to constant review and improvement. As part of these ongoing efforts, in 2016 IATA initiated the Strategic Review of the WSG to ensure that the policy, process, and principles of the WSG remain relevant and effective now and for the foreseeable future.

The Strategic Review¹ is a collaborative effort of airport, airlines, and slot coordinators and facilitators, represented by Airports Council International (ACI), IATA, and the Worldwide Airport Coordinators Group (WWACG), in recognition of the desire of airport managing bodies to have greater involvement in policy definition. It is the first time in years that a cross-industry group of these three stakeholders has come together to analyse the existing slot process, with the objective of finding recommended enhancements and additions to ensure that the WSG remains the single global slot standard.

Four Task Forces were created involving more than 80 aviation professionals who nominated themselves to work together to enhance the WSG, comprising of 25 airlines, including low cost, leisure and cargo carriers, 16 airports and 17 slot coordinator organizations, representing different regions and business models from around the world. The work is focusing on the following aspects of the guidelines:

- Access to Congested Airports Task Force - looking at the rules for access to congested airports maintaining fair, transparent and equal access to all.
- Airport Levels Task Force - looking at enhancements to Level 2 and Level 3 airport principles and improved capacity declaration process
- Historic Determination Task Force - reviewing the current processes involved in retaining slots and recommend improvements that can better support the aviation business
- Slot Performance Monitoring Task Force - looking at enhancing the application of slot performance monitoring and how the planning process can better support performance on the day

Additional details of the WSG Strategic Review changes by each Task Force are detailed in a separate submission.

1.1 WSG Strategic Review outcomes

9th Edition of the WSG

In January 2019, the first updates agreed by industry stakeholders in the Strategic Review were published in the 9th edition of the WSG. These changes included:

- **Access to congested airports**

¹ More information on the Strategic Review is available at www.iata.org/policy/slots/Pages/index.aspx?tab=3.



- Updates to the minimum standards for publication of coordination data after the Slot Initial Allocation List (SAL) date – including ensuring that this information is shared with the relevant airport managing body. This update will help airlines and airports optimise routes, schedules, and connectivity.²
- **Airport demand and capacity analysis**
 - Enhancements to the demand and capacity analysis process. This update encourages airports to carry out better and more frequent analyses of demand and capacity, in order that airlines and airports can best meet consumer demand.³
- **Determination of historic rights**
 - A trial of an earlier Series Return Deadline. The goal of the trial is to encourage earlier slot reallocations, aid in the finalisation of schedules, increase utilization and support improved airport resourcing.⁴

10th Edition of the WSG

In August 2019 the next round of changes was published in the 10th edition of the WSG. These changes agreed by the three industry stakeholder groups represent material updates to the text and policy of the WSG:

- **Access to congested airports**
 - The definition of airlines eligible for the new entrant rule is changed from 5 to 7 slots at that airport on that day. This change is to assist in the balance of access to the airport, considering the needs of all airline types looking to begin services at a capacity constrained airport. This strengthens airline competition by better enabling the access and growth of new entrants.
 - Principles regarding the primary allocation of slots to balance the needs of both new entrants and airlines seeking changes to existing slot times, which will allow more operators to benefit from access to a broader slots pool. The amendments remove the previous priority for changes to historic, placing these requests on par with new requests across both existing and new capacity. The changes also clarify 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.
 - Provisions were included to provide coordinators with airline and airport business priorities and development plans. These provisions in the WSG 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.
- **Slot Performance Monitoring**
 - New and enhanced slot performance monitoring standards were introduced in a dedicated chapter of the WSG to reinforce this process as an essential element of airport slot coordination and set clear roles and responsibilities of airports, airlines and coordinators.
- **Airport Capacity Declaration**

² WSG 5.5.1.c, 9.3.2, and 9.9.6.

³ WSG 6.1.1-6.1.4.

⁴ Calendar of Coordination Activities – Slot Return Deadline (renamed Series Return Deadline during the trial).



- Updated guidance is included regarding improvements to the airport capacity declaration process, with additional clarity concerning the roles of both airports and coordinators.

The Strategic Review project has been completed in November 2019 with the agreement by ACI, IATA and WWACG that the last changes from the task forces will be implemented in the renamed Worldwide Airport Slot Guidelines (WASG), to be published in the first half of 2020.

The new WASG will include enhancements to list of the additional criteria for initial slot allocation for consideration by the coordinators comprising of factors such as the environment and connectivity and a clarification that coordinators should not simply allocate the remaining slots from the pool pro-rata.

Another change to be implemented in the new WASG is with regards to the airport capacity declaration process where the timelines of declaring the coordination parameters have been revised to achieve an earlier declaration before the initial submission deadline.

IATA recommends that the EU Commission carefully consider the work carried out by industry professionals in the continued development of the WSG and adopt these changes to enhance the existing EU Slot Regulation.

1.2 Governance of the Worldwide Airport Slot Guidelines

The WSG is governed by an equal representation of the three main stakeholder groups: airports, airlines, and coordinators.

IATA recognises the need for a single global standard for slot allocation and management and for consistent application of slot management policies and procedures. In keeping with this goal, the governance of the WSG was recently reformed to include industry group representation from the airports, in addition to the roles currently held by airlines and slot coordinators and facilitators. The new governance structure also improves on the current agile and robust process of maintaining and continuously improving the slot guidelines.

A new Worldwide Airport Slots Board (WASB) will be established in March 2020, composed of representatives of each of the three industry associations - ACI, IATA and WWACG. The WASB will be responsible for the continuous review and enhancement of the new slot guidelines and for approving the additions and amendments thereto. Following the success of the Strategic Review task forces, similar technical working groups will be established underneath the WASB to develop recommendations for further enhancements to the newly renamed WASG.

It is the objective of the new governance structure to ensure that slot policy and processes evolve under the guidance of the industry, while remaining a practical, harmonised, neutral, non-discriminatory, and effective solution to managing airport capacity shortage.



Overview of the WSG Strategic Review Task Forces

Access to Congested Airports

The Access to Congested Airports task force of the Strategic Review comprised of 11 airlines (including three low cost carriers), nine airports representing different regions as well as five coordinators from different parts of the world. The group was asked to review the effectiveness of the new entrant rule with a view to improve competition at the worlds most congested airports, as well as the process of initial coordination to ensure it remains fair, neutral and provides competitive access to scarce capacity.

The members agreed on a number of significant changes to the WSG, including the primary allocation process and additional criteria used in initial coordination, enhancement of the new entrant definition to increase the threshold for priority access to slots, and clarification of the transparency of data and information provided by the coordinator to airports as well as the information a coordinator can receive from airlines and airports.

Enhanced New Entrant definition

The new entrant rule ensures the WSG process is pro-competition and enables access at congested airports. The rule has been enhanced from a threshold of 'less than 5 slots' to be classified as a new entrant, to 'less than 7 slots' on the day requested. This expansion of the definition means options to compete are increased across all airline model types and strategies.

The Task Force analysed other thresholds, including less than 7, 9 and 20 slots, however, expanding the new entrant pool further quickly dilutes the new entrant priority to slots as the number of carriers eligible for new entrant status increases. The new entrant threshold therefore needs to be carefully implemented to create priority access to capacity against the number of carriers eligible.

Process of initial coordination

The group reviewed how initial coordination could be improved to optimise the distribution of available capacity whilst balancing the need for access for new entrants and the ability to retime slots by non-new entrants. It was agreed to change the allocation criteria in the WSG to place retime requests (or other changes to historic slots) and new slot requests at the same priority, with 50% of slots in the pool to be allocated to new-entrant requests and the remainder to non-new-entrant requests. This ensures that all available capacity is allocated in as efficient manner as possible by considering all requests concurrently – which in the process of coordination allows the maximum benefits to be realised. In short, all types of requests are treated equally, across the day:

- The priority for retiming has been lowered to be on par with new requests
- There is no distinction between existing capacity and new capacity
- Stipulate that 50% of the pool must go to new entrants and the other 50% must go to non-new-entrants (if there are sufficient requests from each group to make up 50%).

Additional Criteria for Initial Slot Allocation

Coordinators use the additional criteria to make their allocation decisions at airports with saturated capacity or with more requests than can be met. They were reviewed to ensure clarity and some new criteria agreed with allow additional factors to be considered. The changes are awaiting Slot Board agreement for publication in the next WASG, but have been endorsed by the Task Force members. Key changes to the Additional Criteria include: clarification that the coordinator should not simply allocate slots in proportion to the current slot holding of airlines requesting slots; a new criteria for 'Connectivity' to be taken into account; clarification that 'Competition' means not only new routes and services, but also additional services on existing routes; and a new criteria for the 'Environment' factors to be considered.

Communication of Business Plans

A new clause was agreed by the Task Force to outline how both airports and airlines can communicate their strategic intentions to the coordinator, who will be therefore better informed to make their allocation decisions, however it was underlined that this communication should not be used to influence the non-discriminatory and neutral outcomes of slot allocation decisions.

Conclusion



The significant changes and enhancements recommended as a result of this task force have ensured access to ever-more congested airports continues to be fair, non-discriminatory and transparent, and supports enhanced access opportunities for new entrants as well as ability to compete with non-new-entrants. Additionally, changes to the initial coordination process means both new entrants, and non-new entrants can fairly access existing and new capacity.

Airport Levels

The Airport Levels task force of the Strategic review comprising of five airlines, five airports and seven coordinators and facilitators has been reviewing the process of airport demand and capacity management and capacity declaration processes. In addition, the group has been looking at the effectiveness of Level 2 and Level 3 airport principles.

The airlines, airports and coordinators agreed on enhancements and additions to the demand and capacity management published in WSG edition 9 and improvements to the capacity declaration processes in a new section published in WSG edition 10.

Enhancements to demand and capacity management

Strengthening the importance for regular and thorough demand and capacity analysis by the airport managing body or other competent authority to ensure the timely capacity declaration for each season.

Improvements to the capacity declaration process

The main objective is to underline the role and responsibility of airports to consult the Coordination Committee and other relevant stakeholders on the results of the capacity analysis after which the coordination parameters are declared. Importantly the coordination parameters should be provided to the coordinator or facilitator as soon as they are declared at least 14 days and not later than 7 days before the Initial Submission Deadline. Additional clarifications were made to the process of moving from one airport level to another and enhancements to the process of planned and unplanned capacity reduction.

Review of the effectiveness of Level 2 and Level 3 airport principles

The group developed a concept for Enhanced Level 2 airport (EL2) to address the growing issues at the busy Level 2 airports where schedule adjustment can't be resolved through the voluntary facilitation process. The main objectives of the EL2 are to prevent airport performance issues due to non-compliance of voluntary requests, strengthening the rules and sanctions and better operational efficiency especially during the peak hours, allowing a certain level of flexibility without the need to implement the more restrictive processes of Level 3 airports. A simulation test with airline and coordinator data for a full season was performed at 5 European airports. The test demonstrated a number of benefits including the ability to better accommodate demand at peak hours by more effective management of requests by the coordinator and operational efficiency improvements. Based on that the group recommended to perform a live trial of the EL2 concept to gather quantitative data and perform further analysis of the outcomes.

With regards to the Level 3 airport, the airlines, airports and coordinators performed a review of the current principles and concluded that the improvements and changes already delivered by the other task forces of the Strategic Review address the need for enhancements.

Conclusion

The regular capacity review and timely coordination parameters declaration are an essential first step to an efficient and effective slot coordination process. The WSG provides the framework guidance which needs to be implemented and applied consistently, as well as that a dialogue and consultation with all stakeholders takes place within the Coordination Committee.

Slot Performance Monitoring

The Slot Performance Monitoring task force of the Strategic review comprising of nine airlines (including three low cost carriers), six airports representing different regions as well as five coordinators from different parts of the world, has been working on introducing comprehensive slot performance monitoring standards in the WSG following a review of the current processes and how they can be enhanced further. The airlines, airports and coordinators agreed on a set of new and enhanced slot performance monitoring standards that were introduced in the dedicated chapter 9 of WSG edition 10 with the objective to reinforce this process as an essential element of airport slot coordination.



Roles and responsibilities of airports, airlines and coordinators

Setting a clear role and responsibility of each stakeholder is fundamental in ensuring a robust and consistent application of the monitoring process whereby the airports provide the coordinator in a timely manner all the information and data necessary for the coordinator to perform the slot monitoring duties. The role of the coordinator has been strengthened to ensure the monitoring process is performed with the required data analyses, warnings of discrepancies and corrective actions, as well as sharing all relevant information with the airport and other stakeholders. Airlines must not only ensure their operations are in accordance with the allocated slot but to review their own performance and identify corrective actions prior to intervention from coordinator.

Key principles of slot monitoring

The main objective is to provide a clear description of the slot monitoring process, highlighting its goals and the stages of slot monitoring process, and underlining that it is a continuous process, requiring accurate and reliable data provided in a timely manner and in the agreed format. Importantly the introduction of a dialogue process between the coordinator and the airline for corrective actions with a set deadline is a key process in proactively resolving the issues.

Definition of slot misuse and pre-operation and post-operation analysis

The introduction of a definition what is slot misuse helps coordinators and airlines to avoid ambiguity as to what is slot misuse. In addition to this the monitoring process is further strengthened with the introduction of pre-operation analysis that helps proactively identify the possible slot misuse issues before operation, when they can be corrected – thereby avoiding the need for any further action in the post-operation process. The introduction of post-operation analysis helps the coordinator to determine whether misuse of slots has occurred (based on data analysis) and whether airlines achieve historic precedence for the following equivalent season.

Enforcement actions

The introduction of enforcement actions gives the coordinators a clear set of guidelines of what concrete measures can be taken for intentional and repeated slot misuse. Enforcement actions further strengthen the process by introducing specific sanctions such as:

- 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;
- Sanctions (including financial sanctions) under applicable law.

Enhanced objectives and principles of the Coordination and Slot Performance Committees

The objectives and principles are aimed to emphasize the importance and the role these committees play in the monitoring process, such as determining trends that could lead to potential slot misuse at the airport, to provide guidance and advice to the coordinator with the overall objective of improving punctuality and reducing slot misuse.

Best practices for the use of data in the slot monitoring process

The purpose of the new WSG annex 11.8 is to provide practical guidance to the coordinator on the use of data analysis in the monitoring process and example methodology for analysing slot performance.

Conclusion

The enhancements of the slot monitoring standards published in WSG edition 10 provide an opportunity to:

- Significantly strengthen the slot monitoring process;
- Ensure harmonized and consistent application of the monitoring standards;
- Reduce the misuse of slots by the application of specific enforcement measures.

Historic Determination

The Historic Determination Task Force (HDTF) of the Strategic review comprising of nine airlines (including two low cost carriers), four airports representing different regions, and eight coordinators from different parts of the world. The group was asked to review the utilization, return and reallocation of slots, alongside the determination of historic precedence, with the aim of supporting the efficient use of scarce airport capacity and the needs of all stakeholders.



The airlines, airports and coordinators agreed on:

- A change to the Slot Return Deadline to 'Series Return Deadline' (SRD) to clarify its purpose.
- A trial of an earlier SRD (one month earlier) for two consecutive seasons to encourage the earlier finalization of airline schedules, reallocation of slots and improved airport resourcing.
- A low priority code for airline slot requests, where an airline has previously been proven to not return slots for unjustified reasons

Slot Return Deadline definition

The Slot Return Deadline facilitates the early return of slot series that are not required, so they may be reallocated to the requests of waitlisted airlines. The HDTF identified an inconsistent understanding of the SRD. To avoid ambiguity, the HDTF proposed the SRD be renamed the "Series" Return Deadline, to highlight its purpose at this stage of the planning process. The proposal was approved and the WSG updated.

Trial of an earlier Series Return Deadline

The HDTF reviewed the planning procedures of the different stakeholder groups in relation to the existing calendar of activities. The aim was to identify optimal activity timings that best support all stakeholder needs and the efficient use of scarce capacity. Moving the SRD one month earlier to mid-December and mid-July was expected to provide the most benefits. If airlines are able to return series of slots one month earlier, this will aid coordinators in reallocating slots to waitlisted airlines earlier, and airports will be able to finalise their resource planning earlier. The risk to the quality of schedule data was recognised since some airlines may not be able to finalise plans at this stage of the process, so a trial was agreed for two consecutive seasons, beginning with the planning process for the Winter 2019 season. A third season has been included at the earlier date to accommodate analysis of the trial. Final results and recommendations will be made to the Worldwide Airport Slot Board in 2020.

Low Priority Code

The HDTF considered the reasons for the late return of slots. It became clear that apparent overbidding or holding of slots beyond the SRD is often due to a diverse range of external factors that are outside of an airlines control. However, it was acknowledged that a minority of cases exist where an airline might hold slots beyond the SRD unnecessarily.

Slot monitoring processes exist where the coordinator is required to monitor the return of slots and in accordance with the WSG, airlines misusing the process should be subject to a lower slot allocation priority in the next equivalent season. The HDTF agreed the establishment of a low priority code would assist coordinators to track the low priority status in coordination systems, and it would offer transparency to the affected airline to encourage improved future behaviour.

The HDTF proposed the low priority code should be considered by a joint task force group to ensure that its use may be aligned with processes being considered by both the Slot Performance Monitoring Task Force and the Access to Congested Airports Task Force. The establishment of the low priority code will be developed by the Worldwide Airport Slots Board.

Series length

The HDTF reviewed the minimum length of a series and agreed it would not be possible to change the minimum length without impacting other related principles. The group researched the close connection between airline operations and consumer demand and recognized that different airline types are subject to different types of demand. For example, in comparison with network carriers flying established services, express freight and charter carriers often have a much later time to market and services may be for shorter periods. It was recognised that the existing five week minimum length of a series, does not suit all carrier types perfectly, but the airlines advised it strikes the best balance across differing types of service, while maintaining a non-discriminatory approach to slot allocation

The HDTF considered the impact of increasing the minimum series length, but airlines advised this would not be desirable since it would force airlines to fly at times of low consumer demand. The HDTF made no recommendation to change the existing minimum series length.

Conclusion

Principles supporting the use of slots are interrelated and are designed to ensure all forms of consumer demand are met without discrimination. The HDTF reviewed the key principles and concluded the existing practices are resulting in very high levels of utilization at the most congested airports. The HDTF agreed principles may still be optimized through the recommendations provided by the HDTF.