

Slot Coordination New Zealand Limited decision of 22 July 2020 granting alleviation from the WASG 80/20 rule for the Northern Winter 2020 (NW20) coordination season for New Zealand international airports with applicable conditions

The Slot Coordination New Zealand Limited (SCNZL) Board met on Wednesday 22 July 2020, to decide whether SCNZL would grant alleviation of the “80 / 20” slot rule for the Northern Winter 2020 (NW20) season due to the ongoing global impact of the COVID-19 pandemic.

SCNZL is a not-for-profit company with responsibility for airport slot allocation at New Zealand international airports. Its shareholders are the Board of Airline Representatives New Zealand and New Zealand Airports Association Inc. The Board is comprised of four airline directors and four airport directors and an independent chairman.

The 80/20 rule is part of the Worldwide Airport Slot Guidelines (WASG) jointly published by ACI, IATA and WWACG, which grant airlines historic slots at coordinated airports provided they have utilised at least 80% of their allocated slots during the preceding season.

The Board took account of major stakeholder and wider public interests, as well as consideration of statements from the International Air Transport Association (IATA) and Airports Council International (ACI).

Following review SCNZL has agreed to grant alleviation of the 80/20 rule for the NW20 season (25 October 2020 – 27 March 2021) with the following conditions:

- Slot returns must be made at least (and ideally more than) two weeks before the scheduled departure date. Slots handed back with less than two weeks’ notice will not automatically be eligible for the alleviated slot usage requirements.
- Slots that are returned less than two weeks before operation will be considered for alleviation only if the circumstances are outside the airlines control, for example: changing government advice; border or airport closures; introduction of new quarantine requirement; load restrictions/passenger caps that deem a flight unsustainable. Requests for alleviation on this basis should be submitted to the Co-ordinator as promptly as possible.
- The waiver does not apply to slots newly allocated for the NW20 season. New slots will be allocated on a non-historic basis. Should newly allocated slots be operated, ACLI will review the eligibility for historic precedence in the subsequent season as per 8.7.1(d) of the WASG.
- Slots not cancelled before the scheduled date of operation will not be considered for alleviation.

The base schedule for NW20 will be set as per the slots held by airlines as at 31 August 2020 UTC.

Slots handed back in line with the above conditions will be considered as “operated”. Please note that where a carrier loses the benefit of a waiver because it has not cancelled by the two week deadline, it would still benefit from the ability to cancel 20% of operations (as per the 80/20 rule) , and therefore maintain a level of flexibility.

The above conditions allow airlines to plan and reduce their schedules according to best-known consumer demand, global restrictions, and importantly, with knowledge of how their historic slots

will be treated. It does, however, require airlines to actively manage the slots that they hold and to hand the slots back in a timely manner if they do not expect to use them as the season progresses.

This also allows airports to actively manage the capacity that they have available and to ensure that those airlines that are willing and able to fly are not blocked by other airlines that are holding slots that they do not intend to use.

To assist airlines with clarity on how the waivers and conditions will be implemented, please see FAQs and examples below:

FAQs
<i>When will the base schedule for NW20 be set?</i>
The base schedule for NW20 will apply as filed at 31 August 2020. Airlines should continue to hand back slots in the normal way to ensure that the utilisation target is as anticipated.
<i>If an airline does not expect to be able to fly any services in the NW20 season, due to COVID-19 but intends to operate in future seasons when it is able to, from when can it hand back its slots?</i>
The earliest that this can happen is 1 September 2020 to not impact on your historic entitlement. We would encourage any airlines that know that they will not be able to operate to hand back slots as early as possible to make them available for those that can.
<i>If an airline does not plan to operate services to New Zealand in the future, when it is able to hand back its slots?</i>
Airlines permanently withdrawing from the New Zealand market should hand back slots as soon as the decision has been made to allow those slots to be utilised by other airlines.
<i>Can an airline hand back slots on a rolling basis throughout the season?</i>
Yes, an airline can hand back slots on a rolling basis throughout the season provided that it does so before the two-week window.
<i>Will an airline gain a historic if it operates a newly allocated slot?</i>
Newly allocated slots will be issued on a non-historic basis. If the airline operates the flight, the coordinator will review to assess if that slot can be converted to include historic entitlement for the subsequent season. In making this decision, ACLI will review if historic slots have also been operated by that airline.
Examples
<i>Example 1: Airline A has historic slots from NW19 but does not intend to operate any of these services in NW20 due to COVID restrictions (but does intend to in NW21) and advises the slot coordinator (ACLI) at the start of season.</i>
In this situation as the slots form part of the NW20 base schedule (as filed at 31 August 2020) and the airline has notified ACLI prior to two weeks of operating the services, the historic slots will be protected for the NW21 season, as the services are treated as having been operated.
<i>Example 2: Airline B has historic slots from NW19 and because of travel restrictions and fluctuating passenger demand only operates some of the filed services, but the airline does notify ACLI of all services that it does not intend to operate prior to the two week window.</i>
<i>In this situation as the airline has either operated the services or complied with the notification conditions, all services are treated as operated and the historic slots are retained for NW21.</i>
<i>Example 3: Airline A intends to operate services in NW20 but doesn't due to COVID situation but does not inform ACLI two weeks before scheduled service.</i>
In this situation as the airline hasn't notified ACLI of the intention to not operate the services prior to two weeks of the scheduled service the service(s) are treated as not operated and do not count towards the 80% of flights required to retain historic.

Example 4: Airline A chooses not to operate and notifies ACLI of intention not to use slot in NW20 in accordance of the conditions and the slot is returned to the pool. Airline B is allocated the slot by the coordinator and operates the slot in NW20.

In this situation Airline A retains historic rights to the slot for the NW21 season as it has complied with all conditions in notifying ACLI of its intentions. Airline B is able to utilise the slot allocated on a non-historic basis and would not get any entitlement to that slot in the subsequent season.

Example 5: Airline A intends to operate 1,000 arrival seats next week from international destinations, however a new government restriction is implemented overnight, due to a lack of availability of quarantine hotels, which limits the number of seats the airline can operate a week to 500.

In this situation, due to the short notice of the government-initiated change, the airline cannot provide ACLI with two weeks' notice of any cancelled flights. As a result, these flights will also be eligible for alleviation and treated as operated. The airline should however apply the restriction to future weeks slot allocations as soon as possible following the announcement of the change.

Example 6: Airline A wants Airline B to operate a slot. What is the process and which airline gains the historic entitlement?

This waiver does not change the normal process for exchanging slots of which details are included on the ACLI website. Slot exchanges will be assessed at the time the request is made. In circumstances other than Joint Operations, the historic entitlement sits with the operating airlines. Airlines are advised to speak with the Coordinator to discuss such plans at the earliest opportunity.