

ATTACHMENT 3 – CARRIER’S SERVICE LEVEL AGREEMENT

1. Purpose

1.1 The purpose of this Service Level Agreement (SLA) is to ensure:

- a) Safe and compliant operations
- b) A performance based partnership that results in the highest standards of service and quality of performance
- c) A collaborative culture that makes the best use of data and investigation to allow the parties to support each other to drive continuous improvements

1.2 The Handling Company commits to:

- a) act with urgency and purpose in addressing performance and compliance irregularities; and
- b) maintain meaningful efforts to improve safety, compliance and operational performance.

1.3 The Carrier acknowledges:

- a) the Handling Company is only responsible for failures to meet the SLAs within their reasonable control; and
- b) Carrier will act reasonably and in good faith when considering such failures.

1.4 In measuring the Handling Company’s performance against the SLA, the Carrier will take into account:

- a) factors beyond the Handling Company’s control which may have impacted performance (including adjacent off-schedule aircraft, extreme weather events and failures or other acts or omissions of the Carrier or third parties); and
- b) historic delivery against SLA targets.

2. Definitions

Port performance improvement objective means applicable key performance indicator performance for a port and function measured for the equivalent period of time prior year. In year 1, 2021/22 will be measured against applicable month in CY2019. In year 2 and subsequent contract years, the objective will be lifted by a national KPI improvement target unless the port performance is determined to be at a ceiling. The Carrier will act reasonably and in good faith in acknowledging a ceiling.

Systemic compliance means consistent outcomes with the fundamental requirements of the relevant key performance indicator

Infringements: Fines issued by a Government body and/or airport authority served on a carrier as a result of negligence in the Handling Company’s spans of control in delivery of services under Annex A. Examples of this could include:

- Office of Transport Security in terms of ASIC obligations, control of firearms and reconciliation of travelled baggage
- State workplace health and safety authority in terms of obligation to provide a safe workplace for employees and customers
- Airport Authority, in terms of compliance with Airport Safety and Security program

Infringements definition and intent are consistent with Annex B.1.0 sub clause 5.4.

Remedial rectification action plan means the Carrier will notify the Handling Company that a plan is required and shall be submitted within 7 days. The plan should be actioned as soon as possible (as mutually agreed with the Carrier’s relevant stakeholders where applicable).

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3. Reporting

- a) The Handling Company shall participate in the Carrier’s Safety Management System and ensure all hazards, incidents and events regarding operational or customer safety are reported in the Carrier’s reporting system. The Carrier may ask for further reporting from the handling Company as required
- b) The Handling Company, where required, is obliged to carry out an investigation into an incident and following recommendation(s) arising will undertake corrective action(s) as required to avoid a recurrence.
- c) The Handling Company will act in compliance with the applicable CASA-approved DAMP and will provide any relevant incident details and liaise with the Carrier accordingly.
- d) The Carrier upon reasonable grounds, i.e., safety or security, can advise the Handling Company to suspend an employee on the Carriers account until satisfied otherwise
- e) The Handling Company will also participate in any service standards quality assessment systems as reasonably required by the Carrier
- f) The Handling Company will provide a GSE asset modernisation plan at 6-month intervals of contract term to report on progress of modernising their asset base that services the account
- g) The Handling Company will provide by the end of July each calendar year, the prior financial year summary of lost time injuries, lost time frequency rate, recordable injuries, and recordable injury frequency rate of employees deployed to the account
- h) The Carrier may also request special reports or investigations on matters relating to shortfalls in the delivery of the services. Examples include safety/security occurrences, persistent precision timing schedule (PTS) failures and abnormal turnover of personnel.

4. Meetings and Assessments

- a) Every month or agreed interval the Handling Company will meet with the Carrier to review contract performance. The monthly meeting shall be coordinated and arranged by the Carrier. The Carrier shall provide the Monthly Meeting Agenda document and will discuss Handling Company’s safety, operational performance and key performance indicators (KPI’s) included in the Handling Company’s contract. The Carrier shall prepare and distribute the meeting minutes. The meeting agenda will include:
 - i. Updates from actions from previous meetings
 - ii. KPI performance report for all categories as required by the Carrier
 - iii. Share on continuous improvement for opportunities that may exist between the parties
 - iv. Any requested reports or investigations will be provided in the meeting
- b) Every month the Supplier will participate in Safety meetings which focus on the Safety Management System. These meetings will review operational, people and customer safety metric as captured by the Carrier’s reporting system and provide for engagement in driving safety culture, improving compliance, continuous improvement initiatives, risk management strategies, safety promotion campaigns etc. These meetings will be conducted under a just culture with full transparency between all parties with the intent of driving the highest shared compliance and safety outcomes. The Carrier may also require reporting from the Handling Company with respect to people safety outcomes to ensure that due care and process is being fulfilled with respect to the work performed and the procedures and equipment being used.
- c) The Handling Company’s operational leadership will actively participate in meetings as reasonably required by Carrier’s local leadership team or on behalf of the Carrier as required. In addition, the Carrier may also request the Handling Company to participate or represent the Carrier in meetings with other parties for the purpose of managing operational matters. For example, Airside Safety Meeting, Security and Environment Meeting, Project Meetings with Qantas Departments and daily operational meetings
- d) The Handling Company will participate in a special purpose review to be conducted by the Carrier approximately three (3) and six (6) months after the commencement of this Agreement or thereafter. The purpose of the review is to assess the Handling Company’s system capability, implementation and compliance with Carrier requirements.
- e) The Handling Company will participate in regular ongoing Health Checks. The purpose of the Health Check is to assess the Handling Company’s on-going compliance with Carrier requirements.

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- f) The Handling Company will permit the Carrier to conduct Operational Safety Compliance Audits at intervals of no longer than every two (2) years to assess the effectiveness of operational safety and security systems and processes and compliance with relevant laws. The Handling Company will cooperate in resolving any identified problems and will implement any agreed action plans.

5. Compliance

- a) The Handling Company will ensure that staff are trained, current and competent in the policy and procedures contained in the Carrier’s manuals and comply with these procedures at all times.
- b) Any Local Area Procedures are to be formally agreed and documented with the Handling Company through the Qantas Change Management process.
- c) The Handling Company will provide supporting evidence of appropriate skilled and experienced personnel in key operational roles to demonstrate Handling Company capability to effectively and safely manage the Carrier’s operation in line with Carrier requirements and obligations.
- d) The Handling Company shall ensure that all applicable staff receive, read, acknowledge, understand and implement any changes in policy or procedures as advised via Airport Updates in a timely manner and that the handling Company can demonstrate such compliance to the Carrier as requested on an at will basis.
- e) The Handling Company will ensure that all Handling Company staff are made aware of the Carrier’s manuals that they follow the procedures as set down in the Carrier’s manuals. The Handling Company will ensure that the Carrier’s manuals are kept updated with the Carrier’s revisions and that the contents of such amendments are communicated to appropriate staff.
- f) The Handling Company will provide all ground support equipment required to service the aircraft (as agreed in contract). If any new equipment is introduced, the Handling Company must participate in risk assessments of this equipment with the Carrier as reasonably required if the equipment interfaces with other components of the Qantas Group or has implications to the AOC.
- g) The Handling Company will ensure staff wear Handling Company uniforms and general grooming that is consistent with the Carrier’s style guide.
- h) The Handling Company will allow access to its premises, personnel, equipment, relevant records and documentation as required by the Carrier or other regulatory body performance audits or investigations to the extent required to assess the Handling Company’s compliance with this Agreement by giving advance written notice.
- i) The Handling Company will collaborate with the Carrier in the provision of real time electronic data of key events and time stamps in the process of the turnaround and aircraft towing.

6. Service Performance Standards

- a) The Handling Company’s operators must be licensed, trained, qualified with demonstrated competence in approved aircraft handling qualifications to the specification and satisfaction of the Carrier. This includes a CASA Approved DAMP program. Pre-employment Drug and Alcohol (D&A) testing (negative test result) is required plus have recurrent DAMP training as per the Carrier’s requirements for all employees servicing the account.
- b) The Handling Company recognises the importance of the Carrier’s PTS and shall safely deliver service outcomes in accordance with this.
- c) The Handling Company must provide enough staff and equipment to enable the aircraft to be loaded and offloaded safely in accordance with the PTS.
- d) The Handling Company shall provide enough resources to manage delay and disruption handling in accordance with the Carrier’s delay handling procedures. The Handling Company is to maintain appropriate liaison with the Carrier as appropriate concerning necessary customer service arrangements.

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- e) The Handling Company will ensure that they have a satisfactory communications system in place between the Load Control, Operations Control, Flight Crew, Ramp and above the wing employees.

7. Rebates

If the Handling Company fails to meet the required performance targets, rebates will be provided by the Handling Company as detailed below. The maximum accumulation of rebates will be 10% of the total turn charges over the applicable period. The parties acknowledge that the rebates are a genuine pre-estimate of loss. If the Handling Company fails to meet the required performance targets, remedies will be provided by the Handling Company as detailed below:

a) One month trend in adverse performance measured in agreed data

The Handling Company will identify root cause of performance shortfalls and if due to the fault of Handling Company, will implement rectification to address. This will be proactively shared with the Carrier. If not due to the fault of the Handling Company, the Handling Company will work collaboratively with the Carrier to resolve.

Incidents pertaining to compliance regarding Safety and Security need immediate rectification and will be treated under Just Culture. Failure to address items in this category may result in the issue of a breach notice.

b) Two month trend in adverse performance measured in agreed data

The Handling Company will enact an intervention plan with action due dates and deliverables designed to restore performance. The Handling Company must seek and obtain the Carrier’s agreement to the plan and if required, provide requisite support. Failure to achieve an agreed plan within an agreed period will result in the Carrier applying a rebate of 10% future charges on those flights suffering adverse performance until remedied.

c) Three month trend in adverse performance in one or more measures agreed data

Unresolved performance deterioration due to Handling Company’s fault will result in rebates being applied by the Carrier of 10% future charges on all flights until remedied and the Carrier may issue a notice of breach.

Measurement will commence from week 9 post complete transition.

The parties agree that a mere breach of an SLA Target, or a number of SLA Targets, will not amount to a breach of a ‘material obligation’ for the purposes of clause 8 of the Agreement, unless the SLA Target breach or breaches are so significant as to deprive the Carrier substantially of the core benefit of the Agreement.

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Item	Category	KPI Driver	Measurement	Target	Remedy	Applicable
1.0	GENERAL					
1.1	Compliance	Compliance with Carrier's Standard Operating Procedures (SOP's)	Adherence to Carrier’s SOP	100% systemic compliance to the Carrier’s procedures.	Refer to clause 7 rebates; and An agreed remedial rectification action plan is required. Infringements served on the Carrier will be borne by the Handling Company.	✓
1.2	Compliance	Compliance with Carrier's Standard Operating Procedures (SOP's)	Adherence to Carrier’s SOP	Any audit findings that are issued by either the Carrier, the Handling Company’s safety department, CASA or other regulatory bodies (including SafeWork) are closed within the required timeframes to a standard agreed with the Carrier.	If audit findings are reported, an agreed remedial rectification action plan is required. plus Refer to clause 7 rebates	✓
1.3	Loading	Loading Errors	Number of verified events through the Carrier’s Safety system raised against the Contracted Location rated as Medium or higher	Nil	Refer to clause 7 rebates plus An agreed remedial rectification action plan is required.	✓
1.4	Punctuality	On time performance of Carrier’s departures.	Adherence to Carrier’s Precision Timing Schedule (PTS) to ensure on time departure.	Ramp clearance in First Load to be safely submitted by the PTS timing milestone per fleet. Port performance improvement objective is set for this metric.	Refer to clause 7 rebates for remediation plan and Refer to Annex B.1.0 (PS1614) sub clause 3.5	✓

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1.5	Compliance	Training	Confirmation of full compliance with training is assessed at monthly meetings or at a frequency determined by the Carrier. Handling Company may be required to provide detailed training records to Carrier at monthly meetings.	The Handling Company will not permit any staff member to provide any of the Services where the Handling Company knows or ought reasonably to have known that the staff member had not completed all required training.	If the Handling Company fails to comply with the target, 5% of their monthly invoice will be credited to the Carrier until compliance has been met.	✓
1.6	Regulatory Compliance	Regulatory Engagement	Interactions with regulatory authorities	Ground Handler to report all material regulatory interactions pertaining to performance of services at the airport.	Infringements served on the Carrier that the Handling Company is solely responsible for will be borne by the Handling Company. Refer to Annex B.1.0 PS1614	✓
2.0	PASSENGER					
2.1	Customer Experience	Positive Customer Experience on “Departure”	Outbound Mishandled Luggage (MHL) attributable to Handling Company	National: less than specified number of bags out of 1000 (excluding transfer bags) Port performance improvement objective is the specified number of bags for this metric.	Refer to clause 7 rebates.	✓

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Item	Category	KPI Driver	Measurement	Target	Remedy	Applicable
2.2	Customer Experience	Positive Customer Experience on “Arrival”	Delivery time of inbound baggage is measured from time aircraft beacons are extinguished (thumbs up) to when bags arrive on baggage belt available for passengers to collect with the premium bags presented first.	<p>(International with First Class)</p> <p>First Class First bag 12 mins / last bag 15 mins</p> <p>Business / Priority First bag 15 mins / last bag 22 mins</p> <p>Premium Economy / Economy First bag 22 mins / last bag 35 mins</p> <p>(International without First Class)</p> <p>Business / Priority First bag 12 mins / last bag 19 mins</p> <p>Premium Economy / Economy First bag 19 mins / last bag 35 mins</p> <p>Domestic</p> <p>All baggage to be delivered to the carousel within 15 minutes. Premium bags are to be presented first.</p> <p>Port performance improvement objective is set for this metric</p>	Refer to clause 7 rebates.	✓
2.3	Customer Experience	Positive Customer Experience on “Arrival”	Tranship Bag meets onward sector when a compliant minimum connection time (MCT) exists	Port performance improvement objective is set for this metric	Refer to clause 7 rebates.	✓
2.4	Customer Experience	Positive Customer Experience on “Arrival”	Scanning of bags on arrival	100% compliance (First Bag) Port performance improvement objective is set for this metric	Refer to clause 7 rebates.	✓

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3.0	RAMP (Where applicable)					
3.1	Operations	GSE equipment	All Ground Service Equipment (GSE) available, serviceable and ready at gate/bay for aircraft turnaround	98% GSE available, serviceable & 100% systemic compliance to being at the bay prior to aircraft arrival	Refer to clause 7 rebates.	✓
3.2	Freight	Pickup/Delivery Where applicable	Freight pick up and drop off at the designated staging area within local agreed timing. Handling Company will not be responsible for delays caused or contributed to by the Carriers appointed CTO.	100% systemic compliance	Refer to clause 7 rebates.	✓
4.0	CLEANING – Where applicable					
4.1	Operations	GSE equipment	All Ground Service Equipment (GSE) available, serviceable and ready at gate/bay for aircraft turnaround	98% GSE available, serviceable & 100% systemic compliance to being at the bay prior to aircraft arrival	Refer to clause 7 rebates.	✓
4.2	Cleaning	Cabin Cleaning - Timely completion of Cabin Cleaning	Adherence to Carrier’s PTS	100% systemic compliance to PTS.	Refer to clause 7 rebates.	✓

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4.3	Cleaning	Cabin Cleaning – Presentation Standards	Daily quality audits conducted by local staff. Periodic quality audits conducted by corporate representative. Adherence to Carrier’s cleaning specifications.	100% systemic compliance to Cabin Cleaning Standards.	Refer to clause 7 rebates plus An agreed remedial rectification action plan is required.	✓
5.0	Safety					
5.1	Crisis Planning	Compliance with Airline, Safety and Security Policies.	Adherence to Carrier’s Station Emergency Response Plan and completion of all SERP requirements	Full participation in the design of local SERP’s, any desktop exercises or real activations both at an airport level and at a corporate level. As a minimum: <ul style="list-style-type: none"> • Attendance at 4 awareness sessions per year (required per quarter) • Completion of 2 exercises per year (biannual) 	Refer to clause 7 rebates plus An agreed remedial rectification action plan is required.	✓
5.2	Safety	Injuries to people	Injuries to customers, Carriers employees and representatives, Handling Company employees and subcontractors attributed to Handling Company	All incidents are immediately reported to the Carrier. Any investigations are to be shared upon request including the confirmation that any improvement actions have been implemented.	Refer to [Annex B.1.0 PS1614 clause 9]. The Handling Company to submit an insurance claim where required. An agreed remedial rectification action plan is required.	✓
5.3	Safety	Aircraft and equipment damage	Aircraft and equipment damage attributed to Handling Company	Any aircraft damage is immediately reported to the Carrier upon occurrence or discovery. Zero damage	Refer to [Annex B.1.0 PS1614 clause 9] The Handling company to submit an insurance claim for costs to repair all damage. An agreed remedial rectification action plan is required.	✓

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Item	Category	KPI Driver	Measurement	Target	Remedy	Applicable
5.4	Safety	Compliance with the Qantas Group’s Critical Risk Management Standard.	Adherence to Safety Standard Operating Procedures and equipment use ensuring the Critical Risk Management Standards are adhered to.	100% adherence to all SOPs	Refer to clause 7 rebates plus An agreed remedial rectification action plan is required.	✓
5.5	Security	Compliance to Qantas Group Security Manual, Airport Transport Security Program and Foreign Security Policies	Adherence to applicable policies and procedures.	100% compliance with ASIC and ACIC requirements 100% compliance with the management of Firearms 100% reconciliation of baggage onto aircraft (automated/bingo system) – port performance improvement objective is relevant to this KPI	Refer to clause 7 rebates plus An agreed remedial rectification action plan is required.	✓