

Ground Handling & Agency Contracts

Tuesday 9 May 2017: Module 6

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OVERVIEW

- I. IATA Resolutions
- II. Ground Handling
- III. Agency Agreements

I. IATA Resolutions

- IATA Standards
 - **Recommended Practices**
 - **Resolutions**

Recommended Practices

Non-binding, but represent an industry consensus

Resolutions

Binding for IATA Airline Members

- What is the point?
 - Facilitate international cooperation; saving time & increasing trust and efficiency

What is the point of a **resolution**?

- No need for extensive negotiation or procedures to be followed each time in situations covered under a Resolution
 - Eg. Settlement plans between Airlines and Agents are underpinned by IATA Resolutions
 - Currently IATA BSP & CASS, although soon the programs will be revised
 - When a new agent enters the market and is accredited by IATA, no need for extensive negotiation with Airlines

II. Ground Handling

What do we need to include?

- Standard versions
 - IATA publishes a standard version of a ground handling contract regularly
 - However, various ground handling companies, such as SwissPort, also publish their own version of it (to better suit their services)
- Short form version
 - Allows experienced airlines and their ground handlers to quickly agree the services that are to be provided
 - Parties can then agree to contract to provide the specific services

Liability & Reciprocity

A. Historical context: Own handling

- Most airlines did their own handling at home base airport
 - Exchange ground handling services with other airlines that flew to that airport
 - Often cash-free transaction, however contract!
(Exchange of valuable consideration)
- Very mutual and balanced terms reflecting realities of airlines:
 - Airlines have large insurance policies for their airframes
 - Can mutually indemnify other airline for damages to airframe
 - No-cost solution

B. Current situation: Ground handling outsourced

- New ground handling companies can't offer reciprocal indemnification, but continued to take advantage of airline's indemnity
 - IATA standard document
 - Their argument: Airlines can obtain insurance at a much better price than them. To require them to do so would increase costs
- 2 Solutions:
 1. Since 2013: GH companies will pay the deductible under the insurance contract
 - I.e.: Any payment airline needs to pay before the insurance coverage starts
 - Higher fees from ground handlers in exchange for displacing responsibility on them
 2. Some airlines consider the pre-2013 version to be lower cost and thus keep liability under their insurance umbrella (GH for lower cost)
- ! SwissPort, for example, provides both in its standard documentation

IATA Ground Handling Conference (IGHC)

30th IATA Ground Handling Conference

The IATA Ground Handling Conference (IGHC) is the premier annual ground handling industry conference in the world.

When: **May 21 - May 24, 2017**

Where: Bangkok, Thailand

Venue: Centara Grand Hotel at CentralWorld

Audience: **Open to all**

[REGISTER](#)



Example of SGHA by IATA

www.swgh.az/uploads/filemanager/AHM810_2013_SGHA-GHC.pdf



INTERNATIONAL AIR TRANSPORT ASSOCIATION

AHM 810

STANDARD GROUND HANDLING AGREEMENT

EFFECTIVE 1 January 2013

STANDARD GROUND HANDLING AGREEMENT (SGHA)

between:

and:

The agreement consists of:

MAIN AGREEMENT, and, as required,

ANNEX A (description of services)

ANNEX(ES) B (location(s), agreed services and charges)

CONTENTS OF MAIN AGREEMENT

ARTICLE 1	DEFINITIONS AND TERMINOLOGY
ARTICLE 2	PROVISION OF SERVICES
ARTICLE 3	FAIR PRACTICES
ARTICLE 4	SUBCONTRACTING OF SERVICES
ARTICLE 5	CARRIER'S REPRESENTATION
ARTICLE 6	STANDARD OF WORK
ARTICLE 7	REMUNERATION
ARTICLE 8	ACCOUNTING AND PAYMENT
ARTICLE 9	LIABILITY AND INDEMNITY
ARTICLE 10	ARBITRATION
ARTICLE 11	STAMP DUTIES, REGISTRATION FEES
ARTICLE 12	DURATION, MODIFICATION AND TERMINATION
	AUTHORIZATION TO CONTRACT

MAIN AGREEMENT

An Agreement made between:

having its principal office at:

hereinafter referred to as 'the Carrier' or 'the Handling Company' as the case may be,

and:

having its principal office at:

hereinafter referred to as 'the Handling Company' or 'the Carrier', as the case may be,

the Carrier and/or the Handling Company may hereinafter be referred to as "the Party(ies)"

WHEREBY THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1. PROVISION OF SERVICES

1.1 General

The Carrier and the Handling Company agree to give the highest importance to the compliance to all applicable laws and regulations governing their activities and expects its agents and contractors to do the same.

• • •

■ ■ ■

PARAGRAPH 12. GOVERNING LAW

12.1 In accordance with Article 9 of the Main Agreement, this Annex B shall be governed by and interpreted in accordance with the laws of:

12.2 In accordance with Article 9 of the Main Agreement, courts for the resolution of disputes shall be the Courts of:

PARAGRAPH 13. NOTIFICATION

13.1 In accordance Sub-article 11.3 of the Main Agreement, any notice or communication to be given hereunder shall be addressed to the respective parties as follows:

To Carrier:

Carrier
Street
City, Country
Telephone
Fax:
E-mail:
Attn:
The Handling Company
Street
City, Country
Telephone
Fax:
E-mail:
Attn:

To Handling Company:

Signed date:	Signed date:
at	at
for and behalf of	for and behalf of
by	by

Terms of the Standard Ground Handling Contract

- Parties – Identified clearly
- Location
- Operative clauses:

PARAGRAPH 1 - HANDLING SERVICES AND CHARGES

SECTION 1 – REPRESENTATION, ADMINISTRATION AND SUPERVISION

SECTION 2 – PASSENGER SERVICES

SECTION 3 – RAMP SERVICES

SECTION 4 – LOAD CONTROL, COMMUNICATIONS AND FLIGHT OPERATIONS

SECTION 5 – CARGO AND MAIL SERVICES

SECTION 6 – SUPPORT SERVICES

SECTION 7 – SECURITY

SECTION 8 – AIRCRAFT MAINTENANCE

This section sets out what services the ground handler is to provide

→ It relies on well accepted industry standard definitions

PARAGRAPH 2 – ADDITIONAL CHARGES

→ Here additional services, if required

PARAGRAPH 3 – SAFETY, SECURITY AND PUNCTUALITY

→ Additional operational obligations the ground handler will support

PARAGRAPH 4 – STANDARD OF WORK

→ The quality required (Crucial! Clarity required!)

PARAGRAPH 5 – SURCHARGES

PARAGRAPH 6 – DISBURSEMENTS

PARAGRAPH 7 – LIMIT OF LIABILITY

PARAGRAPH 8 – SETTLEMENT

PARAGRAPH 9 – LAW AND ARBITRATION

PARAGRAPH 10 – DURATION, MODIFICATION AND TERMINATION

→ Clear enunciation required

Then follow **boilerplate clauses**

→ Important & need to be covered, but not fundamental to description of the services provided

PARAGRAPH 11 – RIGHT TO AUDIT

PARAGRAPH 12 - LEGAL/JAR-OPS 1 (EASA) COMPLIANCE

PARAGRAPH 13 – CONFIDENTIALITY

PARAGRAPH 14 - DATA PROTECTION

PARAGRAPH 15 - NOTIFICATION

Finally, **signature**

→ Acceptance of all the terms agreed

Swissport: Simplified version SGHA (www.aopa.gr/docs/web_swissport_handling_agreement.pdf)

STANDARD GROUND HANDLING AGREEMENT -SIMPLIFIED PROCEDURE

ANNEX B - LOCATION(S), AGREED SERVICES AND CHARGES To the Standard Ground Handling Agreement (SGHA) of January 2008

between: **AOPA HELLAS**
.....
and hereinafter referred to as "the Carrier"

and: **Swissport Hellas S.A & Swissport Hellas Sud**
.....
and hereinafter referred to as "the Handling Company"

This Annex B for the location (s): AOK/ ATH/ CHO/ CFU/ EFL/ GPA/ HER/ JKH/ JMK/ JSI/ JTR/ KLX/ KGS/ KVA/ LXS/ MJT/ PVK/ RHO/ SKG/ SMI/ VOL/ ZTH
Karpathos, Athens, Chania, Corfu, Kelafonia, Araxos, Heraklio, Chios, Mykonos, Skiathos, Santorini, Kalamata, Kos, Kavala, Limnos, Mytiline, Preveza, Rhodes, Thessaloniki, Samos, Volos(Aghialos), Zakynthos

Preamble:

This Annex B is prepared in accordance with the simplified procedure whereby the Parties agree that the terms of the Main Agreement and Annex A of the **SGHA of January 2008** as published by the International Air Transport Association shall apply to this Annex B as if such terms were repeated here in full. By signing this Annex B, the Parties confirm that they are familiar with the aforementioned Main Agreement and Annex A.

Paragraph 1. Handling Services and Charges

1.1 For a single ground handling consisting of the arrival and the subsequent departure at agreed timings as per flight plans of the same aircraft, the Handling Company shall provide only aircraft marshalling and crew and passengers transportation and escort, at the following rates which do not include taxes.

Passenger aircraft type	Charge, Eur (AOPA HELLAS)	Charge, Eur (AOPA INTERNATIONAL)
Light aircraft (up to 3tns)	18.00	24.00

- 1.2 Handling in case of fuel stop for other than commercial purposes will be charged at fifty percent of the applicable, as per sub-paragraph 1.1. above.
- 1.3 No extra charge in case for providing the services and facilities on weekends and legal holidays or during night hours (22:00 – 06:00 local time).
- 1.4 Handling Company will provide agreed services to the Carrier in ALL Greek airports covered under present agreement during the whole year (Jan-Dec).
- 1.5 The above rates and conditions will be valid for all members of AOPA Hellas & IAOPA (International Council of AOPA), who will have to present a valid membership card in every flight to the Handling Company. The above prices are meant only for General Aviation flights for light (less than 3t MTOW) private or rented aircraft.

.....
1.6 All parties have mutually agreed that all terms and the conditions of this agreement will be valid for ALL Greek airports, where Handling Company will be present in the future and will provide to the Carrier the agreed services

Paragraph 2. Additional Services and Charges

2.1 The Carrier has declared that in general does not require more services than the ones agreed as per sub-paragraph 1.1. Any services not included in Paragraph 1 of this Annex will be charged for as per Handling Company's price list.

Paragraph 3. Disbursements

3.1 Any disbursements made by the Handling Company on behalf of the Carrier will be reimbursed by the Carrier at cost price + 10%.

Paragraph 4. Settlement

4.1 Settlement of the account shall be effected in cash prior departure by the captain of the aircraft at the station where the Handling service is provided. The Handling Company will issue a relevant receipt indicating: "AOPA member charge". Captain to provide all applicable details where invoice shall be dispatched.

Paragraph 5. Duration, Modification and Termination

- 5.1 Notwithstanding Sub-Articles 11.4 & 11.5 of the Main Agreement, this Agreement shall continue in force for at least three years. As from September 1st, 2013 this Agreement can be terminated by either party giving 60 (sixty) days prior notice to the other party.
- 5.2 Any modification to this Annex B shall be made by a written amendment signed by both Parties.

Paragraph 8. Limit of Liability

8.1 The limit of liability referred to in Sub-Article 8.5 of the Main Agreement (IATA SGHA 2008) shall be as follows:

Aircraft Type Limit (per incident)
Up to 10.000 kgs 20.000 USD

III. Agency Agreements

- **3 Parties:**
 - Principal
 - Agent
 - 3rd Party



- The ***agent*** is **authorised** by the ***principal*** to create binding contractual relations with a ***third party***
- This arrangement recognises the **commercial reality** that parties often conduct their business through other persons

The **contractual relationships** in an agency arrangement are complex:

- Liability of agent to principal and 3rd party
- Scope of agent's authority
- Rights & obligations of agent to principal and 3rd party
- Overlay of common law and statutory principles
- Interface between contractual framework & *fiduciary* relationship between agent & principal:
 - Contract law and trust law

General **duties** owed by an Agent to a Principle:

- Duty to exercise reasonable care
- Duty to obey reasonable instructions
- Duty of loyalty
 - No self-dealing
 - No usurping principle's business opportunity
 - No secret profits

Authorisation determines scope of powers and liabilities:

- Actual, **express** authorisation (usually in writing)
 - Agency agreement can be revoked by either party
 - Principle liable for contracts entered into by the by the agent
- Actual, **implied** authorisation
 - Authority implied based upon agent's reasonable belief that authorisation was given
 - Scope of authorisation based upon:
 - Necessity – actions necessary to bring about express tasks
 - Custom – actions performed by agent in similar position
 - Prior dealings – Prior acquiescence of the principle
- Apparent authorisation
 - Principle cloaks agent with appearance of authority and 3rd party reasonably relies on appearance of authority

Important example in **aviation industry**:

• **Travel Agents**



- Travel agents whose main activity consists of selling airline tickets can become IATA accredited agents, participating in the automated Billing and Settlement Plan (BSP) and other advantages in order to facilitate their cooperation with the IATA member airlines
- Must then comply with a set of rules as stated in the IATA Travel Agent Handbook (TAH)
- http://www.iata.org/Sites/FMC/Files/TAH800-EN_2016Ed_FINAL.pdf

• **Cargo Agents**



- Similar option exists for the cargo agents who wish to join the Cargo Accounts Settlement System (CASS)
- Must then comply with the rules as set forth in the IATA Cargo Agency Conference Resolution Manual

TAH



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