

International Air Transport Association (IATA) Standard Ground Handling Agreement (SGHA) Notes and Considerations

Sofema Aviation Services (SAS) www.sassofia.com considers the role, purpose, best practices and training requirements related to the effective use of the IATA SGHA.

Introduction

The SGHA is a standardized contract template that is widely used within the aviation industry for the provision of ground handling services. Ground handling services cover a wide range of activities necessary for the maintenance, operation, and support of air services. These services include, but are not limited to, passenger handling, baggage handling, aircraft maintenance and servicing, cargo handling, and various operational support services at airports.

- The SGHA was introduced by IATA in 1993 as a simplified version which reduced the paperwork of Main Part and Annex A. To streamline the contracting process between airlines and ground handling service providers, ensuring a uniform approach to the terms and conditions under which ground handling services are provided.
- This standardization benefits both parties by reducing the complexity and cost associated with negotiating individual contracts and helps to ensure a high level of service and safety in ground operations.

The Role of IATA – SGHA (not Mandatory)

Airlines and Ground Service Providers are not required to utilize the SGHA; however, it is common practice for IATA member airlines and non-members alike to use the standard ground handling agreement to ease negotiation and establish the common contractual ground.

Airlines choose to contract ground handling services under the terms and conditions of the SGHA due to its ease, reliability, and coverage. The SGHA includes:

Main agreement

- Annex A (list of services)
- Annex B (location, agreed-on services, negotiated details, and charges) or Annex B with Simplified Procedure

IATA has implemented the SGHA for more than 30 years and has become a trusted resource due to its experience and expertise.

The SGHA is also found in Chapter 8 of the Airport Handling Manual (AHM).

What Does the SGHA Include?

IATA's Standard Ground Handling Agreement is a comprehensive template, including the necessary Articles to come to a working agreement between the airline and Ground Service Providers, such as:

- Provision of services
- Fair practices
- Subcontracting of services
- Airline's representation
- Standard of work
- Remuneration
- Accounting and payment
- Liability and Indemnity
- Arbitration
- Stamp duties, registration fees
- Duration, modification, and termination.

What Has Changed with the 2023 Updates?

Within the 2023 release of the Airport Handling Manual (AHM), at its 43rd edition, is the new SGHA, which is updated every 5 years to align with the most current laws and regulations available. Some of the more important revisions are as follows:

1. Main Agreement

- The Sub-Article Emergency Assistance was completely revamped to update the emergency assistance that Ground Service Providers shall provide to airlines in case of need.
- Another adjustment was made to Article 5, Standard of Work - including Sub-Article 5.6 - stating that Handling Companies shall ensure that their training program complies with AHM Chapter 11, ULDR Chapter 1.6 (tables 1.6A and 1.6B) as the minimum.
- Also, a new Sub-Article 5.10 has been created, requiring that airlines and Ground Service Providers shall implement the ground handling procedures as outlined in IATA's Ground Operations Manual (IGOM).
- In Article 11 Duration, Modification, and Termination, provisions were included for when Ground Service Providers have the right to request adjustments on handling charges due to flight frequencies, changes to the minimum wage, or if there is a change in the processes which might impact the cost.

2. Annex A

Significant changes were made to the Services section of the SGHA. Note clarifications regarding Section 1, Management and Administrative Functions.

- Specifically, the airline can contract supervision services from the contracted handler.

Changes have been made to Section 2, Passenger Services, where the AHM 815 ticketing services have been fully incorporated into the SGHA.

- One particular notation is the revision to section 2.2.3, which covers the checking of documentation required to travel. This item clarifies the type of documents, including the changes made post-COVID-19, and what Ground Service Providers are responsible for.

Section 3.10 regarding Interior Cleaning has been completely revised.

- IATA made substantial changes to Section 6.3 Unit Load Devices (ULDs). While there are many revisions in this section, it has been streamlined and simplified.

Section 7, Security, was entirely updated to align with changes in the ICAO Annex 17.

3. Annex B

- In Annex B, adaptations to the layout were made to make the contract more readable and easy to use.

Service Level Agreement - What Is the SLA?

The Service Level Agreement is the agreement between the airline and the Ground Service Provider at a specific location which outlines the service delivery standards for the contracted ground handling services.

- It can be found under AHM803, and it should be discussed, negotiated, and agreed upon along with the SGHA.

How Does the SLA Work with the SGHA?

- In the SGHA, the parties agree on the services and the operational requirements, and in the SLA they agree on the expected level of service.

During the negotiations, both parties use the SLA to agree on:

- What is to be measured (KPIs)
- How is it going to be measured
- How to use the results of these measurements

Using the two together is a recommended practice so that both parties know what to expect and if deliverables are being met.

Key aspects of the IATA SGHA include:

Scope of Services: The agreement outlines the specific ground handling services to be provided, tailored to the needs of the airline and the capabilities of the service provider.

Liability and Indemnity: It addresses liability issues, including damage to aircraft, injury to persons, and loss or damage to baggage and cargo, specifying the responsibilities and indemnity provisions between the airline and the ground handler.

Safety and Security: The SGHA includes provisions related to safety and security requirements, ensuring that ground handlers adhere to international and local regulations and standards, including those related to the handling of dangerous goods.

Quality Standards: The agreement sets out performance standards and quality requirements for the ground handling services provided, often referencing industry standards and best practices.

Duration and Termination: It specifies the term of the agreement and conditions under which it can be terminated by either party, including breach of contract and insolvency conditions.

Subcontracting: Provisions related to the ability of the ground handler to subcontract certain services to third parties, under the condition that these subcontractors comply with the same standards and obligations as the primary ground handler.

Insurance: Requirements for insurance coverage are specified, covering various liabilities and risks associated with the provision of ground handling services.

Dispute Resolution: The SGHA outlines the mechanisms for resolving disputes between the airline and the ground handling service provider, often including arbitration as a method for resolving disputes without resorting to litigation.

Significant Challenges and Mitigation Proposals related to the effective implementation of the SGHA:

Compliance with Regulations and Standards

- Ensuring compliance with international, regional, and local regulations and standards can be complex due to their variety and the frequency with which they are updated.
 - Implement a robust compliance program that includes regular training for staff, frequent audits, and a system for staying updated on regulatory changes.Collaboration with aviation authorities and industry bodies can also provide guidance and support.

Liability and Risk Management

- Determining liability for incidents involving damage to aircraft, injury to personnel, or loss of cargo can lead to disputes and financial losses.

- Clearly define liability clauses within the SGHA, including limits of liability and indemnity provisions.
- Ensure adequate insurance coverage for all parties involved, and consider including dispute resolution mechanisms within the agreement.

Quality and Performance Standards

- Maintaining consistent quality and performance standards across different locations and operations can be challenging, especially when subcontractors are involved.
 - Develop and agree upon clear performance metrics and quality standards. Implement a quality management system (QMS) and conduct regular performance reviews.
 - Ensure that subcontractors are vetted and adhere to the same standards as the primary ground handler.

Safety and Security

- Ensuring the safety and security of operations is paramount but can be complicated by the need to comply with diverse regulatory requirements and the potential for human error.
 - Adopt a safety management system (SMS) that includes risk assessment, staff training, and incident reporting.
 - Ensure strict adherence to security protocols and conduct regular safety and security audits.

Financial Stability and Payment Terms

- The financial instability of a party can impact the execution of the agreement, and disputes over payment terms can strain relationships
 - Conduct due diligence before entering into agreements to assess the financial stability of the other party.
 - Clearly define payment terms, including currencies, payment schedules, and penalties for late payments, within the agreement.

Changes in Technology and Equipment

- Keeping up with advancements in technology and changes in equipment requirements can require significant investment and adaptation.
 - Include provisions in the SGHA for regular updates and upgrades of equipment and technology.
 - Invest in training for staff to ensure they are competent in using new technologies.

Environmental Regulations

- Complying with increasingly stringent environmental regulations requires ongoing efforts and investments.
 - Implement environmentally friendly practices and technologies. Stay informed about environmental regulations and include compliance as a part of the SGHA.

General Notes Related to Training

Create a comprehensive training plan that outlines required training programs, schedules, and responsible parties. This plan should be aligned with the SGHA requirements and regulatory obligations.

- Utilize a mix of training methods, including in-person sessions, online courses, and practical on-the-job training, to accommodate different learning styles and job functions.
- Keep detailed records of all training activities, including attendance, completion dates, and assessment results. This documentation is crucial for audit purposes and for tracking compliance.

Training is a critical component in the successful implementation and ongoing management of the Standard Ground Handling Agreement (SGHA).

- Effective training ensures that both airline and ground handling staff are competent, compliant with regulations, and capable of delivering high-quality services.
- Training should cover relevant aviation regulations and standards, including safety and security, hazardous materials handling, and environmental regulations.
- Employees need training on specific operational procedures related to their job functions, such as baggage handling, aircraft loading and unloading, and passenger services, to ensure they meet the agreed-upon performance standards.
- Training on the use and maintenance of ground support equipment is essential to prevent accidents and equipment damage.
- For roles that interact directly with passengers, training in customer service best practices is vital.
- Staff should be trained in emergency procedures, including first aid, fire fighting, and evacuation protocols.
- Given the critical importance of security in aviation, all staff should receive training on security awareness and procedures.

Next Steps

Please see the following course - Developing and Managing Aviation Contracts in the Operations and Maintenance Environment – 2 Days

<https://sassofia.com/course/developing-and-managing-aviation-contracts-in-the-operations-and-maintenance-environment-2-days/>

For additional information comments or questions please email team@sassofia.com