



**CANSO position on
the 7th draft of the performance scheme
implementing rule**

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CANSO position on the 7th draft of the performance scheme implementing rule

ANSPs welcomed the SES II package and noted with satisfaction that it has strengthened the performance framework while keeping the overall concept sufficiently stable.

CANSO seeks a performance scheme which delivers improved performance to meet the needs of our customers and incentivises ANSPs to manage their business to deliver these improvements within a sound and sustainable financial framework. Reducing costs is one of the objectives, however the quality of service (safety, capacity and flight efficiency) provided by ANSPs shall be the core of the performance scheme. Quality of services represents the instrument to demonstrate to the airspace users the real added-value of the system in the long term.

CANSO would like to indicate general support on the overall text of the implementing rule on the performance scheme. However the following key views should be taken into consideration.

1. Adequate duration and scope of the performance scheme

- 1.1.** After the first reference period, CANSO supports the duration of five years for following reference periods.
- 1.2.** CANSO favours a phased approach for implementation, with an initial focus on en-route services and extension to terminal services at a later stage for the overall performance of the network. When this extension is applied, the performance scheme should cover terminal ANS services provided at airports with more than 150,000 commercial air transport movements per year, in accordance with the current Charging Regulation (Article 1 paragraph 6).

2. Limitation of the Key Performance Areas

- 2.1.** The SES II regulation indicates the possibility of applying additional key performance areas (KPAs) on top of safety, environment, capacity and cost-efficiency to measure ANS performance. CANSO highly recommends limiting the number of KPAs to the four above mentioned during the first

reference period due to the short timeframe with the first reference period starting in 2012.

- 2.2.** CANSO supports reviewing the outcome of the first reference period which should be a transition phase for appropriate adjustments for the second reference period. A number of new KPAs to be introduced if any should be limited (e.g. not all ICAO KPAs since many of these are not related to performance outcomes and because many lack maturity).

3. Maturity of the Key Performance Indicators and target setting

- 3.1.** Targets should be binding only when the key performance indicators (KPIs) are mature enough.
- 3.2.** With regard to safety, CANSO considers that the reference material for setting safety KPIs is the SAFREP task force report endorsed at the Eurocontrol Provisional Council in December 2009.
- 3.3.** Having the "*average horizontal en-route flight efficiency*" as first indicator for environment at EU level is supported.
- 3.4.** The reference to all ATFM delay causes at European level is supported but proper break-down should be ensured at national/ FAB level to identify the ATFM delay causes specifically attributable to ANSPs. CANSO has concerns on the new proposed capacity KPI included in the 7th draft which is not stable enough to be used for the first reference period. In addition ANSPs have no appropriate data to assess the "*minutes of en route ATFM delay per flight –hour*". CANSO recommends to use instead the percentage of flights delayed by more than 15 minutes or average delay per flight.
- 3.5.** CANSO does not consider the "*unit rate for en route air navigation services*" to be a good measure of cost-efficiency; it is only a price indicator. However, CANSO can support the use of the en-route unit rate as a KPI for national/ FAB target setting provided that it is used in an appropriate framework of cost-sharing recognising that a proportion of the ANSP cost-base is not within the control of ANSPs.
- 3.6.** For future periods, CANSO suggests a review to be undertaken during the first reference period to assess the appropriateness of KPIs.
- 3.7.** Within the process for adoption and assessment of performance targets, ANSPs should be consulted in the case revised targets are to be set after the Commission's assessment.

4. Delivery of the national /FAB /Network functions targets

- 4.1.** States should be responsible for the delivery of the national/FAB targets.
- 4.2.** National /FAB performance plans should reflect an appropriate break-down of the objectives at national /FAB level. Targets on ANSPs must be set in areas accountable to them.
- 4.3.** CANSO supports the setting of performance plans which includes binding targets for network functions.

5. Impartiality and independency of the Performance Review Body

- 5.1.** CANSO supports the Performance Review Body (PRB) to assist the Commission in the implementation of the performance scheme on basis of following conditions:
 - The PRB should act impartially and independently
 - The PRB should have the right governance to ensure independence
 - Only one performance review process should exist in Europe
 - Ensure inclusion of operational and technical expertise in order for the PRB to have the appropriate competence
 - Ensure proper transparency in the nomination and selection processes
 - The PRB must have appropriate EU funding mechanisms and be appropriately resourced.
 - Consultations and reporting processes must be focussed on performance outcomes and be transparent, in line with Better Regulation principles.
 - Consultations should be supported by an appropriate appeals mechanism.
- 5.2.** CANSO proposes to include those principles in the criteria for the designation of the Performance Review body.

6. Appropriate governance for ANSPs

- 6.1.** States should put in place the appropriate institutional framework in order for the ANSPs to have the right governance structure which will drive excellence in all operations and will ensure the achievement of the performance targets.

7. Performance system with the right incentive schemes

- 7.1.** CANSO can support the idea to introduce an incentive-scheme, including a risk-sharing mechanism provided certain conditions are met prior to its implementation. These conditions are:

- Continuous operation and necessary investments in the ATM infrastructure have to be ensured based on continued financial soundness of ANSPs while at the same time ensuring incentives to increase efficiency;
- Risk-sharing will be the introduction of a new system, replacing the existing cost-recovery system, which will affect the financial standing of the ANSPs, leading f.e. to higher interest costs and a higher demand for return on equity. A transition phase is required to prepare the implementation of the changes to the current system.
- The implementation of risk-sharing needs to be accompanied in most cases, by appropriate changes to national frameworks governing the financial structure of ANSPs, with a consistent accounting system.
- ANSPs provide an infrastructure requiring investments of a very long-term nature, operated by highly specialised people for whom no real market exists. This should be recognised in any scheme.
- An isolated consideration of cost and risk-sharing would lead to a rudimentary performance scheme facing the risk to have uncontrollable negative effects on capacity and long-term investments and is likely to increase unit rates.
- States will be responsible for designing the incentive scheme and will decide which kind of incentives will apply.

7.2. The implementing rule on performance scheme needs to be consistent with the charging regulation which should include the details on risk-sharing mechanism.

8. Clarification on the use of various currencies

8.1. Clarification is required on the use of various currencies and rate exchange (if the targets are in euro at European-Union wide level and the "determined" costs are expressed in national currency).

9. Provision of data by ANSPs to be fully justified

9.1. Whilst ANSPs are supportive of providing information for benchmarking purposes, the collection of data should be fully justified and presents an added value for performance measurement. Data collection should serve the scope of this implementing rule.

- 9.2.** Data collection processes shall be set in a way to avoid as much as possible duplication of reporting lines.

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