



## CANSO/ETF advice



# on the revision of the SES Performance scheme regulation

4 December 2012

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## Safety KPA

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CANSO and ETF consider that the safety dimension of the SES Performance Scheme is a priority. In the actual legislative framework, the safety KPA is the only one where the focus of RP1 has only been put on achieving a necessary harmonization level. In order to ensure a balanced approach with the other KPAs, it therefore will be very important to analyse the monitoring results of RP1 and to further develop this area for RP2.

Taking into account the necessary harmonization steps for safety measurement implemented in RP1, CANSO and ETF ask the European Commission to implement for RP2 safety indicators which have to be mature, well accepted by all stakeholders, simple, robust and easy to measure. Those indicators will be used to monitor the safety level throughout Europe and to address mitigation measures if necessary. The suggestion from the PRB to launch feasibility studies on the use of automated dataflow delivery like the T-CAS dataflow needs to take into consideration that European dataflow systems do not replace local analysis. CANSO and ETF therefore recommend to further investigate those topics..

CANSO and ETF also outline that a full Just Culture environment is necessary to any real progress in the Safety area since it represents a prerequisite for the proper feeding and functioning of any Safety indicators.

## Total economic approach

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CANSO and ETF support the fact that the safety KPA is paramount and cannot be submitted to trade off with other KPAs. On the other side, the Capacity and Environmental KPAs have a clear economic dimension: delays have a cost and a better environmental performance has got a direct positive impact on fuel consumption, thus on costs and on CO2 emissions. To

correctly assess the interdependencies between Capacity, Cost and Environment, will be relevant and useful for a good target setting process at EU, FAB or national level. Therefore, CANSO and ETF support the idea proposed by the PRB to address the links between KPAs through the use of the total economic value concept. Nevertheless the total economic value should not replace the existing 4 KPAs, but should be used to support EU wide target setting and the assessment of the consistency of performance plans with those targets, and to monitor the performance during the reference period.

## Cost efficiency KPA

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### **Extension to terminal areas**

The extension of the performance scheme to the terminal area on cost efficiency is a subject of high interest for CANSO and ETF. The costs of terminal services only represent 20% of all the ATM related costs. However those services are crucial for the global performance of the ATM industry as a poor level of services in terminal areas can generate high level of delays and high negative environmental impact. Therefore CANSO and ETF clearly advice the EC to act carefully before introducing any changes in the legislative framework concerning cost efficiency for terminal services.

The fundamentally different and varied operational and economic circumstances faced by Airport ANS operations and the volatility of traffic and costs inherent in relatively small operations makes a top-down approach un-appropriate as the risks introduced are sure to result in additional costs.

Taking into account those elements and also the fact that no harmonized European traffic forecast exists for the terminal area, CANSO and ETF don't support the idea to introduce a top-down approach for cost on terminal services. On the contrary, to set local targets for terminal determined unit rates is seen as the only realistic legislative approach, as also recommended by the PRB report.

In connection with the introduction of target setting, CANSO and ETF also draw the attention on the number of actors involved in the terminal area (i.e. ANSPs, Airport Operators and Coordinators). The Regulation should focus on what ANSPs have control over, and this shall be duly reflected in a revision of the traffic-risk sharing mechanism.

## “Uncontrollable costs” principle

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The uncontrollable costs refer to costs for which the management depends on exogenous factors, like for changes in tax rates and pension cost changes, its removal would add

significant risk to ANSPs and thus raise the cost of capital for ANSPs. It will endanger the stability of many ANSPs in Europe and will be detrimental to the overall performance of the EU ATM system. CANSO and ETF therefore propose to further analyse and identify in a clear and transparent manner those costs that are linked to exogenous factors.

## Incentive Scheme

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KPIs and incentives set for ANSPs should only be focused on performance factors for which ANSPs carry accountability, and where they have control over performance outcomes. In this regard, stronger provisions should be made for ANSP accountability for ATFM delays in En-route and Terminal operations to be limited to those causes that ANSPs can control, i.e. excluding weather causes. The decision on whether to apply incentives or not should continue to be made by Member States, and agreed at FAB level, based on the consideration of local circumstances. CANSO and ETF therefore welcomes the re-insertion of the bonuses in the incentive scheme in the Commission's proposals.

## FAB dimension

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The current EU legislation permits the establishment of the performance plans both at national or FAB level which guarantees enough flexibility to be sure that the local targets are fitted at the most compliant level. CANSO and ETF understand the implementation of the performance scheme moves towards the FAB dimension from RP2 onwards. Bearing in mind the different levels of maturity of the various FAB projects, the group does see a necessity to make sure the main pre-requisites at institutional level are addressed and satisfied, possibly through some guidance from the Commission/PRB, before mandating the FAB approach.

## Duration of RP2

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As clearly shown by recent developments, in the context of the uncertainty and instability in traffic forecasts and volatility of market conditions created by the current economic crisis, a period of five years for the reference period is a long time

Instead of adding to ANSP risks in this challenging context, Canso and ETF recommend that all factors -that can contribute to the stability of the framework while allowing for the proper level of flexibility for the ANSPs to be able to adapt to the changing scenarios- are considered. If a period of five years is decided in the regulation, it should therefore be accompanied by – in addition to a re-instatement of cost risk sharing provisions – a clearly defined set of processes to ensure that appropriate flexibility is maintained at least at local level. Therefore Canso and ETF welcome the proposal to include a mid-term review mechanism.

## Role of the PRB

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According to the Performance Based Approach Principle, there is a clear separation of responsibilities: The targets are being set by the Commission, the tools to achieve them are to be chosen by the ANSPs, and the PRB is assisting the Commission in implementing the performance scheme.

CANSO and ETF therefore recommend to avoid an overlap of the tasks provided by the PRB with those of the NSAs.

In addition to the problem of potential overlap of tasks, this would also lead to the PRB entering into micro-management. CANSO and ETF see the proposed assessment of ANSP's investments by the PRB as an example illustrating our concerns mentioned above.

## Consultation process

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For various reasons, the consultation process for RP1 target setting process was not optimum. Especially at EU level, there was no consultation of the European social Partners despite it is clearly mentioned by the legislation. Consultation of the Social Partners at EU level is necessary to ensure consistency of the adopted targets from a social perspective and to facilitate the consultation process at FAB/national level.

In order to make a better use of the existing bodies for consultation at EU level, the SES social expert group is nowadays the right forum to be formally consulted for the target setting process for RP2 and for the forthcoming reference periods.